Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: H.B. 482 of the 128th G.A. **Date**: May 25, 2010

Status: As Introduced **Sponsor**: Rep. Garland

Local Impact Statement Procedure Required: No — Permissive

Contents: Authorizes the Franklin Park Conservatory to issue revenue bonds, maintain lines of credit, and makes other related changes

State Fiscal Highlights

- No direct fiscal effect on the state.

Local Fiscal Highlights

- The bill authorizes the joint recreation district operating on the site of the United States Christopher Columbus Quincentenary Jubilee (the Franklin Park Conservatory) to pay for planned improvements by issuing revenue bonds, maintaining lines of credit, and entering into lease purchase agreements.
- If the joint recreation district issued between $60 million and $80 million of revenue bonds in FY 2011, assuming a maturity of 30 years and an interest rate of 5.25%, the estimated cost of debt service payments for the bonds over that period is between approximately $4.0 million and $5.4 million per year. The total cost of the revenue bonds over 30 years would thus be approximately $120.5 million to $160.6 million.

Detailed Fiscal Analysis

The bill changes the entity owning, operating, and maintaining the park or recreational facility that was the site of the United States Christopher Columbus Quincentenary Jubilee horticulture exhibition (Franklin Park Conservatory) from a joint recreation board to a joint recreation district and vests the board with other specific powers. This additional authority is outlined in the LSC bill analysis. From a fiscal standpoint, the practical effect of the bill is to allow the Franklin Park Conservatory to complete a three-phase master plan to expand and improve the buildings and grounds using additional financing tools not available to it under current law, such as debt issuance or lines of credit arranged with a bank, savings and loan association, or savings bank.

The bill would allow the joint recreation district to issue revenue bonds with a maximum 30-year maturity period to make various improvements. The cost of this debt issuance will depend primarily on the interest rates that will be paid on the bonds and the number of years over which they are paid off. If the joint recreation district issued between $60 million and $80 million of revenue bonds in FY 2011, assuming a maturity of 30 years and an interest rate of 5.25%, the estimated cost of debt service payments for such bonds over the 30-year maturity period is between approximately $4.0 million and $5.4 million per year. These debt service payments will be spread over the entire lifetime of the bonds. The total cost of the $60 million and $80 million revenue bonds would be approximately $120.5 million and $160.6 million, respectively. The actual debt service might be more or less than the estimated debt service due to fluctuations in interest rates, amount of bonds issued at any one time, and the timing of the issuance.

Although the first phase of the master plan has begun and the funding for its completion has been secured, the Conservatory does not currently have adequate funding to finance the final two phases of the master plan. The final two phases of the master plan include a series of construction and expansion projects, as well as some restoration work. Overall, the Conservatory estimates that these projects will cost $60 million to $80 million. It also estimates that current existing revenue streams, such as admission fees, sales, public and private donations, and when applicable, state or county funding, are adequate to pay all debt service and bond principal retirement costs.

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