

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 8, 2003

TO: Honorable Harvey Hilderbran, Chair, House Committee on State Cultural and Recreational Resources

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB2779 by Hilderbran (Relating to the issuance of general obligation bonds by the Parks and Wildlife Department for the Texas Park Development Fund.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2779, As Introduced: an impact of \$0 through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	\$0
2005	\$0
2006	\$0
2007	\$0
2008	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/ (Loss) from <i>Bond Proceed-General Obligation 780</i>	Probable Savings/(Cost) from <i>Bond Proceed-General Obligation 780</i>	Probable Savings/(Cost) from <i>State Parks Account 64</i>
2004	\$0	\$0	\$0
2005	\$0	\$0	\$0
2006	\$25,000,000	(\$25,000,000)	(\$838,542)
2007	\$25,000,000	(\$25,000,000)	(\$3,490,104)
2008	\$25,000,000	(\$25,000,000)	(\$6,069,792)

Fiscal Analysis

The bill would amend Parks and Wildlife Code, §21.001 to authorize an additional \$500 million of General Obligation (GO) Bonds for the Park Development Fund. The authority for the additional General Obligation bonds is contingent upon voter approval of a required amendment to the State Constitution - House Joint Resolution 89.

The Texas Public Finance Authority (TPFA) would be required to issue the bonds at the time and in the amounts determined by the Texas Parks and Wildlife Department.

Methodology

The debt service estimates for the GO bonds are based on the following assumptions: (1) bonds are issued on September 1, 2005, pending voter approval in November 2003; (2) a 5.75% interest rate, with a 20-year level debt service amortization; (3) \$25.0 million per year in bond issues beginning in fiscal year 2006; and, (4) state park fees will be used to fund the debt service requirements.

The existing constitutional authority for Park Development bonds (Section 49-3 of the Texas Constitution), requires, that debt service on Park Development bonds, including the \$500 million anticipated by this legislation, be paid with state park fees. It is important to note that revenue generated by state park fees and facility rentals are not expected to be sufficient to fund debt service on the \$500 million in new GO bonds; the \$4.1 million per fiscal year in debt service on existing Park development bonds; and, that portion of State Parks operating costs not funded by statutory General Revenue allocations. As a result, the Parks and Wildlife Department might need to choose between delaying issuance of the bonds, closing state parks and reducing staff.

Based on the assumptions noted above for the GO bond issues, debt service payments for fiscal year 2006 would total \$838,542 (interest only); \$3,490,104 in fiscal year 2007; and \$6,069,792 in fiscal year 2008. The maximum amount of annual debt service requirements, assuming all of the \$500 million in new bond authority is issued, would be \$39.4 million per fiscal year.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 347 Public Finance Authority, 802 Parks and Wildlife Department

LBB Staff: JK, JO, CL, MS, ZS