

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

**FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION**

**February 24, 2005**

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

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

**IN RE: HB1031** by Taylor (Relating to authorizing the issuance of revenue bonds for The University of Texas Medical Branch at Galveston for National Biocontainment Laboratory facilities and infrastructure.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1031, As Introduced: a negative impact of (\$9,939,060) 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:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2006	(\$4,969,530)
2007	(\$4,969,530)
2008	(\$4,969,530)
2009	(\$4,969,530)
2010	(\$4,969,530)

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable (Cost) from GENERAL REVENUE FUND 1</b>
2006	(\$4,969,530)
2007	(\$4,969,530)
2008	(\$4,969,530)
2009	(\$4,969,530)
2010	(\$4,969,530)

**Fiscal Analysis**

The bill would authorize the issuance \$57 million of tuition revenue bonds by the University of Texas System for The University of Texas Medical Branch at Galveston (UTMB) to finance capital improvements, including roads and related infrastructure, for the UMTB National Biocontainment Laboratory. The tuition revenue bond debt service would have an annual cost of \$4,969,530 for 20 years.

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 The University of Texas System the amount of debt service payments would be \$4,969,530 for fiscal year 2006 and \$4,969,530 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 \$99,390,600.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 352 Bond Review Board, 720 The University of Texas System Administration

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