

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 23, 2003

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

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB2522 by Krusee (Relating to financing authority for certain institutions of higher education for facilities.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2522, Committee Report 2nd House, Substituted: a negative impact of (\$4,430,663) 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	(\$2,118,125)
2005	(\$2,312,538)
2006	(\$2,311,538)
2007	(\$2,312,950)
2008	(\$2,311,488)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>GENERAL REVENUE FUND</i> 1
2004	(\$2,118,125)
2005	(\$2,312,538)
2006	(\$2,311,538)
2007	(\$2,312,950)
2008	(\$2,311,488)

Fiscal Analysis

The bill would authorize the issuance of a maximum of \$27 million in revenue bonds by the Texas State University System for a Multi-Institutional Teaching Center in Williamson County for Southwest Texas State University.

The bonds would be payable from pledged revenue plus tuition. The bonds would not be general obligations of the state; however, the 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. However, if General Revenue is not appropriated for the debt service on these bonds, debt service payments would be paid with tuition revenue.

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 \$2,118,125 for fiscal year 2004 and \$2,312,538 for 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 \$46,039,400.

If debt service payments are made for interest only, the costs would be \$1,423,125 in fiscal year 2004 and \$1,552,500 in 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, formula funded 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

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