

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

March 29, 2003

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

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB1941 by Woolley (Relating to authorizing the issuance of revenue bonds for The University of Texas Health Science Center at Houston for recovery from Tropical Storm Allison and exempting the property and projects 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 HB1941, As Introduced: a negative impact of (\$5,726,579) 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	(\$2,738,521)
2005	(\$2,988,058)
2006	(\$2,987,660)
2007	(\$2,987,870)
2008	(\$2,988,193)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from GENERAL REVENUE FUND 1
2004	(\$2,738,521)
2005	(\$2,988,058)
2006	(\$2,987,660)
2007	(\$2,987,870)
2008	(\$2,988,193)

Fiscal Analysis

The bill would authorize the issuance of a maximum of \$34.9 million in revenue bonds for The University of Texas Health Science Center at Houston for facilities and infrastructure damaged by tropical storm Allison. The bonds would be payable from pledged revenue plus tuition. The bonds would not be general obligations of the State. However, the issued 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 for the tuition used pay the debt service. It is assumed the Legislature would continue this policy.

Methodology

It is assumed the bonds would be issued during fiscal year 2004 at a 5.75 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 \$2,738,521 for fiscal year 2004 and would be \$2,988,058 for fiscal year 2005. The total estimated amount of debt service from fiscal year 2004 to fiscal year 2023 is estimated to be \$59,508,371.

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: 304 Comptroller of Public Accounts, 347 Public Finance Authority, 352 Bond Review Board, 720 The University of Texas System Administration, 781 Higher Education Coordinating Board

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