

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 16, 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: HB1775 by Christian (Relating to authorizing the issuance of revenue bonds for the expansion of school of nursing facilities at Stephen F. Austin State University.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1775, As Engrossed: a negative impact of (\$2,175,500) through the biennium ending August 31, 2009.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2008	(\$1,040,000)
2009	(\$1,135,500)
2010	(\$1,138,000)
2011	(\$1,134,000)
2012	(\$1,133,800)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>GENERAL REVENUE FUND</i> 1
2008	(\$1,040,000)
2009	(\$1,135,500)
2010	(\$1,138,000)
2011	(\$1,134,000)
2012	(\$1,133,800)

Fiscal Analysis

The bill would authorize the Texas Public Finance Authority to issue additional tuition revenue bonds for Stephen F. Austin State University in an amount not to exceed \$13,000,000. The debt service payments would be \$1,040,000 in fiscal year 2008 and \$1,135,500 in fiscal year 2009. The board of regents of Stephen F. Austin State University would acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, or other facilities, including roads and related infrastructure, for the expansion of the school of nursing 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 Public Finance Authority 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 level debt service amortization with a 6% interest rate. The debt service payment for fiscal year 2008 would be \$1,040,000; fiscal year 2009 would be \$1,135,500; fiscal year 2010 would be \$1,138,000; fiscal year 2011 would be \$1,134,000; fiscal year 2012 would be \$1,133,800.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 347 Public Finance Authority, 352 Bond Review Board, 755 Stephen F. Austin State University, 781 Higher Education Coordinating Board

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