

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

March 13, 2011

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

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

IN RE: SB421 by West (Relating to the computation of the state debt limit.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would implement two recommendations from the report "Implement Strategies to Increase the Transparency of the State Constitutional Debt Limit" from the Legislative Budget Board's *Government Effectiveness and Efficiency Report*, submitted to the Eighty-second Texas Legislature, 2011.

The bill would permit the Bond Review Board to use common or standard debt issuance practices to make changes to the assumptions used for estimating debt service amounts for any unissued debt included in the constitutional debt limit (CDL) calculation. This could include changes to assumptions for interest rates, debt maturity, and debt service payment structures. The impact to the debt limit would depend upon what, if any, changes the Bond Review Board makes to the current assumptions it uses for unissued debt.

The bill would also require the Bond Review Board to publish an explanation of how CDL is calculated, including the debt service amounts for issued and unissued debt and the assumptions used for unissued debt.

It is anticipated any additional costs related to the provisions of the bill could be absorbed within existing agency resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 352 Bond Review Board

LBB Staff: JOB, KK, JI, JJO