

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**April 21, 2015**

**TO:** Honorable John Otto, Chair, House Committee on Appropriations

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HJR138** by King, Susan (Proposing a constitutional amendment relating to the use of bonds and notes in the military value revolving loan account.), **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 \$118,681.

The joint resolution would amend the Texas Constitution to authorize the issuance of general obligation bonds by certain state agencies to provide grants for economic development projects that benefit defense-related communities. Additionally, the Legislature may provide by general law or appropriation for repayment of any debt incurred by bonds or notes issued under the authority of this subsection after December 31, 2015. The proposed constitutional amendment would be submitted to the voters at an election to be held November 3, 2015.

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 for the previous three fiscal years. At 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.

Historically, the debt issued for the Texas Military Value Revolving Loan Fund (TMVRLF) has been self supporting. By allowing appropriations for debt service payments of incurred debts, these debts would be treated as not self-supporting debts and be added to the calculation against the Constitutional Debt Limit (CDL). According to the BRB, if all remaining TMVRLF authorization, estimated to be \$200.4 million, was considered not self supporting, the CDL impact would be 4 basis points from 2.71 to 2.75.

**Local Government Impact**

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

**Source Agencies:** 301 Office of the Governor, 347 Public Finance Authority, 352 Bond Review Board

**LBB Staff:** UP, KK, SD, AG, FR, LBe, EP