

## **BILL ANALYSIS**

Senate Research Center

S.B. 1343  
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### **DIGEST AND PURPOSE**

Federal law limits the amount of tax-exempt financing that may be used to benefit private entities or individuals each year and authorizes each state to allocate these monies through a private activity bond allocation program. As proposed, S.B. 1343 sets forth new state ceiling provisions for the private activity bond allocation program.

### **RULEMAKING AUTHORITY**

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

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 1372.022, Government Code, by amending Subsection (b) and adding Subsection (c), as follows:

- (b) Sets forth reservations for which certain percentages of the state ceiling are available, if the state ceiling is computed in a certain manner before August 15 of each year.
- (c) Redesignates text from Subsection (b) as Subsection (c).

SECTION 2. Amends Chapter 1372B, Government Code, by adding Section 1372.0231, as follows:

Sec. 1372.0231. DEDICATION OF PORTION OF STATE CEILING AVAILABLE FOR QUALIFIED RESIDENTIAL RENTAL PROJECT BONDS. Provides for the availability and distribution of the portion of the state ceiling that is available exclusively for reservations by issuers of qualified residential rental project bonds to the Texas Department of Housing and Community Affairs and to housing finance corporations, until August 15. Provides that on or after June 2 but before August 15, any available reservations for residential rental project issues are required to be issued based on priority, without regard to region, as described in Section 1372.032.

SECTION 3. Amends Section 1372.026, Government Code, to provide that the maximum amount of the state ceiling that may be reserved before August 15, rather than September 1, by a housing finance corporation for the issuance of qualified mortgage bonds may not exceed a certain amount computed in a certain manner. Deletes language regarding a manner of computation and certain amounts.

SECTION 4. Amends Chapter 1372B, Government Code, by adding Section 1372.0261, as follows:

Sec. 1372.0261. FAILURE OF A HOUSING FINANCE CORPORATION TO USE AMOUNT OF STATE CEILING ALLOCATED. (a) Defines "utilization percentage."

- (b) Provides that if a housing finance corporation's issue of bonds uses a new allocation of the state ceiling, in combination with recycled state ceiling and/or taxable bonds, the

first loans or certificates financed are considered in computing the utilization percentage of the new allocation of the state ceiling.

(c) Provides that if a housing finance corporation's utilization percentage is less than 95 percent, the next time the corporation becomes eligible for a reservation of the state ceiling, the maximum amount of the state ceiling that may be reserved for the corporation is equal to the product of certain amounts.

(d) Prohibits a housing finance corporation from being penalized under Subsection (c) in certain instances.

SECTION 5. Amends Section 1372.031, Government Code, to delete Section 1372.002(a)(4) from the list of sections describing issuers regarding priorities for reservations.

SECTION 6. Amends the heading to Section 1372.032, Government Code, to read as follows:

Sec. 1372.032. PRIORITIES FOR RESERVATIONS AMONG ISSUERS OF  
QUALIFIES (sic) MORTGAGE BONDS.

SECTION 7. (a) Provides that, in accordance with Section 311.031(c), Government Code, which gives effect to a substantive amendment enacted by the same legislature that codifies the amended statute, the text of Section 1372.022(b), Government Code, as set out in this Act, gives the effect to changes made by Chapter 131, Acts of the 76th Legislature, Regular Session, 1999.

(b) Provides that, to the extent of any conflict, this Act prevails over another Act of the 77th Legislature, Regular Session, 2001, relating to nonsubstantive additions and corrections in enacted codes.

SECTION 8. Makes application of Section 1372.0261, Government Code, as added by this Act, prospective to January 1, 2002.

SECTION 9. Effective date: September 1, 2001.