

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 9, 2003

**TO:** Honorable Geanie Morrison, Chair, House Committee on Higher Education

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE: HB1912** by Wolens (Relating to authorizing the issuance of revenue bonds for The University of Texas Southwestern Medical Center at Dallas to finance biomedical research facilities and exempting the facilities financed by the bonds from prior approval by the Texas Higher Education Coordinating Board.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1912, As Introduced: a negative impact of (\$8,988,000) through the biennium ending August 31, 2005.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	(\$4,494,000)
2005	(\$4,494,000)
2006	(\$4,494,000)
2007	(\$4,494,000)
2008	(\$4,494,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from GENERAL REVENUE FUND 1
2004	(\$4,494,000)
2005	(\$4,494,000)
2006	(\$4,494,000)
2007	(\$4,494,000)
2008	(\$4,494,000)

Fiscal Analysis

The bill would authorize the issuance of a maximum of \$56 million revenue bonds for The University of Texas Southwestern Medical Center at Dallas for facilities and infrastructure to be used primarily to conduct biomedical research. The bonds would be payable from pledged revenue, including student tuition. These bonds would not be general obligation to the State. However, the issuance of these bonds would have fiscal implications for the State. Although tuition income is pledged against the bonds, historically the Legislature has appropriated General Revenue to reimburse institutions of higher education for tuition to pay the debt service. It is assumed that the Legislature would continue this policy.

Methodology

The University of Texas assumed the bonds would be issued during fiscal year 2004 at a 5.00 percent interest rate with a 20-year level debt service amortization. Based on calculations prepared by the Texas Public Finance Authority, the amount of debt service payments would be \$4,494,000 for fiscal year 2004 and would be \$4,494,000 for fiscal year 2005.

No amounts are included for operations and maintenance costs related to additional facilities. Operations and maintenance costs are provided to institutions of higher education based on predicted square feet not actual square feet. However, if the increased space resulted in an increase in predicted square feet, operations and maintenance cost would increase.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 347 Public Finance Authority, 352 Bond Review Board, 720 The University of Texas System Administration, 781 Higher Education Coordinating Board  
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