

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

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

**March 23, 2003**

**TO:** Honorable Steve Ogden, Chair, Senate Committee on Infrastructure Development and Security

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

**IN RE: SB410** by Lucio (Relating to the financing and construction of highways.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB410, 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>STATE HIGHWAY FUND</i> <b>6</b>	Probable Savings/(Cost) from <i>STATE HIGHWAY FUND</i> <b>6</b>	Probable Savings/(Cost) from <i>FEDERAL FUNDS</i> <b>555</b>
2004	\$2,011,312,500	(\$1,005,656,250)	(\$237,717,388)
2005	\$0	(\$1,005,656,250)	(\$237,715,125)
2006	\$0	\$0	(\$237,711,475)
2007	\$0	\$0	(\$237,712,575)
2008	\$0	\$0	(\$237,715,175)

**Fiscal Analysis**

The bill is contingent on the passage and voter approval of Senate Joint Resolution (SJR) 21, or similar legislation which proposes a constitutional amendment authorizing the Texas Transportation Commission (TTC) to issue bonds and enter into bond enhancement agreements, including Grant Anticipation Revenue Bonds, to fund improvements to the state highway system. The bill would require that bonds issued may not have a principal amount, or terms, at the time of issuance with obligation expenditures in excess of ten percent of the federal highway obligation authority the state anticipates it will receive during any year in which payments would be made on the obligations. The bill would require the TTC to obtain approval from the Bond Review Board prior to issuing.

The bill would take effect on the date on which the constitutional amendment proposed by the 78th Legislature, Regular Session, authorizing the issuance of bonds for improvements to the state highway system would take effect. If that amendment does not receive approval by the voters, this bill would have no effect.

### **Methodology**

Contingent on the passage and voter approval of SJR 21, or similar legislation, the bill would require debt service costs estimated on the assumption that there would be one bond issuance of \$2.0 billion of project costs on March 1, 2004 at an interest rate of 1.11 percent; that the federal highway obligation authority amount received each year would be approximately \$2.4 billion; that each issuance would be for a ten year period; that the interest rate would increase to 2.6 percent in FY 2005; that repayments would be financed through federal funds; and that the amount of each bond issue would be reduced by the estimated interest earned on the balance of bond proceeds deposited during each three year construction period. Other assumptions include issuance costs of \$1.96 per \$1,000 of bonds; underwriting fees of \$5 per \$1,000 of bonds; and that bonds would be issued over a one year at the same project cost amount. It is estimated that payment costs would be approximately \$237.7 million during each fiscal year.

### **Local Government Impact**

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

**Source Agencies:** 304 Comptroller of Public Accounts, 352 Bond Review Board, 601 Department of Transportation

**LBB Staff:** JK, JO, RR, RT, MW