

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 25, 2009

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

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

**IN RE: SB655** by Fraser (Relating to the statutory limitation imposed on certain university systems to issue revenue bonds to fund facilities at certain institutions of higher education.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB655, As Introduced: a negative impact of (\$5,666,996) through the biennium ending August 31, 2011.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	\$0
2011	(\$5,666,996)
2012	(\$7,780,329)
2013	(\$7,781,196)
2014	(\$7,779,196)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1
2010	\$0
2011	(\$5,666,996)
2012	(\$7,780,329)
2013	(\$7,781,196)
2014	(\$7,779,196)

Fiscal Analysis

Provisions of the bill would eliminate the deadline by which enrollment thresholds must be met in order for the Texas A&M University System to be authorized to issue \$65 million in tuition revenue bonds for Texas A&M University - San Antonio and Texas A&M University - Central Texas and for the University of North Texas System to be authorized to issue \$25 million in tuition revenue bonds for University of North Texas - Dallas.

The most recent information the system offices have provided indicates that the Texas A&M University System would issue bonds in fiscal year 2011 and the University of North Texas System would issue bonds in fiscal year 2012.

**Methodology**

Beginning in 2011, the Texas A&M University System would issue bonds based on a six percent interest and 20-year debt service amorization. Debt service associated with these bonds would be \$5,666,996 for fiscal year 2011and would be the same for fiscal years 2012 through 2014.

Beginning in 2012, the University of North Texas System would issue bonds based on a six percent interest and 20-year debt service amorization. Debt service associated with these bonds would be \$2,113,333 in fiscal year 2012, \$2,114, 200 in fiscal year 2013 and \$2,112,200 in fiscal year 2014.

**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, 769 University of North Texas System Administration, 781 Higher Education Coordinating Board

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