

BILL ANALYSIS

C.S.H.B. 1295
By: Hochberg
Public Education
Committee Report (Substituted)

BACKGROUND

The construction and renovation of school facilities is financed largely through bonds issued by school districts. The Permanent School Fund Bond Guarantee Program allows districts to obtain a lower interest rate on the bonds, by using the corpus and income of the permanent school fund to guarantee the bonds. The guarantee capacity of the fund is limited by both state law and Internal Revenue Service limits. Until recently, the IRS limit was the more restrictive of the two. However, a possible change in IRS policy could allow the state to guarantee more bonds.

PURPOSE

Increasing the statutory limit on the guarantee capacity of the fund to the possible higher IRS limit would enable the state to help more districts finance the construction and repair of school facilities. C.S.H.B. 1295 increases the amount of bonds the Permanent School Fund can guarantee.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 1295 amends the Education Code to prohibit the commissioner of education from approving bonds for guarantee if the approval would result in the total amount of outstanding guaranteed bonds exceeding an amount equal to two and one-half times the cost value or market value, whichever is less, of the permanent school fund as estimated by the board and certified by the state auditor.

EFFECTIVE DATE

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2003.

COMPARISON OF ORIGINAL TO SUBSTITUTE

C.S.H.B. 1295 modifies the original by conforming to Texas Legislative Council style and format.