

BILL ANALYSIS

Senate Research Center

C.S.S.B. 263
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Finance
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

In the November 2007 election, the people of Texas approved a constitutional amendment to allow the Texas Department of Transportation (TxDOT) to issue general obligation bonds for highway improvement projects. However, the enabling legislation for that constitutional amendment failed to pass during the 80th Legislature.

C.S.S.B. 263 amends current law relating to the issuance by the Texas Transportation Commission of general obligation bonds for highway improvement projects.

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 Subchapter A, Chapter 222, Transportation Code, by adding Section 222.004, as follows:

Sec. 222.004. ISSUANCE OF GENERAL OBLIGATION BONDS FOR HIGHWAY IMPROVEMENT PROJECTS. (a) Defines "bonds," "credit agreement," and "improvement."

(b) Authorizes the Texas Transportation Commission (TTC) by order or resolution to issue general obligation bonds for the purposes provided in this section. Prohibits the aggregate principal amount of the bonds that are issued from exceeding the amount specified by Section 49-p(a) (relating to TTC and Texas highway improvement funds), Article III, Texas Constitution.

(c) Authorizes TTC to enter into credit agreements relating to the bonds. Authorizes a credit agreement entered into under this section to be secured by and payable from the same sources as the bonds.

(d) Requires that the bonds be executed in the form, on the terms, and in the denominations, bear interest, and be issued in installments as prescribed by TTC, and mature not later than 30 years after their dates of issuance, subject to any refundings or renewals. Authorizes the bonds to be issued in multiples series and issues from time to time and have the provisions TTC determines appropriate and in the interest of the state.

(e) Provides that TTC has all the powers necessary or appropriate to carry out this section and to implement Section 49-p, Article III, Texas Constitution, including the powers granted to other bond-issuing governmental agencies and units and to nonprofit corporations by Chapters 1201 (Public Security Procedures Act), 1207 (Refunding Bonds), 1231 (Bond Review Board), and 1371 (Obligations for Certain Public Improvements), Government Code.

(f) Requires that the bonds and the record of proceedings authorizing the bonds and any related credit agreements be submitted to the attorney general for approval as to their legality. Requires the attorney general, if the attorney general

finds that they will be issued in accordance with this section and other applicable law, to approve them, and provides that, after payment by the purchasers of the obligations in accordance with the terms of sale and after execution and delivery of the related credit agreements, the obligations and related credit agreements are incontestable for any cause.

(g) Authorizes bonds to be issued for one or more purposes to pay all or part of the costs of highway improvement projects; to pay the costs of administering projects authorized under this section, the cost or expense of the issuance of the bonds, or all or part of the payment owed or to be owed under a credit agreement; and to provide money for depositing in the Texas Transportation Revolving Fund or similar revolving fund authorized by law, to be used for the purposes of making loans for highway improvement projects as provided by law.

(h) Prohibits the proceeds from the issuance and sale of the bonds from being expended or used for the purposes authorized under this section unless those proceeds have been appropriated by the legislature.

(i) Requires the comptroller of public accounts to pay the principal of the bonds as they mature and the interest as it becomes payable and to pay any cost related to the bonds that becomes due, including payments under credit agreements.

SECTION 2. Effective date: upon passage or September 1, 2009.