

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

March 16, 2011

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

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

IN RE: SJR3 by Fraser (Proposing a constitutional amendment providing for the issuance of additional general obligation bonds by the Texas Water Development Board.), **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 \$105,495.

The joint resolution proposes a constitutional amendment which would authorize the Water Development Board (TWDB) to issue additional general obligation bonds for one or more accounts of the Texas Water Development Fund II (DFund II) such that the aggregate principal amount of the bonds issued for the DFund II does not exceed \$6 billion outstanding at any one time.

The proposed constitutional amendment would be submitted to the voters at an election to be held November 8, 2011.

Note: This joint resolution includes bond authority that would comprise a mixture of self-supporting debt and non-self-supporting debt. Any non-self-supporting debt that receives a General Revenue appropriation for debt service would impact the state's constitutional debt limit (CDL). TWDB can only issue non-self-supporting debt with the authorization of the Legislature. For the purposes of calculating the CDL, this entire authorization would be considered self-supporting and would not have an impact on the CDL until the Legislature authorizes the issuance of non-self-supporting general obligation water bonds.

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.

If the proposed constitutional amendment were adopted by the voters, TWDB would be the only state agency with non-self supporting general obligation bond authority limited by the total outstanding principal amount, rather than a predetermined fixed amount above \$300.0 million. For example, the overall debt ceiling for the Master Lease Purchase Program (MLPP) administered by the Texas Public Finance Authority, although tied to the total outstanding principal amount, is capped at \$300.0 million.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 352 Bond Review Board, 580 Water Development Board

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