

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 445 – SB 978

February 24, 2013

SUMMARY OF ORIGINAL BILL: Changes the definition of “institution” for the purposes of the issuance of bonds and loan agreements by the Tennessee State School Bond Authority (TSSBA) so that the Tennessee Board of Regents (TBR) campuses are aggregated instead of each campus being treated as a separate entity.

CORRECTED FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact – According to TBR, bond ratings on future debt issued by TBR will most likely remain neutral as a result of this bill. Bond ratings will be partially based on TBR’s ability to repay debt service in the event of non-payment in the aggregate instead being based on each institution.

SUMMARY OF AMENDMENT (003617): Deletes and rewrites Section 1 of the bill. Changes the definition of “institution” for the purposes of the issuance of bonds and loan agreements by the Tennessee State School Bond Authority, so that: the University of Tennessee system (UT) is aggregated, specifically including UT branches, divisions, services, programs, and the UT Board of Trustees, and Tennessee Board of Regents (TBR) institutions are aggregated, specifically including TBR services, programs, and activities.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the corrected fiscal note.

Assumptions for the bill as amended:

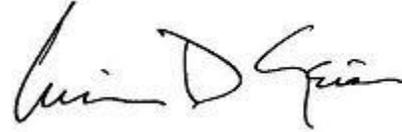
- According to TBR, TBR does not have plans to issue more debt as a result of this bill.
- Based on information provided by TBR and the Comptroller, this bill will help to prevent downgraded bond ratings in the future, if certain circumstances exist. As a result, this bill is expected to preserve bond ratings for existing debt issuances, as well as future debt issuances. Therefore, any change in interest payment expenditures is estimated to be not significant.

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- Including UT divisions, services, programs, and the UT Board of Trustees in the definition of institution for this purpose will have no significant fiscal impact on state or local government.

CERTIFICATION:

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

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with a large initial "L" and "G".

Lucian D. Geise, Executive Director

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