

BILL ANALYSIS

Senate Research Center
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S.B. 2064
By: West
Finance
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, the Texas Bond Review Board (TBRB) has a perennial task of collecting, analyzing, and formulating reports on the state debt, including debt that has been approved and issued, and TBRB is required to provide time sensitive reports to the legislature.

As proposed, S.B. 2064 modifies submission dates for TBRB reports on independent school district expenditures, community college enrollment, and property tax rates to correspond with the reporting dates of various agencies; authorizes TBRB to make certain adjustments in the state ceiling in certain circumstances; modifies dates relating to applications for reservations by issuers; and modifies the caps on reservations for any single project under certain conditions.

RULEMAKING AUTHORITY

Rulemaking authority previously granted to the Texas Bond Review Board is modified in SECTION 3 (Section 1372.004, Government Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 1231.062, Government Code, by amending Subsection (a) and adding Subsection (d), as follows:

(a) Requires the Texas Bond Review Board (TBRB), not later than December 31, rather than October 31, of each even-numbered year, to submit to the legislature a statistical report relating to state securities and bonds and other debt obligations issued by local governments.

(d) Authorizes TBRB to enter into a contract for the procurement of services related to the collection and maintenance of information on the indebtedness of local governments necessary to prepare the statistical report.

SECTION 2. Amends Section 1231.063(c), Government Code, to require TBRB, not later than February 15, rather than December 1, of each year, to submit the annual study to certain persons.

SECTION 3. Amends Section 1372.004, Government Code, as follows:

Sec. 1372.004. RULES. Authorizes TBRB to adopt rules necessary to accomplish the purposes of this chapter and to temporarily change the relative amounts of the state ceiling allocated and reserved under this chapter in response to an economic crisis or natural disaster.

SECTION 4. Amends Section 1372.022, Government Code, as follows:

Sec. 1372.022. AVAILABILITY OF STATE CEILING TO ISSUERS. (a) Provides that if the state ceiling is computed on the basis of \$75 per capita or a greater amount, before July 15, rather than August 15, of each year, certain percentages of the state ceiling are available exclusively for certain reservations by issuers. Provides that 10.5 percent of the state ceiling is available exclusively for reservations by issuers of qualified student loan bonds authorized by Section 53B.47 (Guaranteed Student Loans and Alternate Education Loans; Bonds for the Purchase of Education Loan Notes), rather than Section 53.47 [*repealed*], Education Code, that are nonprofit corporations able to issue a

qualified scholarship funding bond as defined by Section 150(d)(2), Internal Revenue Code (26 U.S.C. Section 150(d)(2)).

(b) Provides that on and after July 15, rather than August 15, but before September 1, that portion of the state ceiling available for reservations becomes available for all applications for reservations in the order determined by TBRB by lot, subject to Section 1372.0321 (Priorities for Reservations Among Issuers of Qualified Residential Rental Project Issues).

SECTION 5. Amends Section 1372.0261, Government Code, by amending Subsection (c) and adding Subsections (e), (f), and (g), as follows:

(c) Provides that if a housing finance corporation's utilization percentage is less than 95 percent but at least 25 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 amount for which the corporation would otherwise be eligible under Section 1372.026 (Limitation on Amount of State Ceiling Available to Housing Finance Corporations) multiplied by the utilization percentage of the corporation's last bond issue that used an allocation of the state ceiling.

(e) Provides that if a housing finance corporation's utilization percentage is less than 25 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 amount for which the corporation would otherwise be eligible under Section 1372.026 multiplied by 25 percent.

(f) Provides that if, for any program year, less than 50 percent of the amount set aside under Section 1372.026 is allocated, all utilization percentages are reset to 100 percent.

(g) Provides that an issuer that has carryforward available from volume cap created by the Housing and Economic Recovery Act of 2008 (Pub. L. No. 110-289) is not restricted by project limits for the volume cap. Provides that an issuer who uses the carryforward to issue qualified mortgage bonds or mortgage credit certificates is not subject to the utilization percentage calculation in determining the amount of the issuer's reservation request.

SECTION 6. Amends Section 1372.028(b), Government Code, to prohibit an issuer from submitting an application for a program year after November 15, rather than December 1, of that year.

SECTION 7. Amends Section 1372.035(a), Government Code, to prohibit TBRB from granting a reservation of a portion of the state ceiling for a program year before January 2 or after November 15, rather than December 1, of that year.

SECTION 8. Amends Section 1372.037(a), Government Code, as follows:

(a) Prohibits TBRB before July 15, rather than August 15, except as provided by Subsection (b) (relating to TBRB being authorized to grant a portion of the ceiling for a water development issue), from granting for any single project a reservation for that year that is greater than \$50 million, rather than \$25 million, if the issuer is an issuer of qualified mortgage bonds, other than the Texas Department of Housing and Community Affairs or the Texas State Affordable Housing Corporation; the lesser of \$20 million, rather than \$15 million, or 15 percent of the amount set aside for reservation by issuers of qualified residential rental project bonds, if the issuer is an issuer of those bonds; or the amount as prescribed in Sections 1372.033(d) (relating to each qualified nonprofit corporation being entitled to receive a floor allocation), (e) (relating to each applicant being entitled to a certain amount), and (f) (relating to an applicant being entitled to a certain percent of the remaining amount to be allocated), if the issuer is an issuer authorized by Section 53B.47, rather than 53.47, Education Code, to issue qualified student loan bonds.

SECTION 9. Amends Section 1372.042, Government Code, by adding Subsection (e), to require an issuer, in addition to any other fees required by this chapter, to submit to TBRB a nonrefundable fee in the amount of \$500 before receiving a carryforward designation under Subsection (c) (relating to requiring the issuer to close on the bonds before a certain date).

SECTION 10. Amends Subchapter B, Chapter 1372, Government Code, by adding Section 1372.045, as follows:

Sec. 1372.045. ASSIGNMENT BY BOARD OF CERTAIN AMOUNTS OF STATE CEILING. Authorizes TBRB, as an alternative to designation as carryforward under Subchapter C (Carryforward of State Ceiling), to assign to one or more issuers the amount of the state ceiling that is not reserved before December 15, and any amount of the state ceiling that was reserved before December 15, and becomes available on or after that date because of the cancellation of a reservation.

SECTION 11. Repealer: Section 1372.0235 (Dedication of Portion of State Ceiling to Texas Agricultural Finance Authority), Government Code.

SECTION 12. Effective date: upon passage or September 1, 2009.