

BILL ANALYSIS

Senate Research Center

S.B. 362
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Finance
3/17/2003
As Filed

DIGEST AND PURPOSE

As a result of Tropical Storm Allison in 2001, 90 percent of the University of Houston's buildings were damaged. Insurance and funds from the Federal Emergency Management Agency will cover approximately 78 percent of the cost of recovery, but the university had to borrow approximately \$25,000,000 from Higher Education Assistance Funds and university reserves dedicated to other institutional priorities in order to recover from the storm. As proposed, S.B. 362 authorizes the issuance of revenue bonds for the University of Houston for recovery from Tropical Storm Allison.

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. Adds Sections 55.17393(a), (b), and (c), [code not noted in bill as drafted], as follows:

- (a) Authorizes the board of regents of the University of Houston (board), in addition to the other authority granted by this subchapter, to take certain actions regarding property, buildings, structures, facilities, roads, or related infrastructure for the University of Houston to be financed by the issuance of bonds in accordance with this subchapter and in accordance with a systemwide revenue financing program adopted by the board in an aggregate principal amount not to exceed \$25 million.
- (b) Authorizes the board to pledge irrevocably to the payment of those bonds all or any part of the revenue funds of an institution, branch, or entity of the University of Houston System, including certain charges related to student tuition to be imposed on students enrolled at an institution, branch, or entity of the University of Houston System. Prohibits the amount of a pledge made under this subsection from being reduced or abrogated while the bonds for which the pledge is made, or bonds issued to refund those bonds, are outstanding.
- (c) Authorizes the board, if sufficient funds are not available to the board to meet its obligations under this section, to transfer funds among institution, branches, or entities of the University of Houston System to ensure the most equitable and efficient allocation of available resources for each institution, branch, or entity to carry out its duties and purposes.

SECTION 2. Effective date: upon passage or September 1, 2005.