

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: HB2116 by McClendon (Relating to the issuance of revenue bonds for Texas A&M University--San Antonio.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2116, As Introduced: a negative impact of (\$13,971,200) through the biennium ending August 31, 2007.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	(\$6,985,600)
2007	(\$6,985,600)
2008	(\$6,985,600)
2009	(\$6,985,600)
2010	(\$6,985,600)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from GENERAL REVENUE FUND 1
2006	(\$6,985,600)
2007	(\$6,985,600)
2008	(\$6,985,600)
2009	(\$6,985,600)
2010	(\$6,985,600)

Fiscal Analysis

The bill would authorize the issuance of a maximum of \$80 million in revenue bonds by the Texas A&M University System for the Texas A&M University - Kingsville System Center - San Antonio at the location proposed for Texas A&M University - San Antonio.

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 bond, historically the Legislature has appropriated general revenue to reimburse institutions for the tuition used to pay the debt service and this policy is assumed to continue.

Methodology

It is assumed the bonds would be issued on September 1, 2005, at a 6 percent interest rate with a 20-

year debt service amortization. Based on calculations prepared by the Texas A&M University System, the amount of debt service payment would be \$6,985,600 for fiscal year 2006 and \$6,985,600 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 \$139,712,000.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 347 Public Finance Authority, 352 Bond Review Board, 710 Texas A&M University System Administrative and General Offices

LBB Staff: JOB, SSh, CT, SD, RT, GO