

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 2923 – SB 2946

January 27, 2010

SUMMARY OF BILL: Authorizes the State of Tennessee to issue direct general obligation interest-bearing bonds in amounts not to exceed \$50,000,000. Requires bond proceeds be allocated to the Department of Education for the purpose of capital outlay and maintenance for institutions of public K-12 education. Authorizes the funding board to issue bonds in amounts not to exceed 2.5 percent of the amount specified above for funding discount and costs of issuance.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – \$5,500,000 – 1st Year Debt Service

\$81,500,000 Over life of the bonds
\$50,000,000 Principal
\$31,500,000 Interest

Assumptions:

- All projects authorized shall be approved by the State Building Commission.
- Bonds may be designated as college savings bonds pursuant to the Baccalaureate Education Savings for Tennessee Act.
- The coupon rate is estimated to be six percent.
- Bonds are issued for a term of 20 years.
- One-twentieth of the principal plus interest will be paid annually.
- Based on current bond market rates, it is estimated that the cost of capital reflected by a six percent coupon rate will be sufficient for paying actual first-year debt service plus any costs of issuance.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in cursive script, reading "James W. White".

James W. White, Executive Director

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/rnc