

SUBJECT: Reducing bond authorization for Superconducting Super Collider facility

COMMITTEE: Financial Institutions — favorable, without amendment

VOTE: 9 ayes — Marchant, Carona, Elkins, Giddings, Grusendorf, Gutierrez, Hudson, Patterson, Romo
0 nays

WITNESSES: For — None
Against — None
On — Edward C. Binglar and Robert P. Carpenter, Texas Natural Research Laboratory Commission.

BACKGROUND: As of May 31, 1994, Texas had approximately \$7 billion in bond debt that had been authorized, but for which the bonds has not been issued. Of this amount \$4.3 billion was authorization for general obligation debt, which upon issue could represent a potential draw on the state's general revenues, and \$2.7 billion in non-general obligation debt such as revenue bonds that would be paid off with revenue from a specific source. Authorization for general obligation bonds must be made through amendment of the state Constitution; revenue bonds may be authorized by the Legislature in statute.

DIGEST: HJR 73 would amend Texas Constitution Art. 3, sec. 49-g(a), adopted by the 70th Legislature, regular session, to reduce the amount of general obligation debt authorized for the Superconducting Super Collider Fund from \$500 million to \$250 million.

HJR 73 would be submitted to voters on November 7, 1995. The ballot proposal would read: "The constitutional amendment reducing the amount of general obligation bonds authorized for undertakings related to the superconducting super collider research facility from \$500 million to \$250 million."

**SUPPORTERS
SAY:**

Since federal funding for the Superconducting Super Collider project has been ended by the U.S. Congress and the project is not continuing, there is little reason for the state to maintain the 1987 authorization for the Legislature to approve issuing \$500 million in general obligation bonds for the project. While some state funds have been spent on the supercollider, the full amount the state had planned on spending is now unneeded. Eliminating the potential larger debt from the Constitution would help the state's bond rating for general obligation bonds, resulting in lower interest for future bond issues.

The implementing legislation for this amendment, HB 1320 by Romo, would reduce the Government Code authorization for general obligation bonds and also would reduce an authorization for supercollider revenue bonds from \$500 million to \$250 million.

**OPPONENTS
SAY:**

No apparent opposition.

NOTES:

HB 1320 by Romo, also on today's calendar, would implement provisions of HJR 73 and also reduce authority for super collider revenue bonds.