

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

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

**March 13, 2005**

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

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

**IN RE: HB1618** by Ritter (Relating to authorizing the issuance of revenue bonds for Lamar University.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1618, As Introduced: a negative impact of (\$7,034,700) 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	(\$3,460,000)
2007	(\$3,574,700)
2008	(\$3,584,500)
2009	(\$3,569,100)
2010	(\$3,569,800)

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

<b>Fiscal Year</b>	<b>Probable (Cost) from GENERAL REVENUE FUND 1</b>
2006	(\$3,460,000)
2007	(\$3,574,700)
2008	(\$3,584,500)
2009	(\$3,569,100)
2010	(\$3,569,800)

**Fiscal Analysis**

The bill would authorize the issuance of a maximum of \$40 million in revenue bonds by the Texas State University System for Lamar University for the construction of educational facilities and related infrastructure.

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. It is assumed the Legislature would continue this policy.

**Methodology**

It is assumed the bonds would be issued on September 1, 2005, at a 6.5 percent interest rate with a 20-year debt service amortization. Based on calculations prepared by the Texas State University System, the amount of debt service payments would be \$3,460,000 for fiscal year 2006 and \$3,574,700 for fiscal year 2007.

**Local Government Impact**

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

**Source Agencies:** 347 Public Finance Authority, 352 Bond Review Board, 758 Board of Regents, Texas State University System Central Office, 781 Higher Education Coordinating Board

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