

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 14, 2005

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

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

IN RE: HB1797 by Geren (Relating to authorizing the issuance of revenue bonds for the University of North Texas Health Science Center at Fort Worth for campus expansion and construction of a public health education building.), **As Introduced**

<p>Estimated Two-year Net Impact to General Revenue Related Funds for HB1797, As Introduced: a negative impact of (\$7,382,700) through the biennium ending August 31, 2007.</p>

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	(\$3,705,000)
2007	(\$3,677,700)
2008	(\$3,679,800)
2009	(\$3,677,400)
2010	(\$3,680,500)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from GENERAL REVENUE FUND 1
2006	(\$3,705,000)
2007	(\$3,677,700)
2008	(\$3,679,800)
2009	(\$3,677,400)
2010	(\$3,680,500)

Fiscal Analysis

The bill would authorize the University of North Texas System to issue additional revenue bonds in an amount not to exceed \$42,100,000. The debt service payments would be \$7,382,700 in each year of the 2006-07 biennium. The board of regents of the University of North Texas System would acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, or other facilities, including roads and related infrastructure, for campus expansion and construction of a public health education building at the University of North Texas Health Science Center at Fort Worth with the proceeds of the bonds authorized in the subchapter.

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.

Finally, this Act takes immediate effect if it receives a vote of two-thirds of all the members elected to

both the House and the Senate as provided by Section 39, Article III, Texas Constitution. If the Act does not receive the vote necessary for immediate effect, the Act will take effect September 1, 2005.

Methodology

The cost to issue the bonds is based on an assumed 20-year level debt service amortization with a 6% interest rate. The debt service payment for fiscal year 2006 would be \$3,370,500; fiscal year 2007 would be \$3,677,700; fiscal year 2008 would be \$3,679,800; fiscal year 2009 would be \$3,677,400 and fiscal year 2010 would be \$3,680,500.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 347 Public Finance Authority, 352 Bond Review Board

LBB Staff: JOB, CT, RT, MM