

BILL ANALYSIS

Senate Research Center
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C.S.H.B. 1732
By: Ritter (Hinojosa)
Finance
5/19/2011
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The bill would require the executive administrator of the Texas Water Development Board (TWDB) to certify to the Bond Review Board (BRB) the source of debt service on a proposed issuance of bonds by TWDB. The bill would require BRB to determine the portion of debt service that is to be paid from the General Revenue and subsequently what portion of the debt would be included in the constitutional debt limit (CDL) calculation. The bill provides a mechanism for BRB to remove previous issuances of TWDB from the CDL if the previous issuance meets certain criteria.

Based on the analysis of TWDB, BRB, and the Office of the Attorney General, any anticipated additional work that would result from the passage of the bill could be reasonably absorbed within current resources.

C.S.H.B. 1732 amends current law relating to the applicability of the constitutional limit on state debt payable from general revenues from the state to bonds issued by the Texas Water Development Board.

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 17.003, Water Code, by adding Subsections (c), (d), and (e), and (f), as follows:

(c) Provides that water financial assistance bonds that have been authorized but have not been issued are not considered to be state debt payable from the general revenue fund for purposes of Section 49-j (Limit on State Debt Payable from General Revenue Fund), Article III (Legislative Department), Texas Constitution, until the legislature makes an appropriation from the general revenue fund to the Texas Water Development Board (TWDB) to pay the debt service on the bonds.

(d) Requires the executive administrator of TWDB, in requesting approval for the issuance of bonds under this chapter, to certify to the bond review board whether the bonds are reasonably expected to be paid from the general revenues of the state or revenue sources other than the general revenues of the state.

(e) Requires the bond review board to verify whether debt service on bonds to be issued by TWDB under this chapter is state debt payable from the general revenues of the state, in accordance with the findings made by TWDB in the resolution authorizing the issuance of the bonds and the certification provided by the executive administrator under Subsection (d).

(f) Requires that bonds issued under this chapter that are designed to be paid from the general revenues of the state cease to be considered bonds payable from those revenues if:

(1) the bonds are backed by insurance or another form of guarantee that ensures payment from a source other than the general revenues of the state; or

(2) TWDB demonstrates to the satisfaction of the bond review board that the bonds no longer require payment from the general revenues of the state and the bond review board so certifies to the Legislative Budget Board.

SECTION 2. Effective date: September 1, 2011.