

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 28, 2015

TO: Honorable Dan Patrick, Lieutenant Governor, Senate
Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB100** by Zerwas (Relating to authorizing the issuance of revenue bonds to fund capital projects at public institutions of higher education.), **Conference Committee Report**

Estimated Two-year Net Impact to General Revenue Related Funds for HB100, Conference Committee Report: a negative impact of (\$538,029,634) through the biennium ending August 31, 2017.

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
2016	(\$267,823,542)
2017	(\$270,206,092)
2018	(\$270,212,692)
2019	(\$270,210,592)
2020	(\$270,209,142)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from GENERAL REVENUE FUND 1
2016	(\$267,823,542)
2017	(\$270,206,092)
2018	(\$270,212,692)
2019	(\$270,210,592)
2020	(\$270,209,142)

Fiscal Analysis

The bill would authorize the issuance of \$3.1 billion in tuition revenue bonds for institutions of higher education to finance construction and improvement of infrastructure and related facilities.

The bill includes authorization of \$800.8 million for the Texas A&M System, \$922.6 million for the University of Texas System, \$362.5 million for the University of Houston System, \$256.4 million for the Texas State University System, \$269.0 million for the University of North Texas System, \$247.1 million for the Texas Tech University System, \$38.0 million for Texas Woman's University, \$58.4 million for Midwestern State University, \$46.4 million for Stephen F Austin University, \$60.0 million for Texas Southern University and \$41.7 million for the TSTC System.

The bonds would not be general obligations of the State. However, the issued bonds would have fiscal implications for the State. Historically the Legislature has appropriated General Revenue to reimburse institutions for the tuition used to pay the debt service. For purposes of this fiscal note it is assumed that unless otherwise noted, the bonds would be issued on September 1, 2015.

Methodology

Bonds for components of the Texas A&M University System are assumed to be issued on September 1, 2015, at a 6 percent interest rate with a 20-year level debt service amortization. Based on calculations prepared by the Texas A&M University System, the amount of debt service payments would be \$69.8 million beginning in fiscal year 2016.

Bonds for components of the University of Texas System are assumed to be issued on September 1, 2015, at a 6 percent interest rate with a 20-year level debt service amortization. Based on calculations prepared by The University of Texas System, the amount of debt service payments would be \$80.4 million per year beginning in fiscal year 2016.

Bonds for components of the University of Houston System are assumed to be issued on September 1, 2015 at a 6 percent interest rate with a 20-year level debt service amortization. Based on calculations prepared by the University of Houston System, the amount of debt service payments would be \$31.6 million per year beginning in fiscal year 2016.

Bonds for components of the Texas State University System are assumed to be issued September 1, 2015, at a 6 percent interest rate with a 20-year level debt service amortization. Based on calculations prepared by the Texas State University System, the amount of debt service payments would be \$22.4 million per year beginning in fiscal year 2016.

Bonds for components of the University of North Texas System are assumed to be issued on September 1, 2015, at a 6 percent interest rate with a 20-year level debt service amortization. Based on calculations prepared by the University of North Texas System, the amount of debt service payments would be \$23.5 million beginning in fiscal year 2016.

Bonds for Texas Woman's University are assumed to be issued on September 1, 2015, at a 5 percent interest rate with a 20-year level debt service amortization. Based on calculations prepared by Texas Woman's University, the amount of debt service payments would be \$3.0 million beginning in fiscal year 2016.

Bonds for Midwestern State University are assumed to be issued on September 1, 2015, at a 6 percent interest rate with a 20-year level debt service amortization. Based on calculations prepared by the Texas Public Finance Authority, the amount of debt service payments would be \$2.6 million for fiscal year 2016 in the form of an interest only payment, and \$5.0 million per year beginning in fiscal year 2017 for principal and interest.

The bonds for Stephen F. Austin State University are assumed to be issued on September 1, 2015, at a 6 percent interest rate with a 20-year level debt service amortization. Based on calculations

prepared by Stephen F. Austin, the amount of debt service payments would be \$4.0 million beginning in fiscal year 2016.

The bonds for the Texas Tech University System are assumed to be issued on September 1, 2015, at a 6 percent interest rate with a 20-year level debt service amortization. Based on calculations prepared by the Texas Tech University System, the amount of debt service payments would be \$21.5 million beginning in fiscal year 2016.

Bonds for Texas Southern University are assumed to be issued on September 1, 2015, at a 7 percent interest rate with a 20-year level debt service amortization. Based on calculations prepared by Texas Public Finance Authority, the amount of the debt service payments would be \$5.5 million beginning in fiscal year 2016.

Bonds for Texas State Technical College System are assumed to be issued on September 1, 2015, at a 5 percent interest rate with a 20-year level debt service amortization. Based on calculations prepared by the Texas State Technical College System, the amount of debt service payments would be \$3.3 million beginning in fiscal year 2016.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 347 Public Finance Authority, 352 Bond Review Board, 710 Texas A&M University System Administrative and General Offices, 717 Texas Southern University, 719 Texas State Technical College System Administration, 720 The University of Texas System Administration, 731 Texas Woman's University, 735 Midwestern State University, 755 Stephen F. Austin State University, 758 Texas State University System, 768 Texas Tech University System Administration, 769 University of North Texas System Administration, 781 Higher Education Coordinating Board, 783 University of Houston System Administration, 739 Texas Tech University Health Sciences Center

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