

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

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

**May 2, 2007**

**TO:** Honorable Steve Ogden, Chair, Senate Committee on Finance

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

**IN RE: SB1962** by Zaffirini (Relating to authorizing the issuance of revenue bonds for Prairie View A&M University.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB1962, As Introduced: a negative impact of (\$2,615,536) 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:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2008	(\$1,307,768)
2009	(\$1,307,768)
2010	(\$1,307,768)
2011	(\$1,307,768)
2012	(\$1,307,768)

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

<b>Fiscal Year</b>	<b>Probable (Cost) from GENERAL REVENUE FUND 1</b>
2008	(\$1,307,768)
2009	(\$1,307,768)
2010	(\$1,307,768)
2011	(\$1,307,768)
2012	(\$1,307,768)

**Fiscal Analysis**

The bill would authorize the Texas A&M University System to issue additional tuition revenue bonds for Prairie View A&M University in an amount not to exceed \$15,000,000. The debt service payments would be \$1,307,768 in fiscal year 2008 and \$1,307,768 in fiscal year 2009. The board of regents of 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 infrastructure deferred maintenance, 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 level debt service amortization with a 6% interest rate. The debt service payment for fiscal year 2008 would be \$1,307,768 ; fiscal year 2009 would be \$1,307,768; fiscal year 2010 would be \$1,307,768; fiscal year 2011 would be \$1,307,768; fiscal year 2012 would be \$1,307,768 .

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

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