

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 26, 2007

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

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

IN RE: SB2033 by Williams (Relating to the issuance of general obligation bonds by the Texas Public Finance Authority for certain maintenance, improvement, repair, and construction projects.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB2033, Committee Report 1st House, Substituted: a negative impact of (\$21,479,102) 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	(\$2,092,589)
2009	(\$19,386,513)
2010	(\$46,285,227)
2011	(\$63,423,512)
2012	(\$79,251,159)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from GENERAL REVENUE FUND 1
2008	(\$2,092,589)
2009	(\$19,386,513)
2010	(\$46,285,227)
2011	(\$63,423,512)
2012	(\$79,251,159)

Fiscal Analysis

The bill authorizes the Texas Public Finance Authority to issue general obligation bonds in a cumulative amount not to exceed \$1 billion for certain maintenance, improvement, repair, construction projects, and for the purchase of needed equipment. The bill provides for general obligation bonds on projects, in or outside Travis County that are administered by or on behalf of a state agency listed in Section 50-g, Article III, Texas Constitution.

The bill takes effect on the date on which the related constitutional amendment, SJR 65 is approved by the voters.

Methodology

Based on the analysis by the Texas Public Finance Authority, debt service calculations assume a 5 percent interest rate and a 20-year level principal structure. Assuming voter approval in November, 2007, the \$1 billion in general obligation bonds would be issued as follows: \$331.6 million in the 2008-09; \$334.2 million in 2010-11; and \$334.2 in 2012-13 biennia.

The bill assumes \$16.1 million less in debt service for 2008-09 than provided in CSHB1 due to revised bond issuance dates.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies:

LBB Staff: JOB, CT, JW