

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

February 28, 2005

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

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB321 by Hupp (Relating to authorizing the issuance of revenue bonds for Texas A&M University--Central Texas.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB321, As Introduced: a negative impact of (\$7,858,800) through the biennium ending August 31, 2007.

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
2006	(\$3,929,400)
2007	(\$3,929,400)
2008	(\$3,929,400)
2009	(\$3,929,400)
2010	(\$3,929,400)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from GENERAL REVENUE FUND 1
2006	(\$3,929,400)
2007	(\$3,929,400)
2008	(\$3,929,400)
2009	(\$3,929,400)
2010	(\$3,929,400)

Fiscal Analysis

The bill would authorize the issuance of \$45 million of tuition revenue bonds by the Texas A&M University System to finance construction and improvements in infrastructure and facilities, for the Tarleton State University System Center - Central Texas.

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 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. This note assumes the Legislature would continue this policy.

Methodology

It is assumed the bonds would be issued on September 1, 2005, at a 6.00 percent interest rate with a 20-year level debt service amortization. Based on calculations prepared by Texas A&M University System the amount of debt service payments would be \$3,929,400 for fiscal year 2006 and \$3,929,400 for fiscal year 2007. The total estimated amount of debt service (principal and interest from fiscal year 2006 to fiscal year 2025 is estimated to be \$78,588,000.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 352 Bond Review Board, 710 Texas A&M University System Administrative and General Offices

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