

BILL ANALYSIS

H.B. 3350
By: Davis, John
Higher Education
Committee Report (Unamended)

BACKGROUND AND PURPOSE

In June 2001, the University of Houston incurred approximately \$100,000,000 in damages to buildings and other infrastructures from Tropical Storm Allison. While insurance and funds from the Federal Emergency Management Agency (FEMA) will cover approximately 78% of the cost of recovery, the University has had to borrow approximately \$25,000,000 from Higher Education Assistance Funds and university reserves dedicated to other institutional priorities in order to recover from the storm. House Bill 3350 would allow the University of Houston to issue revenue bonds not to exceed \$25,000,000 in order to cover all associated recovery costs.

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

HB 3350 amends Subchapter B, Chapter 55, Education Code, by adding Section 55.1743 to authorize the board of regents of the University of Houston System to acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads, or related infrastructure for the University of Houston System, including the individual campuses of the system, to be financed by the issuance of bonds in accordance with this subchapter and in accordance with a system-wide revenue financing program adopted by the board in an aggregate principal amount not to exceed \$25 million.

HB 3350 provides that the board may pledge irrevocably to the payment of those bonds all or any part of the revenue funds of an institution, branch, or entity of the University of Houston System, including student tuition charges. The bill provides that the amount of a pledge made under this subsection may not be reduced or abrogated while the bonds for which the pledge is made, or bonds issued to refund those bonds, are outstanding.

HB 3350 provides that if sufficient funds are not available to the board to meet its obligations under this section, the board may transfer funds among institutions, branches, and entities of the University of Houston System to ensure the most equitable and efficient allocation of available resources for each institution, branch, or entity to carry out its duties and purposes.

EFFECTIVE DATE

This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2003.