

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

May 4, 2021

TO: Honorable Charles Schwertner, Chair, Senate Committee on Administration

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB2230 by Schwertner (Relating to the operation and administration of the Texas Bullion Depository.), **As Introduced**

The bill would have an indeterminate cost for the issuance of revenue bonds and payment of debt service. The cost would be dependent on the cost for acquisition or construction of a facility for the Texas Bullion Depository, which is unknown, and the method of finance for payment of debt service.

The bill would amend the Government Code to authorize the Texas Public Finance Authority (TPFA) to sell and issue bonds to finance the acquisition or construction of a building to be used for the Texas Bullion Depository. The Comptroller would lease the building from TPFA after acquisition or construction. The Comptroller would be authorized to lease at fair market value any portion of the building to a private tenant for commercial activities and to use money obtained from the lease to repay any debt or bonds used to acquire the property.

The cost of acquisition or construction of a building was not provided by the Comptroller. TPFA provided a scenario in which they would issue 20-year revenue bonds in the amount of \$20,000,000 for the acquisition or construction of a facility. TPFA assumed an interest rate of 6.25% in fiscal year 2022 and 6.5% in the outgoing years. Under these assumptions, annual debt service payments would be \$1,777,000 on average, and total debt service payments would total \$35,539,461 over 20 years.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 347 Public Finance Authority

LBB Staff: JMc, LBO, LCO, MBO