

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**CORRECTED  
FISCAL NOTE**

**HB 445 - SB 978**

February 20, 2013

**SUMMARY OF 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.

**ESTIMATED FISCAL IMPACT:**

On February 17, 2013, a fiscal note was issued with the following estimated impact:

*Other Fiscal Impact - According to TBR, interest rates on future debt issued by TBR will be lower as a result of the bill. Therefore, interest expenditures for debt service incurred by TBR will decrease. The extent of any such decrease cannot be reasonably quantified due to multiple unknown factors.*

This impact was in error due to incomplete supporting information. After receiving additional information from TBR, the estimated fiscal impact of the bill is:

**(CORRECTED)**

**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.**

Assumptions:

- According to TBR, TBR does not have plans to issue more debt as a result of this bill.

**HB 445 - SB 978 (CORRECTED)**

- 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. .

**CERTIFICATION:**

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



Lucian D. Geise, Executive Director

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