

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1705

January 11, 2024

SUMMARY OF BILL: Authorizes the State of Tennessee, acting by resolution of its funding board, to issue and sell direct general obligation interest bearing bonds not to exceed \$30,000,000. The proceeds will be allocated to the Tennessee Higher Education Commission for the purpose of capital outlay and maintenance for institutions of higher education. Authorizes the Funding Board to issue bond amounts not to exceed 2.5 percent of the amounts specified above for funding discount and cost of issuance. Authorizes such bonds to be designated as “college savings bonds”.

FISCAL IMPACT:

Increase State Expenditures – \$3,300,000 – First-Year Debt Service

\$48,900,000 Over the life of the bonds

\$30,000,000 Principal

\$18,900,000 Interest

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 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 black ink that reads "Krista Lee Carsner".

Krista Lee Carsner, Executive Director

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