

## STATEMENT OF PURPOSE

### RS24034

This legislation increases the capacity of the School Bond Credit Enhancement Program to guaranty payments on general obligation school bonds, reducing interest costs. It raises the Public School Endowment Fund's commitment to the program from \$200 million to \$300 million (which increases the bond principal that can be guaranteed from \$800 million to \$1.2 billion) while also raising the maximum available to any one district from \$20 million of bond principal to \$40 million.

Defeased bonds (bonds prepaid with funds in escrow) are no longer covered by the State's guaranty, so this legislation also drops them from the Credit Enhancement program so they no longer count against the limits.

An emergency clause allows school districts to immediately benefit from the higher limit.

### FISCAL NOTE

Eventually, there will be a modest reduction in state bond levy equalization support, depending on the rate at which large districts issue bonds and the degree to which those bonds qualify for support payments.

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