

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

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**May 2, 2007**

**TO:** Honorable Judith Zaffirini, Chair, Senate Committee on S/C on Higher Education

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

**IN RE: HB317** by Miller (Relating to the student enrollment required for the issuance of certain revenue bonds for facilities at Texas A&M University--Central Texas.), **As Engrossed**

<b>Estimated Two-year Net Impact to General Revenue Related Funds</b> for HB317, As Engrossed: a negative impact of (\$4,359,228) through the biennium ending August 31, 2009.
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**General Revenue-Related Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2008	(\$2,179,614)
2009	(\$2,179,614)
2010	\$0
2011	\$0
2012	\$0

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

<b>Fiscal Year</b>	<b>Probable (Cost) from GENERAL REVENUE FUND 1</b>
2008	(\$2,179,614)
2009	(\$2,179,614)
2010	\$0
2011	\$0
2012	\$0

**Fiscal Analysis**

The bill would amend Section 55.1751(d) of Education Code to lower the threshold number of students enrolled at Texas A&M University - Central Texas at which time the Texas A&M University System would be authorized to issue additional revenue bonds in an amount not to exceed \$25,000,000. Passage of this bill would move issuance of these previously authorized Tuition Revenue Bonds to 2008. The debt service payments would be \$2,179,614 in each year of the 2008-09 biennium. The board of regents of the Texas A&M University System would acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, or other facilities, including roads and related infrastructure, for educational and related facilities to be financed with the proceeds of the bonds authorized in the subchapter.

While the bill does not specify issuance of tuition revenue bonds, Tuition Revenue Bonds are assumed to be issued in accordance with the Texas A&M University System revenue financing program.

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.

### **Methodology**

The cost to issue the bonds is based on an assumed 20-year, tax-exempt bond issue structured with level debt service with a 6% interest rate. The debt service payment for fiscal year 2008 would be \$2,179,614; fiscal year 2009 would be \$2,179,614.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 710 Texas A&M University System Administrative and General Offices

**LBB Staff:** JOB, MN, KJG, DB, CT, RT, SSh