

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

May 27, 2021

TO: Honorable Dade Phelan, Speaker of the House, House of Representatives

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB2219 by Canales (Relating to the issuance of Texas Mobility Fund obligations.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2219, As Passed 2nd House : an impact of \$0 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>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2022	\$0
2023	\$0
2024	\$0
2025	\$0
2026	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Revenue Gain/(Loss) from Bond Proceeds - Texas Mobility Fund 8105</i>	<i>Probable Savings/(Cost) from Texas Mobility Fund 365</i>
2022	\$1,500,000,000	\$0
2023	\$0	(\$40,000,000)
2024	\$1,500,000,000	(\$50,000,000)
2025	\$0	(\$100,000,000)
2026	\$0	(\$110,000,000)

Fiscal Analysis

The bill would amend Transportation Code §201.943, relating to authority to issue Texas Mobility Fund (TMF) obligations, to authorize the Texas Transportation Commission (TTC) to issue new TMF obligations from the effective date of the bill until January 1, 2027. The bill would specify that the aggregate principal amount of new TMF obligations that may be issued after May 31, 2021, and before January 1, 2027, may not exceed an amount equal to 60 percent of outstanding principal amount of TMF obligations existing on May 1, 2021. The bill would repeal statutory authority to issue obligations to provide funding for publicly owned toll roads.

The bill would take effect immediately upon receiving a vote of two-thirds of all members elected to each house or otherwise on September 1, 2021.

Methodology

Current law prohibits the TTC from issuing new TMF obligations under Section 49-k, Article III, Texas Constitution, and Section 201.943 of the Transportation Code, on or after January 1, 2015. The bill would authorize the issuance of new TMF obligations from the effective date of the bill until January 1, 2027, for the purpose of providing financing for transportation projects

Based on the information provided by the Texas Department of Transportation (TxDOT), it is assumed current revenue estimates for the Texas Mobility Fund and market interest rates would enable the TTC to issue as much as \$3.0 billion in new bond proceeds to provide financing for transportation projects. Based on analysis provided by TxDOT, it is assumed that \$1.5 billion new TMF obligations would be issued in fiscal year 2022, with a final maturity date in 2045 (23 years), and \$1.5 billion would be issued in fiscal year 2024, with a final maturity date in 2042 (18 years), with an aggregate interest rate of 3.2 percent. Issuance of the obligations would result in revenue gains to the Texas Mobility Fund from the receipt of bond proceeds in fiscal years 2022 and 2024. Debt service payments on the new TMF obligations which would begin in fiscal year 2023 at a cost of \$40.0 million to the Texas Mobility Fund 365, with debt service payments and costs to Fund 365 continuing through fiscal year 2045. TxDOT estimates total repayment over the life of the bonds would be \$4.5 billion from Fund 365.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 601 Department of Transportation

LBB Staff: JMc, LBO, TG, AAL, MB