

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4507-02
Bill No.: HB 1589
Subject: Bonds: Higher Education
Type: Original
Date: March 11, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials of the **University of Missouri** have prepared an economic impact analysis using the IMPLAN model. The model projects (see below) an indirect economic impact of \$162,977,310 and 3,365 jobs created after one year. The model projects a ten-year impact of \$1,629,773,100 and 33,650 jobs created. The model assumes \$85,365,977 of outside grant support for the proposed projects.

Economic Impact Analysis									
Project	Size (sq. ft.)	Purpose	# of Jobs	Outside Grant Support	Economic Impact*			Job Growth**	
					1 year	5 year	10 year	1 year	10 year
MU Health Sciences Research Center:	400,000	Research space for biomedical research	576	\$41,760,000	\$76,462,560	\$382,312,800	\$764,625,600	1,641	16,410
UMSL Benton Stadler Building	133,200	Research and teaching space for biotechnology and molecular and cellular life sciences	16	\$6,555,977	\$18,676,200	\$93,381,200	\$186,762,000	259	2,590
UMR Mechanical Engineering Building	76,332 new renov 63,413 ated	Research space for biomedical, biomaterials, and manufacturing engineering	26	\$4,550,000	\$8,331,050	\$41,655,250	\$83,310,500	179	1,790
UMC Engineering Renovation	92,200	Teaching and research for Engineering students and faculty that will contribute to interdisciplinary life science development at MU	50	\$12,500,000	\$22,887,500	\$114,437,500	\$228,875,000	500	5,000
UMKC Health Sciences Building	63,465 I	Research space for life and health	320	\$20,000,000	\$36,620,000	\$183,100,000	\$366,200,000	786	7,860
Phase I & Phase II	190,480 II	sciences translational research							
Summary	1,019,090 sq. ft.		988	\$85,365,977	\$162,977,310	\$814,886,750	\$1,629,773,100	3,365	33,650
*The IMPLAN model predicts that every 1.0 dollars brought into the university creates **IMPLAN shows every \$1,000,000 brought into the university supports 39.292 jobs in the community:									

ASSUMPTION (continued)

Officials of the **Office of Administration - Division of Accounting** and - **Division of Budget and Planning** stated that the proposal would not directly affect state funds.

Oversight notes that the proposal's intent is to have the legislature begin appropriating funds to pay debt service on bonds beginning in FY 2008, which is beyond the scope of the fiscal note table. The proposal would not require the legislature to make any such appropriations. Oversight notes that the proposal potentially authorizes about \$190,000,000 in bonds. Assuming 25-year maturity and six percent (6%) interest, the annual debt service would be approximately \$14,900,000. (Total cost to retire bonds over twenty-five years would be about \$372,100,000.)

The proposal assumes contributions and other funds provided by the University of \$115,433,000 for the projects specified in the proposal. **Oversight** assumes fiscal impact to political subdivisions would be negotiated by the affected subdivisions and the University.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Small Business</u>			

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal would have the General Assembly approve specified life sciences projects for the University of Missouri to be funded in part from revenue bond proceeds. Debt service on the bonds would be paid by future appropriations made by the General Assembly.

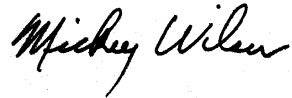
Part of the cost of projects would be paid by the University from contributions and other sources of funds.

DESCRIPTION (continued)

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space. This proposal would not affect Total State Revenue.

SOURCES OF INFORMATION

Office of Administration - Division of Accounting
Office of Administration - Division of Budget and Planning
University Of Missouri

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
March 11, 2004