

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION**

**May 13, 2003**

**TO:** Honorable Florence Shapiro, Chair, Senate Committee on Education

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

**IN RE: HB2522** by Krusee (Relating to authorizing the issuance of revenue bonds for the Southwest Texas State University Multi-Institution Teaching Center to finance facilities to address the Central Texas high growth corridor and exempting facilities financed by the bonds from prior approval by the Texas Higher Education Coordinating Board.), **As Engrossed**

<b>Estimated Two-year Net Impact to General Revenue Related Funds</b> for HB2522, As Engrossed: a negative impact of (\$4,266,892) through the biennium ending August 31, 2005.
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**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	(\$2,040,417)
2005	(\$2,226,475)
2006	(\$2,227,200)
2007	(\$2,225,338)
2008	(\$2,225,888)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable (Cost) from <i>GENERAL REVENUE FUND</i> 1
2004	(\$2,040,417)
2005	(\$2,226,475)
2006	(\$2,227,200)
2007	(\$2,225,338)
2008	(\$2,225,888)

**Fiscal Analysis**

The bill would authorize the issuance of a maximum of \$26 million in revenue bonds by the Texas State University System for the Southwest Texas State University Multi-Institution Teaching Center. The bonds would be used primarily to construct facilities to address the Central Texas high growth corridor.

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 to pay the debt service. It is assumed the Legislature would continue this policy.

## **Methodology**

It is assumed the bonds would be issued on September 1, 2003, 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 \$2,040,417 for fiscal year 2004 and \$2,226,475 for fiscal year 2005. (If debt service payments were for interest only, the costs would be \$1,370,417 in fiscal year 2004 and \$1,456,475 in fiscal year 2005.) The total estimated amount of debt service (principal and interest) from fiscal year 2004 to fiscal year 2023 is estimated to be \$44,332,917.

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 costs 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, 758 Board of Regents, Texas State University System Central Office, 781 Higher Education Coordinating Board, 304 Comptroller of Public Accounts, 720 The University of Texas System Administration

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