

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

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 7172**

**BILL NUMBER: SB 429**

**DATE PREPARED: Jan 7, 2002**

**BILL AMENDED:**

**SUBJECT:** Restrictions on Terms of Bond Issues.

**FISCAL ANALYST:** Diane Powers

**PHONE NUMBER:** 232-9853

**FUNDS AFFECTED: X GENERAL  
DEDICATED  
FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill provides that, without the approval of the Budget Director, certain entities may not include an agreement to seek appropriations from the General Assembly to restore a debt service reserve fund or otherwise pay debt service on bonds or other obligations in a resolution, trust agreement, indenture, or other agreement adopted or entered into after March 31, 2002.

**Effective Date:** April 1, 2002.

**Explanation of State Expenditures:** This bill would prevent quasi-public entities from entering into an agreement that would require the entity to seek an appropriation to pay lease rental or debt service without the approval of the State Budget Director. These entities include:

- The Indiana Development Finance Authority,
- State Office Building Commission,
- Indiana Bond Bank,
- Indiana Health Facility Financing Authority,
- Indiana Port Commission,
- Indiana Transportation Finance Authority,
- Recreational Development Commission,
- State Fair Commission,
- Indiana Educational Facilities Authority, and
- Indiana Political Subdivision Risk Management Commission.

The inclusion of this provision in the offering statements of certain resolutions, trust agreements, indentures, or other agreements often provides the entity with a better bond rating and lower cost of borrowing funds. This bill would not prevent the above entities from issuing bonds backed by a state moral obligation, but would require the entities to seek State Budget Agency approval before they could grant the moral obligation.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** State Budget Agency, Indiana Development Finance Authority, State Office Building Commission, Indiana Bond Bank, Indiana Health Facility Financing Authority, Indiana Port Commission, Indiana Transportation Finance Authority, Recreational Development Commission, State Fair Commission, Indiana Educational Facilities Authority, Indiana Political Subdivision Risk Management Commission.

**Local Agencies Affected:**

**Information Sources:**