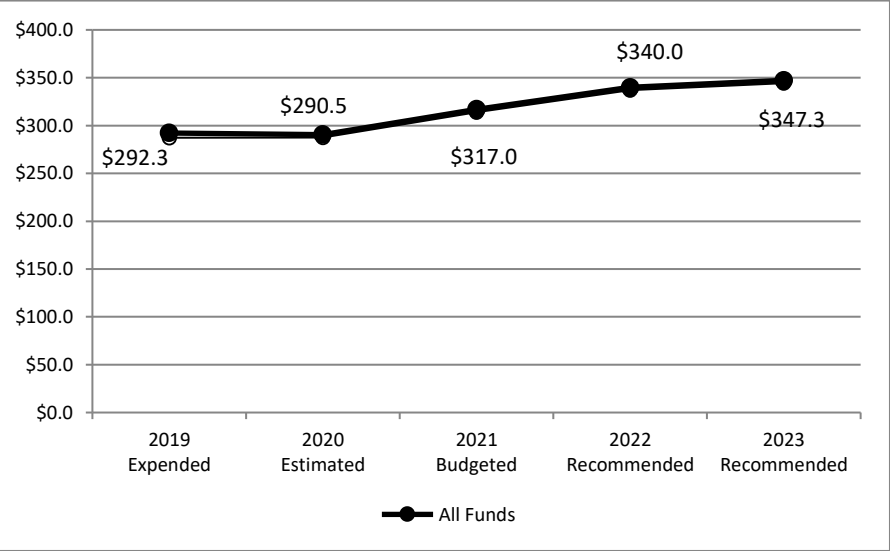


Texas Public Finance Authority - General Obligation (GO) Bond Debt Service  
Summary of Budget Recommendations - Senate

Lee Deviney, Executive Director  
Harrison Gregg, LBB Analyst

Method of Financing	2020-21 Base	2022-23 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$586,417,313	\$668,718,598	\$82,301,285	14.0%
GR Dedicated Funds	\$15,007,781	\$12,570,596	(\$2,437,185)	(16.2%)
Total GR-Related Funds	\$601,425,094	\$681,289,194	\$79,864,100	13.3%
Federal Funds	\$4,722,308	\$4,722,308	\$0	0.0%
Other	\$1,402,035	\$1,247,606	(\$154,429)	(11.0%)
All Funds	\$607,549,437	\$687,259,108	\$79,709,671	13.1%

Historical Funding Levels (Millions)



The bill pattern for this agency (2022-23 Recommended) represents an estimated 100.0% of the agency's estimated total available funds for the 2022-23 biennium.

**Texas Public Finance Authority - General Obligation (GO) Bond Debt Service**  
**Summary of Funding Changes and Recommendations - Senate**

**Section 2**

Funding Changes and Recommendations for the 2022-23 Biennium compared to the 2020-21 Base Spending Level (in millions)		General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
<b><i>SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):</i></b>							
A)	Increase in General Revenue primarily related to new issuances of Commercial Paper for CPRIT debt and the depletion of General Revenue-Dedicated Tobacco Settlement funds used to pay down debt service.	\$82.3	(\$2.4)	\$0.0	\$0.0	\$79.9	A.1.1
<b><i>OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):</i></b>							
B)	Decrease in Other Funds due to the depletion of interest and sinking current fund balances.	\$0.0	\$0.0	\$0.0	(\$0.2)	(\$0.2)	A.1.1
<b>TOTAL SIGNIFICANT &amp; OTHER Funding Changes and Recommendations (in millions)</b>		<b>\$82.3</b>	<b>(\$2.4)</b>	<b>\$0.0</b>	<b>(\$0.2)</b>	<b>\$79.7</b>	As Listed
<i>SIGNIFICANT &amp; OTHER Funding Increases</i>		\$82.3	\$0.0	\$0.0	\$0.0	\$79.9	As Listed
<i>SIGNIFICANT &amp; OTHER Funding Decreases</i>		\$0.0	(\$2.4)	\$0.0	(\$0.2)	(\$0.2)	As Listed

NOTE: Totals may not sum due to rounding.

Texas Public Finance Authority - General Obligation (GO) Bond Debt Service  
Selected Fiscal and Policy Issues - Senate

1. **Recommendations.** Recommendations reflect an overall increase of \$79.7 million in debt service requirements for the 2022-23 biennium. The sizable increase is primarily related to new bonds issued by the Cancer Prevention Research Institute of Texas, offset by a decrease related to paying off outstanding debt and lower than anticipated interest rates.

Recommendations include payment of principal and interest, and ongoing issuance costs in each fiscal year for General Obligation (GO) bonds issued and GO bonds anticipated to be issued through fiscal year 2023.

*Cancer Prevention Research Institute of Texas and Tobacco Settlement Funds.* Since the 2012-13 biennium, Government Code Chapter 403, allowed certain Tobacco Settlement Funds to pay principal or interest for bonds issued for CPRIT. The appropriated amounts are transferred from three funds outside the treasury on an as needed basis. As of the end of the 2020-21 biennium, roughly \$2.0 million Tobacco Settlement Funds remain usable for debt service. Recommendations for the Department of State Health Services do not include any funding out of the Tobacco Settlement funds. The recommendations for GO bond debt service in this packet include General Revenue to meet debt service obligations for CPRIT debt. However, the remaining Tobacco Settlement Funds are available to replace \$2.0 million in General Revenue for this purpose. Estimates indicate that CPRIT debt service payments will be \$387.8 million in the 2022-23 biennium.

Interest Rate Estimates for 2022-23 Biennium

FY	2020	2021	2022	2023
<b>Commercial Paper</b>				
Tax Exempt	5.00%	5.25%	3.75%	4.00%
Taxable	5.50%	5.50%	4.75%	5.00%
<b>Bonds</b>				
Tax Exempt	6.00%	6.00%	5.00%	5.25%
Taxable	7.50%	7.50%	6.25%	6.50%

*Method of Finance Swap.* Texas Public Finance Authority (TPFA) requested approximately \$687.3 million in General Revenue for debt service on outstanding GO Bond debt and debt expected to be issued. Recommendations include \$668.7 million in General Revenue for debt service, a difference of \$18.6 million. Recommendations also include the following appropriations out of funds other than General Revenue to meet debt service requirement in the 2022-23 biennium:

- \$12.6 million in GR-D Texas Military Revolving Loan Account No. 5114 for debt service related to the Trusteed Programs.
- \$4.7 million in Federal Funds available for the Health and Human Services debt service.
- \$1.2 million in receipts generated from Other Funds for the Health and Human Services debt service, also transferred from Article II agencies.

Other account balances previously used for debt service on various bond issuance include interest and sinking current fund balances for various state agencies that are no longer available.

*Sporting Goods Sales Tax, State Parks Account No. 64.* Not Included in these estimates are funds from Sporting Goods Sales Tax (SGST), State Parks Account No. 64 for debt service on Parks and Wildlife park improvements and repairs, which are estimated at \$27.4 million in the current biennium. These funds are not appropriated to TPFA for but rather transferred in a method of financing swap with General Revenue in accordance with Article IX, Section 17.08 Use of the Sporting Goods Sales Tax Transfer to the General Revenue-Dedicated State Parks Account No. 64. Recommendations include a revision to Section 17.08 due to recent changes in the Texas Constitution providing appropriation of all SGST to the Parks and Wildlife Department (TPWD) and Historical Commission. The revision directs transfer of SGST appropriations from TPWD to TPFA for debt service related to state parks.

2. **Outstanding General Obligation Bond Debt.** As of August 31, 2020, TPFA had approximately \$2,567.4 million in outstanding general obligation bond debt, including \$2,505.4 million in outstanding general obligation bond debt or long-term fixed rate debt and \$62.0 million in general obligation commercial paper or short-term debt. TPFA is the largest state issuer of general obligation debt which is backed by the full faith and credit of the state. TPFA utilizes both long-term and short-term debt instruments for the issuance of debt on behalf of its client agencies. Long-term debt instruments provide for fixed or variable rate debt for five or more years. Short-term or commercial paper debt instruments provide for variable rate debt for 1 to 270 days.

End of Article: Appropriations Compared to Base by Article / MOF Type and Code  
87th Regular Session, LBB Recommended (Senate), Version 1

END OF ARTICLE Appropriations: TPFA GO Bond Debt Service

	Exp 2019	Est 2020	Bud 2021	Total Biennium 2020-2021	Rec 2022	Rec 2023	Total Rec 2022-2023	Difference
ARTICLE I - GENERAL GOVERNMENT	\$143,768,159	\$164,275,945	\$195,089,335	\$359,365,280	\$221,869,839	\$233,161,192	\$455,031,031	\$95,665,751
ARTICLE II - HEALTH AND HUMAN SERVICES	\$25,978,216	\$24,150,081	\$20,054,197	\$44,204,278	\$22,503,966	\$22,120,016	\$44,623,982	\$419,704
ARTICLE III - AGENCIES OF EDUCATION	\$10,198,702	\$7,228,252	\$7,933,400	\$15,161,652	\$6,704,537	\$6,378,680	\$13,083,217	\$(2,078,435)
ARTICLE V - PUBLIC SAFETY AND CRIMINAL JUSTICE	\$84,280,565	\$70,419,362	\$70,201,427	\$140,620,789	\$66,452,459	\$64,136,974	\$130,589,433	\$(10,031,356)
ARTICLE VI - NATURAL RESOURCES	\$14,761,423	\$13,290,695	\$13,562,609	\$26,853,304	\$12,135,354	\$11,536,713	\$23,672,067	\$(3,181,237)
ARTICLE VII - BUSINESS AND ECONOMIC DEVELOPMENT	\$13,266,637	\$11,139,346	\$10,204,788	\$21,344,134	\$10,307,411	\$9,951,967	\$20,259,378	\$(1,084,756)
Total	\$292,253,702	\$290,503,681	\$317,045,756	\$607,549,437	\$339,973,566	\$347,285,542	\$687,259,108	\$79,709,671
METHOD OF FINANCING:								
General Revenue Funds								
1 General Revenue Fund	\$274,607,789	\$276,639,611	\$309,777,702	\$586,417,313	\$330,646,936	\$338,071,662	\$668,718,598	\$82,301,285
Subtotal, General Revenue Funds	\$274,607,789	\$276,639,611	\$309,777,702	\$586,417,313	\$330,646,936	\$338,071,662	\$668,718,598	\$82,301,285
Gr Dedicated								
64 State Parks Acct	\$9,394,081	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5044 Tobacco Education/Enforce	\$545,159	\$4,293,919	\$0	\$4,293,919	\$0	\$0	\$0	\$(4,293,919)
5045 Children & Public Health	\$272,899	\$2,147,312	\$0	\$2,147,312	\$0	\$0	\$0	\$(2,147,312)
5046 Ems & Trauma Care Account	\$272,882	\$2,147,293	\$0	\$2,147,293	\$0	\$0	\$0	\$(2,147,293)
5114 Tx Military Revolving Loan Account	\$2,138,327	\$2,136,160	\$4,283,097	\$6,419,257	\$6,341,673	\$6,228,923	\$12,570,596	\$6,151,339
Subtotal, Gr Dedicated	\$12,623,348	\$10,724,684	\$4,283,097	\$15,007,781	\$6,341,673	\$6,228,923	\$12,570,596	\$(2,437,185)
Federal Funds								
369 Fed Recovery & Reinvestment Fund	\$1,801,790	\$0	\$0	\$0	\$0	\$0	\$0	\$0
555 Federal Funds	\$2,361,154	\$2,361,154	\$2,361,154	\$4,722,308	\$2,361,154	\$2,361,154	\$4,722,308	\$0
Subtotal, Federal Funds	\$4,162,944	\$2,361,154	\$2,361,154	\$4,722,308	\$2,361,154	\$2,361,154	\$4,722,308	\$0
Other Funds								
766 Current Fund Balance	\$235,818	\$154,429	\$0	\$154,429	\$0	\$0	\$0	\$(154,429)
8031 MH Collect-Pat Supp & Maint	\$470,963	\$470,963	\$470,963	\$941,926	\$470,963	\$470,963	\$941,926	\$0

		Exp 2019	Est 2020	Bud 2021	Total Biennium 2020-2021	Rec 2022	Rec 2023	Total Rec 2022-2023	Difference
8033	MH Appropriated Receipts	\$15,828	\$15,828	\$15,828	\$31,656	\$15,828	\$15,828	\$31,656	\$0
8095	ID Collect-Pat Supp & Maint	\$120,063	\$120,063	\$120,063	\$240,126	\$120,063	\$120,063	\$240,126	\$0
8096	ID Appropriated Receipts	\$16,949	\$16,949	\$16,949	\$33,898	\$16,949	\$16,949	\$33,898	\$0
	Subtotal, Other Funds	\$859,621	\$778,232	\$623,803	\$1,402,035	\$623,803	\$623,803	\$1,247,606	\$(154,429)
<b>Total, Method of Financing</b>		<b>\$292,253,702</b>	<b>\$290,503,681</b>	<b>\$317,045,756</b>	<b>\$607,549,437</b>	<b>\$339,973,566</b>	<b>\$347,285,542</b>	<b>\$687,259,108</b>	<b>\$79,709,671</b>

**Texas Public Finance Authority - General Obligation (GO) Bond Debt Service  
Rider Highlights - Senate**

**Article IX**

17.08 **Use of the Sporting Goods Sales Tax Transfer to the General Revenue-Dedicated State Parks Account No. 64.** Recommendations include the revision of bond debt service amounts provided in rider, as well as the modification of rider language to address statutory changes made during the 86<sup>th</sup> Legislative Session regarding the GR-D State Parks Account No. 64.

Texas Public Finance Authority - General Obligation (GO) Bond Debt Service Funding Changes and Recommendations - Senate, by Strategy -- ALL FUNDS					
Strategy/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	% Change	Comments
BOND DEBT SERVICE 1.1.1	\$607,549,437	\$687,259,108	\$79,709,671	13.1%	Recommendations include: 1) A net increase of \$82,301,285 in General Revenue primarily related to an increase in issued commercial paper for CPRIT. 2) A decrease of \$8,588,524 in GR-D accounts related to the exhaustion of amounts in the Tobacco Settlement Fund. 3) An increase of \$6,151,339 in GR-D Texas Military Revolving Loan Fund No. 5114 related to debt service requirements on outstanding bond proceeds issued in fiscal year 2007 for loans to defense communities for economic development projects. 4) A decrease of \$154,429 in Other Funds related to the depletion of the interest & sinking current fund balance.
<b>Total, Goal 1, FINANCE CAPITAL PROJECTS</b>	<b>\$607,549,437</b>	<b>\$687,259,108</b>	<b>\$79,709,671</b>	<b>13.1%</b>	
<b>Grand Total, All Strategies</b>	<b>\$607,549,437</b>	<b>\$687,259,108</b>	<b>\$79,709,671</b>	<b>13.1%</b>	