

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 27, 2007

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

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

IN RE: HB3727 by Kolkhorst (Relating to authorizing the issuance of tuition revenue bonds for Sam Houston State University for facilities in Montgomery County.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3727, As Introduced: a negative impact of (\$3,895,615) through the biennium ending August 31, 2009.

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
2008	(\$1,298,872)
2009	(\$2,596,743)
2010	(\$2,596,743)
2011	(\$2,596,743)
2012	(\$2,596,743)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from GENERAL REVENUE FUND 1
2008	(\$1,298,872)
2009	(\$2,596,743)
2010	(\$2,596,743)
2011	(\$2,596,743)
2012	(\$2,596,743)

Fiscal Analysis

The bill would authorize the Texas State University System to issue tuition revenue bonds for Sam Houston State University in an amount not to exceed \$30,000,000. Under provisions of the bill, the board of regents of the Texas State University System could acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, or other facilities, including roads and related infrastructure, for Sam Houston State University for educational and related facilities in Montgomery County. The System could not issue the bonds until the board of regents approves the acquisition of real property in Montgomery County for the educational and related facilities financed through the bonds.

The bonds would be payable from pledged revenue plus tuition. The bonds would not be general obligations of the State. However, the issued bonds would have fiscal implications for the State.

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.

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 \$1,298,872 due to approval processes for issuing the bonds. Beginning in fiscal year 2009, the debt service would be \$2,596,743 per year.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 758 Texas State University System, 781 Higher Education Coordinating Board, 347 Public Finance Authority, 352 Bond Review Board, 755 Stephen F. Austin State University

LBB Staff: JOB, GO, MN, SSh, RT