

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

FISCAL NOTE, 87TH LEGISLATURE 3rd CALLED SESSION 2021

October 17, 2021

TO: Honorable Dan Patrick, Lieutenant Governor, Senate

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB52 by Creighton (Relating to the issuance of revenue bonds to fund capital projects at public institutions of higher education and the designation of certain appropriated funds allocated to those institutions.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for SB52, As Passed 2nd House : a negative impact of (\$318,721,930) through the biennium ending August 31, 2023.

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:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2022	(\$51,611,685)
2023	(\$267,110,245)
2024	(\$267,821,965)
2025	(\$267,822,840)
2026	(\$267,724,815)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from GENERAL REVENUE FUND 1
2022	(\$51,611,685)
2023	(\$267,110,245)
2024	(\$267,821,965)
2025	(\$267,822,840)
2026	(\$267,724,815)

Fiscal Analysis

The bill would authorize the issuance of \$3.3 billion in tuition revenue bonds for institutions of higher education to finance construction and improvement of infrastructure and related facilities. The bill includes authorizations of \$727.4 million for the Texas A&M System, \$834.2 million for the University of Texas System, \$339.5 million for the University of Houston System, \$422.6 million for the Texas State University System, \$264.7 million for the University of North Texas System, \$100.0 million for Texas Woman's University, \$44.9 million for Stephen F. Austin University, \$299.4 million for the Texas Tech University System, \$95.2 million for Texas Southern University and \$208.5 million for the Texas State Technical 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. Other funds could also be appropriated for this purpose.

The bill would amend the Education Code by stating that certain funds allocated from the appropriation of general revenue and federal funds to an institution of higher education to supplement revenue funds of the institution may be designated as "Capital Construction Assistance Projects."

The bill would create a Capital Project Oversight Advisory Committee, which in consultation with the Legislative Budget Board, Facilities Commission, and Comptroller of Public Accounts, would be required to develop model guidelines to be considered by institutions of higher education for procurement and construction related to capital projects authorized in the bill.

Methodology

The estimates provided in this fiscal note are based on debt service information that has been previously provided by system offices, institutions of higher education and the Texas Public Finance Authority on other bills dealing with tuition revenue bonds.

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 Univ System Admin, 717 Texas Southern University, 719 TSTC System Admin, 720 UT Sys Admin, 731 Texas Woman's University, 755 Stephen F. Austin State University, 758 Texas State University System, 768 Texas Tech Univ Sys Admin, 769 UNT System Administration, 781 Higher Education Coordinating Board, 783 Univ of Houston Sys Admin

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