

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 2935

June 1, 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 \$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 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 – \$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 cost 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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