

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 17, 2011

TO: Honorable Harvey Hilderbran, Chair, House Committee on Ways & Means

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

IN RE: HB3335 by Pena (Relating to the amount of certain general obligation bonds authorized to be issued to provide financial assistance for colonia access roadway projects to serve border colonias.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3335, As Introduced: a negative impact of (\$7,410,000) through the biennium ending August 31, 2013.

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
2012	\$0
2013	(\$7,410,000)
2014	(\$6,330,000)
2015	(\$6,150,000)
2016	(\$5,970,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Probable Savings/(Cost) from <i>Bond Proceed-Gen Obligat</i> 780
2012	\$0	(\$60,000,000)
2013	(\$7,410,000)	\$0
2014	(\$6,330,000)	\$0
2015	(\$6,150,000)	\$0
2016	(\$5,970,000)	\$0

Fiscal Analysis

The bill would amend Government Code Chapter 1403 to increase the aggregate amount of general obligation bonds by \$60,000,000, from \$175,000,000 to \$235,000,000 to be issued by the Texas Public Finance Authority as authorized by the governor to provide financial assistance for colonias access roadway projects to serve border colonias.

The bill would take effect on the date on which the constitutional amendment proposed by the Eighty-second Legislature, Regular Session, 2011, authorizing the issuance of up to \$60,000,000 in general obligation bonds to provide financial assistance to counties for roadway projects to serve colonias is approved by voters. Otherwise, the bill would not take effect.

Methodology

Based on information provided by the Texas Public Finance Authority, it is assumed that the voters would approve the proposed constitutional amendment and \$60 million in General Obligation Bonds would be issued on January 1, 2012. The related debt service would be \$7,410,000 out of the General Revenue Fund in fiscal year 2013. Other assumptions for the debt service estimate include the issuance of tax-exempt debt at a six percent interest rate and a 20 year level principal repayment schedule.

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. As of the end of fiscal year 2010, the Bond Review Board estimates the constitutional debt limit for issued, and authorized but unissued debt, to be 4.10 percent. The Bond Review Board estimates that the additional authorization of \$60 million in not self-supporting general obligation bond authority would increase the ratio for issued, and authorized but unissued debt by 0.02 percent.

It is anticipated that any additional costs associated with implementation of the legislation could be absorbed within existing resources.

Local Government Impact

This resolution, if approved by voters would authorize \$60 million in general obligation bonds to provide counties with financial assistance for roadway projects to serve border colonias.

Source Agencies: 304 Comptroller of Public Accounts, 347 Public Finance Authority, 352 Bond Review Board, 601 Department of Transportation

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