

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

May 19, 2005

TO: Honorable Todd Staples, Chair, Senate Committee on Transportation & Homeland Security

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

IN RE: HB2137 by Phillips (Relating to the construction or improvement of buildings by the Texas Department of Transportation.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2137, Committee Report 2nd House, Substituted: an impact of \$0 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	\$0
2007	\$0
2008	\$0
2009	\$0
2010	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain from <i>OTHER FUNDS - Bond Proceeds</i> 997	Probable (Cost) from <i>STATE HIGHWAY FUND</i> 6
2006	\$40,000,000	\$3,205,000
2007	\$0	\$3,494,700
2008	\$0	\$3,495,400
2009	\$0	\$3,496,900
2010	\$0	\$3,493,900

Fiscal Analysis

The bill would amend Chapter 201, Transportation Code, to allow the Texas Department of Transportation (TxDOT) to enter into an agreement with a private entity for the design and construction, including site development, of a district office headquarters or other support facilities located on real property owned or leased by TxDOT. The bill would require such projects to be financed through the Texas Public Finance Authority (TPFA) and would authorize TPFA to issue and sell obligations for that purpose. The bill would specify that the estimated cost of the district office headquarters facility located in Harris County is \$40 million. The bill would authorize the Legislature to appropriate money from any available source, including the State Highway Fund, to TxDOT to make lease payments to TPFA for space occupied by TxDOT in building constructed pursuant to the provisions of the bill.

The bill would take effect immediately upon receiving a vote of two-thirds of all members elected to each house or otherwise on September 1, 2005.

Methodology

Based on information provided by TxDOT to the Bond Review Board, TxDOT is seeking approval to enter into a contract for the construction and renovation of facilities in the Houston district headquarters complex at a cost of approximately \$40 million. For the purposes of this analysis, it is assumed TPFA would issue and sell bonds for the purpose of financing the Houston project in the amount of \$40 million for a term of 20 years at a rate of 6 percent.

Based on the analysis of TPFA, the costs of debt service on are estimated to be \$3,205,000 in fiscal year 2006; \$3,494,700 in fiscal year 2007; \$3,495,400 in fiscal year 2008; \$3,496,900 in fiscal year 2009; and \$3,493,900 in fiscal year 2010. For the purposes of this analysis, it is assumed the debt service payments would be made out of the State Highway Fund.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 347 Public Finance Authority, 352 Bond Review Board, 601 Department of Transportation

LBB Staff: JOB, SR, MW, TG