

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 10, 2005

TO: Honorable David Swinford, Chair, House Committee on State Affairs

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

IN RE: HJR71 by Thompson (Proposing a constitutional amendment establishing the Texas Institute for Regenerative Medicine, authorizing the issuance of bonds for the purposes of the institute, and prohibiting the legislature from prohibiting stem cell research.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HJR71, As Introduced: a negative impact of (\$15,285,000) through the biennium ending August 31, 2007.
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General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	(\$1,687,500)
2007	(\$13,597,500)
2008	(\$23,256,950)
2009	(\$35,539,450)
2010	(\$51,633,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>GENERAL REVENUE FUND</i> 1
2006	(\$1,687,500)
2007	(\$13,597,500)
2008	(\$23,256,950)
2009	(\$35,539,450)
2010	(\$51,633,000)

Fiscal Analysis

The resolution is a constitutional amendment that would add Sections 73 and 74 to Article XVI of the constitution authorizing the legislature to establish the Texas Institute for Regenerative Medicine to make grants and loans to institutions of higher education and other advanced medical facilities to support and provide for stem cell research.

The proposed resolution would also authorize the Texas Public Finance Authority to issue up to \$900 million of general obligation bonds over 6 years, \$112.5 million issued in the first three years and \$187.5 million a year in the next three years to fund the Texas Institute for Regenerative Medicine. The annual debt service payments assumes bonds are issued at a 6% interest rate, with a 20-year level debt service amortization, and the annual debt service payments will be \$15,285,000 for the 2006-07 biennium.

The proceeds of the bonds would be deposited to a stem cell research account in the state treasury; the account could be used to pay costs of issuance and expenses of administering the amendment. The proceeds of the bond could be used for the stated purposes of the amendment without further appropriation, and general revenue is appropriated for debt service, without further appropriation, as long as the bonds are outstanding. In addition, the proposed amendment would prohibit the legislature from passing laws prohibiting stem cell research. The proposed amendment would be submitted to voters at general election on November 8, 2005.

Methodology

The Texas Public Finance Authority estimates the annual debt service payments on these bonds based on a 6% interest rate and a 20-year level debt service amortization. Debt service payments for fiscal years 2006-10 are as follows; \$1,687,500 for fiscal year 2006, \$13,597,500 for fiscal year 2007, \$23,256,950 for fiscal year 2008, \$35,539,450 and \$51,633,000 for fiscal year 2010.

Local Government Impact

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

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

LBB Staff: JOB, SR, RT, MM