

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 2469 - HB 2820**

March 16, 2020

**SUMMARY OF BILL:** Authorizes the State of Tennessee, through the State Funding Board, to issue direct general obligation interest bearing bonds in amounts not to exceed \$124,000,000. The proceeds will be allocated to the Department of Transportation for the construction of highways and for acquisition of equipment and sites, and erection, construction and equipment of sites and buildings, including the acquisition of existing structures for expansion, improvements, betterments, and extraordinary repairs to existing structures, and repair, replacement, or rehabilitation of bridges. Authorizes the State Funding board to issue bonds in amounts not to exceed 2.5 percent of the amounts specified above for funding discount and costs of issuance.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures – \$13,640,000 – First Year Debt Service**

**\$202,120,000 Over the life of the bonds**

**\$124,000,000 Principal**

**\$78,120,000 Interest**

**The Governor’s proposed budget for FY20-21, on page A-13, recognizes a proposed bond authorization of \$124,000,000.**

Assumptions:

- 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 five percent coupon rate will be sufficient for paying actual first-year debt service.

**CERTIFICATION:**

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

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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