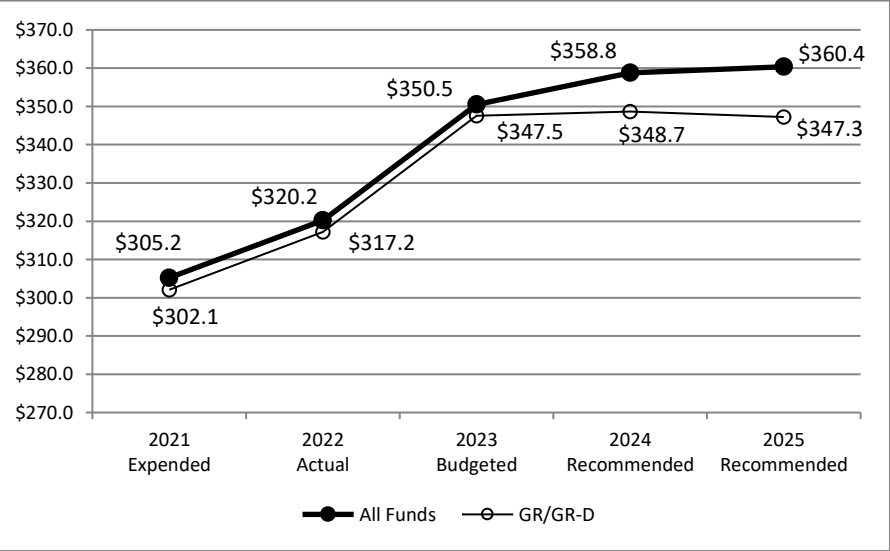


Texas Public Finance Authority - General Obligation (GO) Bond Debt Service
Summary of Budget Recommendations - Senate

Lee Deviney, Executive Director
Harrison Gregg, LBB Analyst

Method of Financing	2022-23 Base	2024-25 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$644,275,368	\$682,642,524	\$38,367,156	6.0%
GR Dedicated Funds	\$20,467,860	\$13,286,068	(\$7,181,792)	(35.1%)
Total GR-Related Funds	\$664,743,228	\$695,928,592	\$31,185,364	4.7%
Federal Funds	\$4,722,308	\$4,722,308	\$0	0.0%
Other	\$1,287,994	\$18,494,586	\$17,206,592	1,335.9%
All Funds	\$670,753,530	\$719,145,486	\$48,391,956	7.2%

Historical Funding Levels (Millions)



The bill pattern for this agency (2024-25 Recommended) represents an estimated 100.0% of the agency's estimated total available funds for the 2024-25 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 2024-25 Biennium compared to the 2022-23 Base Spending Level (in millions)		General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
<i>SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):</i>							
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.	\$38.4	(\$7.2)	\$0.0	\$0.0	\$31.2	A.1.1.
B)	Increase in Other Funds due to the availability of funds out of the Texas Agricultural Fund No. 683 for Texas Department of Agriculture bond debt service.	\$0.0	\$0.0	\$0.0	\$17.2	\$17.2	A.1.1.
<i>OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):</i>							
C)	Decrease in Other Funds due to the depletion of interest and sinking current fund balances.	\$0.0	\$0.0	\$0.0	(\$0.0)	(\$0.0)	A.1.1.
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)		\$38.4	(\$7.2)	\$0.0	\$17.2	\$48.4	As Listed
<i>SIGNIFICANT & OTHER Funding Increases</i>		\$38.4	\$0.0	\$0.0	\$17.2	\$55.6	As Listed
<i>SIGNIFICANT & OTHER Funding Decreases</i>		\$0.0	(\$7.2)	\$0.0	(\$0.0)	(\$7.2)	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. **GO Bond Debt Service Appropriations.** Recommendations reflect an overall increase of \$48.4 million in debt service requirements for the 2024-25 biennium. The sizable increase is primarily related to new commercial paper issued on behalf of the Cancer Prevention Research Institute of Texas, offset by a decrease related to paying off outstanding debt on other issuances.

Recommendations include payments 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 2025.

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 2022-23 biennium, all tobacco settlement funds will have been exhausted. Recommendations include a decrease of \$4.7 million in tobacco settlement funds for the 2024-25 biennium to reflect this depletion.

Interest Rate Estimates for 2024-25 Biennium

Fiscal Year	2022	2023	2024	2025
Commercial Paper				
Tax Exempt	3.75%	4.00%	4.25%	4.50%
Taxable	4.75%	5.00%	5.25%	5.50%
Bonds				
Tax Exempt	5.00%	5.25%	5.50%	5.75%
Taxable	6.25%	6.50%	6.75%	6.75%

Method of Finance Swap. Texas Public Finance Authority (TPFA) requested approximately \$688.6 million in General Revenue for debt service on outstanding GO bond debt and debt expected to be issued. Recommendations include \$682.6 million in General Revenue for debt service, a difference of \$6.0 million. Recommendations also include the following appropriations out of funds other than General Revenue to meet debt service requirements in the 2024-25 biennium:

- \$13.3 million in GR-D Texas Military Revolving Loan Account No. 5114 for debt service related to the Trusteed Programs.
- \$17.2 million in Other Funds out of the Texas Agricultural Fund No. 683 for debt service related to the Texas Department of Agriculture.
- \$4.7 million in Federal Funds available for 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 the Department of State Health Services.

Other account balances previously used for debt service on various bond issuances 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 improvements and repairs, which are estimated at \$12.9 million for the 2024-25 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, Sec. 17.07, Use of the Sporting Goods Sales Tax Transfer to the General Revenue-Dedicated State Parks Account No. 64.

2. **Outstanding General Obligation Bond Debt.** As of August 31, 2022, TPFA had approximately \$2,699.9 million in outstanding general obligation bond debt, including \$2,633.6 million in outstanding general obligation debt or long-term fixed rate debt and \$66.3 million in general obligation commercial paper on 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.

Pursuant to House Bill 1520, 87th Legislature, Regular Session, TPFA created the Texas Natural Gas Securitization Finance Corporation (TNGSFC) to issue Customer Rate Relief Bonds during the 2022-23 biennium to finance certain extraordinary costs incurred by natural gas utilities during Winter Storm Uri in February 2021. The total authorization for these bonds is \$3,400.0 million, which is the largest single bond issuance authorization in the state's history.

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

Deleted Riders

1. **Debt Service – Tobacco Settlement Fund.** Recommendations include the deletion of this rider in the Bond Debt Service Payments end-of-article for Article I due to no remaining Tobacco Settlement Funds being available for bond debt service.

End of Article: Appropriations Compared to Base by Article / MOF Type and Code
88th Regular Session, LBB Recommended (Senate), Version 1

END OF ARTICLE Appropriations: TPFA GO Bond Debt Service

		Exp 2021	Est 2022	Bud 2023	Total Biennium 2022-2023	Rec 2024	Rec 2025	Total Rec 2024-2025	Difference
ARTICLE I - GENERAL GOVERNMENT		\$181,855,302	\$208,606,799	\$236,390,742	\$444,997,541	\$247,442,355	\$270,629,575	\$518,071,930	\$73,074,389
ARTICLE II - HEALTH AND HUMAN SERVICES		\$20,193,316	\$21,116,158	\$22,120,016	\$43,236,174	\$19,987,713	\$15,974,989	\$35,962,702	\$(7,273,472)
ARTICLE III - AGENCIES OF EDUCATION		\$7,933,400	\$6,616,027	\$6,378,680	\$12,994,707	\$5,658,982	\$3,727,087	\$9,386,069	\$(3,608,638)
ARTICLE V - PUBLIC SAFETY AND CRIMINAL JUSTICE		\$70,588,645	\$63,389,398	\$64,136,974	\$127,526,372	\$58,500,746	\$43,670,238	\$102,170,984	\$(25,355,388)
ARTICLE VI - NATURAL RESOURCES		\$14,441,550	\$10,289,659	\$11,536,713	\$21,826,372	\$18,061,137	\$19,253,627	\$37,314,764	\$15,488,392
ARTICLE VII - BUSINESS AND ECONOMIC DEVELOPMENT		\$10,204,788	\$10,220,397	\$9,951,967	\$20,172,364	\$9,136,396	\$7,102,641	\$16,239,037	\$(3,933,327)
Total		\$305,217,001	\$320,238,438	\$350,515,092	\$670,753,530	\$358,787,329	\$360,358,157	\$719,145,486	\$48,391,956
METHOD OF FINANCING:									
General Revenue Funds									
1	General Revenue Fund	\$289,612,744	\$306,203,706	\$338,071,662	\$644,275,368	\$341,952,913	\$340,689,611	\$682,642,524	\$38,367,156
	Subtotal, General Revenue Funds	\$289,612,744	\$306,203,706	\$338,071,662	\$644,275,368	\$341,952,913	\$340,689,611	\$682,642,524	\$38,367,156
Gr Dedicated									
64	State Parks Acct	\$10,331,966	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5044	Tobacco Education/Enforce	\$0	\$2,232,637	\$0	\$2,232,637	\$0	\$0	\$0	\$(2,232,637)
5045	Children & Public Health	\$0	\$1,017,116	\$0	\$1,017,116	\$0	\$0	\$0	\$(1,017,116)
5046	Ems & Trauma Care Account	\$0	\$1,418,318	\$0	\$1,418,318	\$0	\$0	\$0	\$(1,418,318)
5114	Tx Military Revolving Loan Account	\$2,136,921	\$6,341,316	\$9,458,473	\$15,799,789	\$6,710,232	\$6,575,836	\$13,286,068	\$(2,513,721)
	Subtotal, Gr Dedicated	\$12,468,887	\$11,009,387	\$9,458,473	\$20,467,860	\$6,710,232	\$6,575,836	\$13,286,068	\$(7,181,792)
Federal Funds									
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	\$2,361,154	\$2,361,154	\$2,361,154	\$4,722,308	\$2,361,154	\$2,361,154	\$4,722,308	\$0
Other Funds									
683	Texas Agricultural Fund	\$0	\$0	\$0	\$0	\$7,139,227	\$10,107,753	\$17,246,980	\$17,246,980
766	Current Fund Balance	\$150,413	\$40,388	\$0	\$40,388	\$0	\$0	\$0	\$(40,388)
8031	MH Collect-Pat Supp & Maint	\$470,963	\$470,963	\$470,963	\$941,926	\$470,963	\$470,963	\$941,926	\$0

		Exp 2021	Est 2022	Bud 2023	Total Biennium 2022-2023	Rec 2024	Rec 2025	Total Rec 2024-2025	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	\$774,216	\$664,191	\$623,803	\$1,287,994	\$7,763,030	\$10,731,556	\$18,494,586	\$17,206,592
Total, Method of Financing		\$305,217,001	\$320,238,438	\$350,515,092	\$670,753,530	\$358,787,329	\$360,358,157	\$719,145,486	\$48,391,956

Texas Public Finance Authority - General Obligation (GO) Bond Debt Service
Funding Changes and Recommendations by Strategy - Senate -- ALL FUNDS

Strategy/Goal	2022-23 Base	2024-25 Recommended	Biennial Change	% Change	Comments
BOND DEBT SERVICE 1.1.1	\$670,753,530	\$719,145,486	\$48,391,956	7.2%	Recommendations include: 1) A net increase of \$38,367,156 in General Revenue primarily related to an increase in issued commercial paper for CPRIT. 2) A decrease of \$4,668,071 in GR-D accounts related to the exhaustion of amounts in the Tobacco Settlement Fund. 3) A decrease of \$2,513,721 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) An increase of \$17,246,980 in Texas Agriculture Fund No. 683 related to bond issuances for rural economic development loans administered by the Texas Department of Agriculture. 5) A decrease of \$40,388 in Other Funds related to the depletion of the interest & sinking current fund balance.
Total, Goal 1, FINANCE CAPITAL PROJECTS	\$670,753,530	\$719,145,486	\$48,391,956	7.2%	
Grand Total, All Strategies	\$670,753,530	\$719,145,486	\$48,391,956	7.2%	