

Revised based on amendments adopted through 3/14/06

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2006-07		FY 2007-08	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	6,625,000		6,625,000	
CASH FUNDS	200,000		400,000	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	6,825,000		7,025,000	

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB605 would facilitate debt financing (bonds) for various University of Nebraska and Nebraska State College capital projects that are identified in the bill. Sections 3 and 6 of LB605 direct the Legislature to appropriate amounts from the General Fund to the University of Nebraska and Nebraska State Colleges for each fiscal year beginning 2006-07 and continuing through 2019-20. Section 1 of LB605 provides for University and State College matching amounts, with limitations, to supplement these General Fund appropriations. Related General Fund appropriations and institutional matching funds would effectively represent sources of revenue to be drawn upon by the University and State Colleges to retire debt financing instruments (i.e. bonds) authorized under section 4 and 7 of the bill. General Fund appropriations directed by LB605 and anticipated cash flow of University and State College matching funds under the bill's amended provisions can be summarized as follows:

<u>Year</u>	<u>State Funds</u>	<u>College Funds</u>	<u>TOTAL FUNDS</u>	<u>State Funds</u>	<u>University Funds</u>	<u>TOTAL FUNDS</u>
2006-07	1,125,000	200,000	1,325,000	5,500,000	-	5,500,000
2007-08	1,125,000	400,000	1,525,000	5,500,000	-	5,500,000
2008-09	1,125,000	600,000	1,725,000	5,500,000	-	5,500,000
2009-10	1,125,000	1,200,000	2,325,000	11,000,000	5,800,000	16,800,000
2010-11	1,125,000	1,200,000	2,325,000	11,000,000	11,000,000	22,000,000
2011-12	1,125,000	1,200,000	2,325,000	11,000,000	11,000,000	22,000,000
2012-13	1,125,000	1,200,000	2,325,000	11,000,000	11,000,000	22,000,000
2013-14	1,125,000	1,200,000	2,325,000	11,000,000	11,000,000	22,000,000
2014-15	1,125,000	1,200,000	2,325,000	11,000,000	11,000,000	22,000,000
2015-16	1,125,000	1,200,000	2,325,000	11,000,000	11,000,000	22,000,000
2016-17	1,125,000	1,200,000	2,325,000	11,000,000	11,000,000	22,000,000
2017-18	1,125,000	1,200,000	2,325,000	11,000,000	11,000,000	22,000,000
2018-19	1,125,000	1,200,000	2,325,000	11,000,000	11,000,000	22,000,000
2019-20	1,125,000	1,200,000	2,325,000	11,000,000	11,000,000	22,000,000
2019-20	-	-	-	-	5,200,000	5,200,000
	15,750,000	14,400,000	30,150,000	137,500,000	121,000,000	240,000,000

Assuming the cash flow of state appropriations and institutional matching amounts reflected in the table above, estimates can be made as to the level of proceeds that could be generated by bond issues authorized under LB605. Under current bond market conditions, State College bonds issued pursuant to LB605 could generate approximately \$20 to \$21 million of proceeds to be applied toward projects authorized under the bill. University bonds similarly issued could generate \$170 to \$180 million of proceeds to be applied toward projects authorized under the bill. Actual proceeds that ultimately could be generated (given the assumed revenue streams) would depend upon levels of interest rates prevailing at the time related bonds were issued.

Upon completion of capital projects to be financed under provisions of LB605, the University of Nebraska and Nebraska State Colleges will incur additional ongoing annual operating costs associated with the completed projects. Among the most significant of such costs would be facility depreciation charges. Under provisions of current law, depreciation charges would likely be assessed no earlier than

2008-09 at a rate of 2% of related project costs as the projects are completed. Using estimates of bond proceeds as noted in the preceding paragraph as a basis, total related charges could ultimately approximate up to \$3,600,000 annually upon completion of all University of Nebraska LB605 projects and up to \$420,000 annually upon completion of Nebraska State College LB605 projects.