

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 8, 2015

TO: Honorable Gary Elkins, Chair, House Committee on Government Transparency & Operation

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB1255** by McClendon (Relating to the authority of the Texas Facilities Commission to manage a construction project at the site of the G. J. Sutton State Office Complex in Bexar County.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1255, As Introduced: a negative impact of (\$27,202,250) 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	(\$13,009,750)
2017	(\$14,192,500)
2018	(\$14,196,100)
2019	(\$14,192,600)
2020	(\$14,196,400)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Probable Savings/(Cost) from Bond Proceeds-Rev Bonds 781	Change in Number of State Employees from FY 2015
2016	(\$13,009,750)	(\$162,450,000)	3.0
2017	(\$14,192,500)	\$0	3.0
2018	(\$14,196,100)	\$0	3.0
2019	(\$14,192,600)	\$0	3.0
2020	(\$14,196,400)	\$0	3.0

Fiscal Analysis

The bill would authorize the Texas Facilities Commission to construct a building and parking

facility at the current site of the G.J. Sutton State Complex in Bexar County.

Based on information provided by the Texas Public Finance Authority (TPFA) , it is estimated that the fiscal impact would be \$13,009,750 in fiscal year 2016 and \$14,192,500 in fiscal year 2017.

The Historical Commission has indicated any additional costs associated with the provisions of the bill could be reasonably absorbed by the agency.

Methodology

Based on information provided by TPFA, it is assumed \$162,450,000 in revenue bonds would be issued on January 1, 2016. Other assumptions for the debt service estimate include a six percent interest rate and a 20 year level debt service repayment schedule. It is estimated that the related debt service would be \$13,009,750 in fiscal year 2016 and \$14,192,500 in fiscal year 2017.

TFC estimates the bill provisions would require one Project Manager IV (1.0 FTE), one Project Manager II (1.0 FTE) and one Inspector V (1.0 FTE). The costs related to these FTEs would be paid out of the revenue bond proceeds.

Lease payments appropriated from General Revenue would be the source of repayment of the bonds issued under the provisions of the bill. As such, the debt would be considered not self-supporting and included in the calculation of the Constitutional Debt Limit. 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 revenues for the previous three fiscal years. As of the end of fiscal year 2014, the Bond Review Board (BRB) estimates the constitutional debt limit for issued, and authorized but unissued debt, to be 2.71 percent. The BRB estimates that the additional authorization of \$162,450,000 in not self-supporting general obligation bond authority would increase the ratio for issued, and authorized by unissued debt by 3 basis points to 2.74 percent.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 303 Facilities Commission, 347 Public Finance Authority, 352 Bond Review Board, 808 Historical Commission

LBB Staff: UP, FR, EP, KPe, LBe, TBo