

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 27, 2009

TO: Honorable Vicki Truitt, Chair, House Committee on Pensions, Investments & Financial Services

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

IN RE: HJR1 by Alonzo (Proposing a constitutional amendment providing for the issuance of general obligation bonds to provide funding to develop and maintain research universities in this state of the highest tier.), **As Introduced**

No significant fiscal implication to the State is anticipated, other than the cost of publication.

The cost to the state for publication of the resolution is \$90,882.

House Joint Resolution (HJR) 1 amends the Texas Constitution to provide that the legislature by general law may authorize the Texas Public Finance Authority to issue general obligation bonds of the State of Texas in an amount not to exceed \$3,000,000,000 to provide funding to develop and maintain research universities in this state of the highest tier. The resolution would limit the issuance of bonds to no more than \$300 million per year.

As proposed, HJR 1 would be submitted to the voters at an election to be held November 3, 2009.

Note: Article III, Section 49-j of the Texas Constitution limits the authorization of additional state debt if the percentage of debt service payable from the General Revenue Fund exceeds 5 percent of the average annual unrestricted General Revenue Fund revenues for the previous three fiscal years.

The \$3,000,000,000 in new general obligation bond authority to develop and maintain research universities in this state of the highest tier is assumed to be repaid with General Revenue Funds and to be not self-supporting general obligation debt. Therefore, these bonds would be factored into the state's constitutional debt limit.

As of the end of fiscal year 2008, the Bond Review Board estimates the constitutional debt limit for issued, and authorized but unissued debt, to be 4.09 percent.

The Bond Review Board estimates that the passage of the resolution would increase the constitutional debt limit by 0.74 percent for a total debt limit of 4.83 percent.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 347 Public Finance Authority, 352 Bond Review Board, 781 Higher Education Coordinating Board

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