

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 14, 2003

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

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB3321 by Eiland (Relating to authorizing the issuance of revenue bonds for The University of Texas Medical Branch at Galveston 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 HB3321, As Introduced: a negative impact of (\$9,148,000) 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	(\$4,574,000)
2005	(\$4,574,000)
2006	(\$4,574,000)
2007	(\$4,574,000)
2008	(\$4,574,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>GENERAL REVENUE FUND</i> 1
2004	(\$4,574,000)
2005	(\$4,574,000)
2006	(\$4,574,000)
2007	(\$4,574,000)
2008	(\$4,574,000)

Fiscal Analysis

The bill would authorize the issuance of a maximum of \$57 million in revenue bonds by The University of Texas System for The University of Texas Medical Branch at Galveston to be used primarily for facilities and infrastructure related to conducting biomedical research including research related to national bio-defense.

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 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

The University of Texas System assumed the bonds would be issued on September 1, 2003, at a 5.00 percent interest rate with a 20-year level debt service amortization. Based on calculations prepared by The University of Texas System, the amount of debt service payments, including principal and interest, would be \$4,574,000 each year. The total estimated debt service from fiscal year 2004 to fiscal year 2023 is estimated to be \$91,480,000.

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: 304 Comptroller of Public Accounts, 720 The University of Texas System Administration

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