

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6727

BILL NUMBER: SB 245

DATE PREPARED: Feb 17, 2000

BILL AMENDED: Feb 16, 2000

SUBJECT: University bonding authorization.

FISCAL ANALYST: Mark Goodpaster

PHONE NUMBER: 232-9852

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: (Amended) (A) This bill provides that the bonding authorization in the 1999 budget for the undergraduate business school at the Bloomington campus of Indiana University is for an addition instead of a renovation.

(B) It increases the bonding authority for the University of Southern Indiana Science Education Building.

(C) It provides that the maximum amount of bonds that may be issued for the Purdue Memorial Union project is \$9,500,000 (instead of providing that the cost of the project may not exceed \$9,500,000).

(D) It eliminates a provision concerning bonding authority for the recreation-gymnasium project at the West Lafayette campus.

Effective Date: Upon passage.

Explanation of State Expenditures: (Revised) (A) P.L. 273 -1999 (the Budget Bill) authorized Indiana University to issue and sell bonds for renovating the undergraduate business school. This bill changes the authorization to allow Indiana University to issue and sell bonds for building an addition to the current undergraduate business school rather than renovating the building.

(B) Under P.L. 273, the University of Southern Indiana was authorized to issue debt for up to \$12.6 M for a Science Education Building. As amended, USI would be authorized to issue debt of up to \$21.6 M.

Under current law, capital projects must be reviewed by the Commission on Higher Education and approved by the Governor if the cost is greater than \$200,000. For projects to construct buildings or facilities with a cost greater than \$500,000 in value and paid by state appropriated funds or student fees, the project must be reviewed by the Commission on Higher Education and approved by the Governor and the General Assembly.

(IC 20-12-5.5-2(a)(1)).

To pay for the costs of capital projects, universities may issue and sell bonds so long as the bonds are supported by mandatory fees that are assessed on all students and approved by the General Assembly. (IC 20-12-5.5-4). The General Assembly may appropriate fee replacement monies for the replacement of students fees dedicated to pay the principal and interest costs of bonds as approved by the General Assembly (IC 20-12-5.5-5).

(C) Under P.L. 273 -1999, Purdue University was authorized to issue and sell bonds for remodeling the Purdue Memorial Union project on the West Lafayette campus. The cost of the project may not exceed \$9.5 million. This bill provides that the maximum debt that Purdue would be permitted to issue would be \$9.5 million and removes any limit on the project's cost. Under current law, gifts, bequests, and other contributions can also be used to pay for the cost of capital projects.

(D) P.L. 273 -1999 also permitted Purdue to issue bonds of \$5 million to remodel the Recreation Gymnasium at the West Lafayette campus. However, it also specified that the project must be financed through lease purchase arrangements and that no bonding authority may be used to finance the costs. This bill would eliminate the conflicting language and permit the project to be financed with debt incurred by Purdue.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Purdue University

Local Agencies Affected:

Information Sources: IC 20-12-5.5; P.L. 273 -1999.