

**NORTH CAROLINA GENERAL ASSEMBLY**

**LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** HB 664

**SHORT TITLE:** University Improvements Bond Act

**SPONSOR(S):** Representatives G. Miller, Barnes, Bowman, Colton, Fitch, Hackney, Judy Hunt, Justus, and Warner

**FISCAL IMPACT:**

|                                  |                     |                     |
|----------------------------------|---------------------|---------------------|
| <b>Expenditures:</b>             | <b>Increase (X)</b> | <b>Decrease ( )</b> |
| <b>Revenues:</b>                 | <b>Increase ( )</b> | <b>Decrease ( )</b> |
| <b>No Impact ( )</b>             |                     |                     |
| <b>No Estimate Available ( )</b> |                     |                     |

**FUNDS AFFECTED:**

|                         |                         |                       |
|-------------------------|-------------------------|-----------------------|
| <b>General Fund (X)</b> | <b>Highway Fund ( )</b> | <b>Local Fund ( )</b> |
| <b>Other Fund ( )</b>   |                         |                       |

**BILL SUMMARY** Authorizes the State to issue \$298,000,000 in general obligation bonds for capital improvements for grants to institutions of the University of North Carolina. (See Attached for the distribution of proceeds, by project, from the sale of bonds.)

**EFFECTIVE DATE:** Upon ratification

**PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED:**

University of North Carolina

**ESTIMATE  
FISCAL IMPACT**

**Debt Service in Millions**

|                                   | <u>FY</u> | <u>FY</u> | <u>FY</u> | <u>FY</u> | <u>FY</u> |
|-----------------------------------|-----------|-----------|-----------|-----------|-----------|
|                                   | 94-95     | 95-96     | 96-97     | 97-98     | 98-99     |
| <b>EXPENDITURES</b>               |           |           |           |           |           |
| <b>RECURRING</b>                  |           |           |           |           |           |
| <b>New Principal and Interest</b> | \$25.0    | 24.6      | 24.1      | 23.7      | 23.3      |
| <b>New Operation Costs</b>        | .2        | 2.4       | 7.4       | 9.3       | 9.7       |
| <b>Total</b>                      | 25.2      | 27.0      | 31.5      | 33.0      | 33.0      |

**ASSUMPTIONS AND METHODOLOGY:** (1) \$298 million issued on April 1, 1994 at 6.0% interest for 15 years. (See page 2, attachment 1 for the remaining annual debt service beginning with fiscal year 1999-2000.) (2) The operation costs reflect physical maintenance and operation of facilities. In addition, the cost estimate includes a 3% increase per year for salaries/benefits and a 5% increase for non-personel/utilities. (See page 2, attachment 2 for the additional 15 year operation costs estimate.)

**SOURCES OF DATA:**

Annual Report of the State Treasurer

FRD Spreadsheet Analysis

UNC General Administration for Estimate of Operation Costs

**TECHNICAL CONSIDERATIONS:**

(1) The entire amount of \$298.0 million is issued at one time.

**FISCAL RESEARCH DIVISION**

733-4910

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APPROVED BY: Tom L. Covington TOMC

DATE: April 12, 1993

[FRD#003]

**ATTACHMENTS  
ASSUMPTIONS AND METHODOLOGY:**

Attachment (1)

Debt Service  
\$ Millions

| <b>Fiscal<br/>Year</b> | <b>Existing<br/>Principal<br/>\$Interest</b> | <b>New<br/>Principal<br/>&amp; Interest</b> | <b>Total<br/>Principal<br/>&amp; Interest</b> |
|------------------------|----------------------------------------------|---------------------------------------------|-----------------------------------------------|
| 99-00                  | \$ 60.3                                      | \$ 22.9                                     | \$ 83.2                                       |
| 00-01                  | 34.3                                         | 43.5                                        | 77.8                                          |
| 01-02                  | 30.3                                         | 41.8                                        | 72.1                                          |
| 02-03                  | 14.4                                         | 40.1                                        | 54.5                                          |
| 03-04                  | 13.8                                         | 38.4                                        | 52.2                                          |
| 04-05                  | 13.3                                         | 36.7                                        | 50.0                                          |
| 05-06                  | 12.8                                         | 35.1                                        | 47.9                                          |
| 06-07                  | 12.2                                         | 33.4                                        | 45.6                                          |
| 07-08                  | 11.7                                         | 31.7                                        | 43.4                                          |
| 2008-09                | 9.1                                          | 30.0                                        | 39.1                                          |
| 2009-10                | 0.0                                          | 6.4                                         | 6.4                                           |
| Total                  | \$ 751.8                                     | \$ 480.0                                    | \$ 1,231.8                                    |

Attachment (2)

**Estimated University  
Operation Costs  
(Additional 15 Years)**

| <b>Fiscal<br/>Year</b> | <b>Operation<br/>Costs</b> |
|------------------------|----------------------------|
| 99-00                  | \$ 10.1                    |
| 00-01                  | 10.6                       |
| 01-02                  | 11.0                       |
| 02-03                  | 11.5                       |
| 03-04                  | 11.9                       |
| 04-05                  | 12.6                       |
| 05-06                  | 13.1                       |
| 06-07                  | 13.6                       |
| 07-08                  | 14.3                       |
| 08-09                  | 14.9                       |
| 09-10                  | 15.5                       |

|       |          |
|-------|----------|
| 10-11 | 16.1     |
| 11-12 | 16.9     |
| 12-13 | 17.6     |
| 13-14 | 18.4     |
| 14-15 | 19.2     |
| TOTAL | \$ 256.5 |

Official  
Fiscal Research Division  
Publication



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