

# Fiscal Note & Local Impact Statement

127<sup>th</sup> General Assembly of Ohio

Ohio Legislative Service Commission  
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BILL: **S.B. 261** DATE: **February 5, 2008**

STATUS: **As Introduced** SPONSOR: **Sen. Stivers**

LOCAL IMPACT STATEMENT REQUIRED: **No — Permissive**

CONTENTS: **To authorize a joint recreation district operating on the site of the United States Christopher Columbus Quincentenary Jubilee to issue revenue bonds, maintain lines of credit, and enter into lease purchase agreements for property**

## State Fiscal Highlights

- No direct fiscal effect on the state.

## Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2008	FY 2009	FUTURE YEARS
<b>Joint Recreation Districts – Franklin Park Conservatory</b>			
Revenues	Potential gain equal to the amount of bonds issued	Potential gain equal to the amount of bonds issued	Potential gain equal to the amount of bonds issued
Expenditures	Potential increase in debt service owed	Potential increase in debt service owed	Potential increase in debt service owed

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

- The bill authorizes a joint recreation district board, by resolution, to issue revenue bonds beyond the legal limit on bonded indebtedness for the acquisition, construction, furnishing, or equipping of property.
- The bill also states that the bonds will have a maximum 30-year maturity. The amount of debt service owed each year will depend upon the total amount of bonds issued, and the interest rate on those bonds.



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## ***Detailed Fiscal Analysis***

### **Background**

A joint recreation district has authority to acquire property for, construct, operate, equip, and maintain, and appropriate money for parks, playgrounds, playfields, gymnasiums, public baths, swimming pools, indoor recreation centers, or community centers. All operating expenses are payable from the district's general fund. In addition, the district, in accordance with the Ohio Uniform Public Securities Law, may issue bonds for the purpose of acquiring lands or buildings, or extending, enlarging, or improving existing lands, facilities, or buildings for parks, recreational facilities, and community centers and the equipment thereof. The district also has the authority to levy a tax to acquire, maintain, and operate recreational facilities and community centers.

### **Bill content**

The bill changes the governing entity of the United States Christopher Columbus Quincentenary Jubilee horticulture exhibition, that is to say the Franklin Park Conservatory, from a joint recreation board to a joint recreation district, and makes the appointment of certain board members discretionary. The bill also vests the recreation district with additional specified powers, most importantly the authority to issue revenue bonds.

### **Bond issuance**

The bill authorizes the district board, by resolution, to issue revenue bonds beyond the legal limit on bonded indebtedness for the acquisition, construction, furnishing, or equipping of any property, including all incidental or related costs. These revenue bonds may only be secured by a pledge of—and a lien on—the district's revenues designated in the resolution, including any property to be acquired, constructed, furnished, or equipped with bond proceeds, after provision only for the reasonable costs of operating, maintaining, and repairing the property.

The amount of debt resulting from the issuance of the bonds will be dependent upon the total amount of bonds issued, and the interest rate. The bonds may carry a maximum 30-year maturity. The Franklin Park Conservatory estimates that it will cost approximately \$20 million to finance the first phase of its proposed capital improvements program. If the Conservatory chose to finance the first \$20 million phase entirely through a bond issuance, at a 4% interest rate, given a 30-year maturity, the district could expect to pay approximately \$1.16 million annually in debt service.

Additionally, the bill authorizes a district to issue renewal notes and refund any bonds whenever it determines expedient, whether or not the bonds to be refunded have matured. The final maturity of any notes, including renewal notes, may not be later than five years from the date of issue of the original issue of notes. The final maturity of any refunding bonds may not be later than the latter of: (1) 30 years from the date of the original issuance of the bond or (2) the date by which, at the time of issuance of the refunding bonds, it is expected that the useful life of all of the property, except for the interest in land,

that has been refinanced with proceeds of the bonds will expire. This provision could allow a district to expedite the debt service payments on the bonds issued.

**Other provisions – lines of credit and insurance coverage**

The bill also gives the Conservatory the express authority to secure lines of credit with financial institutions and to obtain property and casualty insurance, holding the district alone (not the city of Columbus nor Franklin County) responsible for repaying loans and paying insurance premiums. The Conservatory already exercises these powers, covering these amounts from its operating funds.

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