



June 10, 2020

**SUMMARY OF ORIGINAL 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.

FISCAL IMPACT OF ORIGINAL BILL:

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

**SUMMARY OF AMENDMENTS (018274, 018551):** Amendment 018274 deletes all language after the caption. Authorizes the State of Tennessee, through the State Funding Board, to issue direct general obligation interest bearing bonds in amounts not to exceed \$167,085,000. The proceeds will be allocated to the Department of Finance and Administration for the following purposes:

- \$52,085,000 for the acquisition of equipment and sites, and erection, construction, and equipment of sites and buildings, including improvements and repairs to existing structures, and for the purpose of the State Building Commission issuing grants;
- \$50,000,000 for grants to the Industrial Development Board of the City of Chattanooga for the Volkswagen Group of America Chattanooga Operations, LLC project; and
- \$65,000,000 for grants to the Industrial Development Board of the Metropolitan Government of Nashville and Davidson County for the Amazon.com Services, Inc. project.

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.

Amendment 018551 deletes and replaces Amazon.com Services, Inc. with Amazon.com Services LLC.

## **FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:**

**Increase State Expenditures – \$18,379,400 – First Year Debt Service**

**\$272,348,600 Over the life of the bonds**

**\$167,085,000 Principal**

**\$105,263,600 Interest**

Assumptions for the bill as amended:

- 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.



Krista Lee Carsner, Executive Director

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