

BILL ANALYSIS

Senate Research Center
76R6927 GCH-F

S.B. 1555
By: Fraser
Natural Resources
3/29/1999
As Filed

DIGEST

Chapters 161 and 162 of the Natural Resources Code govern the administration of the land and housing assistance programs respectively, as well as the management of the Veterans Land Fund, Veterans Housing Assistance Fund, and the Veterans Housing Assistance Fund II. Chapter 164 of the Natural Resources Code governs the administration of revenue bonds and the construction and operation of state veterans homes. This bill would revise the regulations regarding the administration of bonds and other programs by the Veterans Land Board as covered by Chapters 161, 162, and 164, Natural Resources Code.

PURPOSE

As proposed, S.B. 1555 revises the regulations regarding the administration of bonds and other programs by the Veterans' Land Board.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 161.074, Natural Resources Code, to provide that the resolution of the board authorizing a bond enhancement agreement may authorize one or more designated officers or employees of the board to act on behalf of the board in entering into and delivering the bond enhancement agreement and in determining or setting the counterparty and terms of the bond enhancement agreement specified in the resolution, except that the resolution must set the maximum amount and term for the bond enhancement agreement. Provides that unless the board elects otherwise in its approval of a bond enhancement agreement, the bond enhancement agreement is not a credit agreement for the purposes of Article 717q, V.T.C.S., regardless of whether the bonds relating to the bond enhancement agreements were issued in part under that law. Makes conforming changes.

SECTION 2. Amends Section 161.1732(b), Natural Resources Code, to require a custodian selected by the board under Subsection (a), to be eligible to lend securities under this section, to be experienced in the operation of a fully secured securities loan program and requires that any securities broker or dealer to whom it lends securities of the fund to deliver to, and maintain with, the custodian collateral in the form of cash, U.S. government securities, or letters of credit that are issued by banks and rated as to investment quality not less than A or its equivalent by a nationally recognized investment rating firm in a certain amount.

SECTION 3. Amends Section 161.312(b), Natural Resources Code, to require the notice to state the reason why the contract of sale and purchase is subject to forfeiture and is sufficient if given by certified, rather than registered, mail to the last known address of the original purchaser and his vendees.

SECTION 4. Amends Section 162.0042(b), Natural Resources Code, to make conforming changes.

SECTION 5. Amends Section 162.052, Natural Resources Code, to make conforming changes.

SECTION 6. Amends Section 164.005, Natural Resources Code, by adding Subsections (d) and (e), to prohibit the board from authorizing the use of any veterans homes in a manner that would entitle the United States to recover any amounts pursuant to 38 U.S.C. Section 8136, as amended, or any successor statute. Authorizes the board to accept and administer gifts, grants, or donations for the support, acquisition, construction, operation, enlargement, improvement, furnishing, or equipping of veterans homes

and to enter into agreements with a nonprofit corporation for the solicitation, receipt, and disbursement of the gifts, grants, or donations.

SECTION 7. Amends Section 164.009, Natural Resources Code, to authorize the board to provide for a pledge of and lien or mortgage on certain receipts and assets of certain veterans' funds, payments and repayments received by the board from the board's financial assistance provided under this chapter, other available revenues, and one or more veterans homes, as security for the payment of the bonds. Makes conforming changes.

SECTION 8. Amends Section 164.011, Natural Resources Code, to authorize the board by resolution to provide for the establishment, maintenance, and investment of additional funds into which the board may deposit revenue from any financial assistance program under this chapter that are not pledged to bonds. Provides that funds established by the board under this chapter are not subject to Chapter 404F, Government Code. Provides that any provision of this chapter or other law that provides for the deposit of money or another thing of value into the funds prevails over the requirements of Chapter 404F, Government Code. Requires the funds to remain under the control of the board. Provides that legal title to money in a fund is in the board unless or until paid from the fund as provided by this chapter or the resolution authorizing the issuance of the bonds or the establishment of the fund. Makes conforming and nonsubstantive changes.

SECTION 9. Emergency clause.
Effective date: upon passage.