

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION
Revision 1

April 22, 2019

TO: Honorable James B. Frank, Chair, House Committee on Human Services

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: HJR141 by Johnson, Julie (Proposing a constitutional amendment authorizing the issuance of general obligation bonds for conducting a program to create additional housing for individuals with an intellectual or developmental disability.), **As Introduced**

No fiscal implication to the State is anticipated, other than the cost of publication.

The cost to the state for publication of the resolution is \$177,289.

The joint resolution proposes a constitutional amendment to provide the authorization of general obligation bonds for the purpose of funding a program to create additional housing for individuals with an intellectual or developmental disability. The proposed constitutional amendment would be submitted to the voters at an election to be held November 5, 2019.

The resolution would provide for the issuance of bonds limited to not more than \$10 million to be issued by the Texas Public Finance Authority (TPFA) on behalf of the Health and Human Services Commission. The bill requires the bonds to be underwritten by a statutorily defined historically underutilized business; TPFA is aware of the existence of only one such business, therefore the ability to issue the bonds would be dependent on its availability.

If the resolution is approved by voters and enabling legislation is enacted, a cost to the state for debt service is anticipated. According to analysis provided by TPFA which assumes the issuance of one \$10 million fixed rate bond on January 1, 2020, with 6% interest rate for tax exempt debt, and issued with level principal payment for a twenty year term, the agency anticipates debt service in the amount of \$150,000 in FY 2020 and \$1,085,000 in FY 2021. Debt service estimates for the next five years are as follows: \$1,055,000 in FY 2022; \$1,025,000 in FY 2023; \$995,000 in FY 2024 and \$965,000 in FY 2025.

Analysis provided by the Bond Review Board assumes debt issued under this new Section 68 of Article III of the Texas Constitution would be categorized as not self-supporting and thus be a calculation of the Constitutional Debt Limit (CDL).

CDL is calculated to be 2.20% including all outstanding and authorized but unissued not self-supporting debt. Based on assumptions used for the fiscal year end 2018 CDL, the authorization of \$100 million of additional debt would increase the ratio of not self-supporting debt to the rolling three-year average of unrestricted general revenues by less than 1 basis point (0.01%).

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 347 Public Finance Authority, 352 Bond Review Board, 529 Health and Human Services Commission

LBB Staff: WP, AKi, NV, LLo