

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

**FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION**

**April 2, 2003**

**TO:** Honorable Eliot Shapleigh, Chair, Senate Committee on Subcommittee on Base Realignment and Closure

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE: SB1295** by Van de Putte (Relating to providing financial assistance to defense communities; granting of authority to issue bonds.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB1295, As Introduced: an impact of \$0 through the biennium ending August 31, 2005.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	\$0
2005	\$0
2006	\$0
2007	\$0
2008	\$0

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Revenue Gain/(Loss) from <i>New General Revenue Dedicated - Defense Community Assistance Revolving Loan</i>	Probable (Cost) from <i>New General Revenue Dedicated - Defense Community Assistance Revolving Loan</i>
2004	\$150,000,000	(\$2,241,525)
2005	\$0	(\$15,909,375)
2006	\$0	(\$15,478,125)
2007	\$0	(\$15,046,875)
2008	\$0	(\$14,615,625)

**Fiscal Analysis**

The bill is contingent on the passage and voter approval of Senate Joint Resolution (SJR) 49, or similar legislation which proposes a constitutional amendment authorizing the Texas Public Finance Authority to issue and sell general obligation bonds and deposit the funds in the new General Revenue Account—Defense Community Assistance Revolving Loan.

The provisions of the bill require the Office of Defense Affairs to administer a revolving loan program. Loans from the account would be designed to assist defense communities in developing economic development projects to enhance the military value of military bases located in the community and to minimize the possibility of or the negative effects of defense base reduction on the community.

**Methodology**

Contingent on the passage and voter approval of SJR 49, the bill would require debt service costs estimated on the assumption there would be one bond issuance of \$150 million and an interest rate of 5.75 percent with a 20-year level principle amortization. The debt service requirements for the bonds, if approved by the electorate, would be \$2,156,250 in fiscal year 2004, and average \$15.3 million per fiscal year between fiscal years 2005 and 2008.

It is assumed there would be some revenue gain from interest on the \$150 million balance of the loan proceeds, which would depend on the loans entered into and the payback schedule.

The bill would take effect only if the constitutional amendment proposed by the 78th Texas Legislature, Regular Session, 2003, authorizing the issuance of general obligation bonds are approved by the voters.

### **Local Government Impact**

No significant fiscal implication to units of local government is anticipated. The projects that are developed by defense communities using loan funds from the Office of Defense Affairs should generate enough revenue to cover the loan payments.

**Source Agencies:** 304 Comptroller of Public Accounts, 347 Public Finance Authority, 352 Bond Review Board, 480 Texas Department of Economic Development

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