

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 16, 2003

TO: Honorable Kent Grusendorf, Chair, House Committee on Public Education

FROM: John Keel, Director, Legislative Budget Board

IN RE: SB1082 by Ogden (Relating to loans from the permanent school fund for the acquisition of rights-of-way for the state highway system.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1082, As Engrossed: 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> 6	Probable Savings/(Cost) from <i>STATE HIGHWAY FUND</i> 6
2004	\$1,000,000,000	(\$1,035,970,000)
2005	\$0	(\$71,940,000)
2006	\$0	(\$71,940,000)
2007	\$0	(\$71,940,000)
2008	\$0	(\$71,940,000)

Fiscal Analysis

The bill is contingent on the passage and voter approval of Senate Joint Resolution (SJR) 43, or similar legislation which proposes a constitutional amendment authorizing the State Board of Education (SBE) to loan money to the Texas Department of Transportation (TxDOT) from the Permanent School Fund (PSF) for the purposes of acquiring rights-of-way for development of the state highway system. The bill would establish guidelines, restrictions, and requirements governing interest rates and loan agreements made under the provisions of the bill. The bill would define the Trans Texas Corridor and would prohibit TxDOT from using loan proceeds authorized under the provisions of the bill for the construction or a state highway or other facility of the Trans Texas Corridor. The bill would require loans to be guaranteed by the first deposits made to the State Highway Fund each year.

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

This analysis assumes the passage and voter approval of SJR 43, or similar legislation; that interest payments would be required on one loan of \$1.0 billion for right-of-way purchases on March 1, 2004 at an interest rate of 7.19 percent, which is equal to the current average interest earnings yield on all fixed-income investments of the permanent school fund as reported by the Comptroller of Public Accounts; that the term of the loan would extend beyond the five year period noted above; that TxDOT would spend the full amount during the first year; and that interest payments of \$35.9 million in fiscal year 2004 and \$71.9 million in each subsequent year would be realized from the State Highway Fund for the term of the loan. It is assumed that interest payments would be realized for an amount equivalent to six months in fiscal 2004 due to the estimated loan date. It is also assumed that the Texas Education Agency would have invested funds from the PSF in income producing assets in the absence of making a loan to TxDOT resulting in the same interest earnings yield of 7.19 percent. It is presumed that TxDOT would be responsible for the foregone return to the Available School Fund (ASF). As a result, it is assumed there would be no short-term fiscal impact on the ASF or the PSF. Also, to the degree that fixed income rates trended upward or downward, fiscal implications over a longer period of time could occur.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 601 Department of Transportation, 701 Central Education Agency

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