

BILL ANALYSIS

H.B. 2679
By: Flynn
Investments & Financial Services
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Interested parties note that regulations relating to the powers of a public facility corporation have not been updated for some time. In light of that observation, the parties express concern that terms, definitions, and practices have evolved over time, creating a need to update these regulations in order to help public facility corporations operate more efficiently. H.B. 2679 seeks to address this issue.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 2679 amends the Local Government Code to expand the powers of a public facility corporation to include the power to exercise any powers that a nonprofit corporation may exercise, to the extent necessary or convenient to accomplish the purpose of the corporation, and the power to grant, in addition to the power to accept, a mortgage or pledge of a public facility financed, refinanced, or provided by the corporation or by the sponsor obligations purchased by the corporation in order to accomplish its purposes. The bill specifies that a credit agreement is included among the contracts that a public facility corporation has the power to make. The bill expands the definition of "credit agreement" as it relates to public facility corporations to include an interest rate or commodities price swap agreement, cap or collar agreement, or protection or management agreement and to specify that all types of credit agreements are in anticipation of, related to, or in connection with the remarketing of bonds or interest on bonds, among other activities with regard to those bonds or the interest on bonds. The bill specifies that the corporation's power to sell, convey, mortgage, pledge, lease, exchange, transfer, and otherwise dispose of all or any part of the corporation's property and other assets, including sponsor obligations, includes the authority to grant a leasehold or other possessory interest in a public facility owned by the corporation. The bill specifies that the bonds that may be issued by a nonmember, nonstock, nonprofit public facility corporation created by a sponsor include bonds to purchase sponsor obligations but are not exclusively for that purpose.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2015.