

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

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

**March 18, 2007**

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

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

**IN RE: HB1668** by Aycock (Relating to the issuance of revenue bonds to fund facilities at Texas A&M University--Central Texas.), **As Introduced**

<b>Estimated Two-year Net Impact to General Revenue Related Funds</b> for HB1668, As Introduced: 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:**

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

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

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

**Fiscal Analysis**

The bill would align the threshold number of students enrolled at Tarleton System Center - Central Texas at which the Texas A&M University System would be authorized to issue additional revenue bonds in an amount not to exceed \$25,000,000 with the threshold number of students at which Texas A&M University - Central Texas would be eligible to operate as a general academic teaching institution (1,000 full-time students per semester).

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, assuming the threshold number of students enrolled is met. 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:** 352 Bond Review Board, 710 Texas A&M University System Administrative and General Offices, 781 Higher Education Coordinating Board

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