

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 241
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Business & Commerce
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Committee Report (Substituted)

DIGEST AND PURPOSE

Allowing the Texas Department of Transportation to use new financing tools may speed delivery of new construction projects. Federally supported leveraging techniques such as Grant Anticipation Revenue Vehicles (GARVEEs) are a possible tool. C.S.S.B. 241 allows the legislature to use GARVEEs to fund highway 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 Chapter 222B, Transportation Code, by adding Section 222.035, as follows:

Sec. 222.035. ISSUANCE OF GRANT ANTICIPATION REVENUE BONDS. (a) Authorizes the Texas Transportation Commission (commission) to issue bonds secured by a pledge of and payable from revenue received or to be received from the federal government that is available for the payment of bonds and bond-related costs under 23 U.S.C. Section 122 (Payments to States for Bond and Other Debt Instruments Financing) and its subsequent amendments and from other revenue deposited in the state highway fund or a combination of those sources.

(b) Requires proceeds from the sale of bonds issued under this section to be used to fund improvements to the state highway system. Requires the commission to fund improvements by considering the potential cost savings, economic and environmental benefits, and other benefits associated with completing the project earlier than would be possible using traditional methods of funding and the effect on the state's transportation system.

(c) Prohibits proceeds of bonds issued under this section from being used for any purpose other than the purposes for which federal revenues are dedicated under Section 7-b (Revenues from Federal Reimbursement Purposes for Which Used), Article VIII, Texas Constitution.

(d) Authorizes the commission to enter into bond enhancement agreements relating to the bonds authorized by this section. Authorizes the agreements to be secured by and made payable from the same sources as the bonds.

(e) Requires that bonds issued under this section mature not later than 15 years after their date.

(f) Prohibits bonds issued and bond enhancement agreements entered into under this section from having a principal amount or terms that, at the time of the issuance or

agreement, are expected to cause expenditures with respect to the obligations to exceed five percent of the federal highway obligation authority anticipated to be received by this state in any year payments are to be due on the obligations.

(g) Prohibits the commission from issuing the bonds without the approval of the Bond Review Board.

(h) Provides that before the issuance of bonds or the entering into of a bond agreement, the proceedings relating to the issuance or agreement are to be submitted to the attorney general for review and approval. Requires the attorney general, if the attorney general finds that the proceedings conform to law, approve them. Provides that after this approval the bonds or agreements are incontestable.

(i) Requires the comptroller to withdraw from the state highway fund and forward to the commission or another person at the direction of the commission the amounts as determined by the commission to permit timely payment of certain items.

SECTION 2. Effective date: the date on which the constitutional amendment, proposed by the 77th Legislature, Regular Session, 2001, that authorizes the legislature to provide for the issuance of bonds for certain improvements to the state highway system takes effect, if that amendment is approved by the voters.

SUMMARY OF COMMITTEE CHANGES

SECTION 1. Amends As Filed S.B. 241, Chapter 222B, Section 222.035, Transportation Code, as follows:

(b) Adds provisions regarding how the commission is to choose the improvements to be made. Deletes the requirement that the bonds be used to fund improvements in the Parr, Laredo and El Paso transportation districts.

(c) Deletes the provision that Chapters 1201, 1201, 1204, 1231, and 1371, Government Code, apply to bonds issued under this chapter and predesignated Subsection (d) in the As Files version as Subsection (c).

(d) Renumbered from Subsection (c) in the As Filed version.

(e) - (I) New provisions.

Deletes language from the As Filed version regarding maximum annual debt service, Sunset advisory commission and border transportation districts receiving priority for funding and reporting requirements.

SECTION 2. Renumbered from Section 3.