

BILL ANALYSIS

S.B. 1663
By: Lindsay
Urban Affairs
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The Texas Private Activity Bond Program (“program”) is a federal program administered by the Texas Bond Review Board to assist in financing eligible privately-owned public purpose projects. Projects must meet a public purpose to be eligible for private activity bond (“PAB”) financing. Each year, Texas receives a designated amount of PAB financing from the federal government based on population. S.B. 1663 adjusts the program to meet the state’s public needs.

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.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Sections 1372.0231(c) and (f), Government Code, as follows:

(c) Requires the Texas Bond Review Board (“board”), with respect to the amount of the state ceiling set aside under Subsection (a)(2), to grant reservations in a manner that ensures that not more than 50 percent of the set-aside amount is used for proposed projects that are located in qualified census tracts as defined by the most recent publication by the United States Department of Housing and Urban Development.

(f) Requires the board, in each area described by Subsection (d) or (e), to grant reservations based on the priority levels of proposed projects as described by Section 1372.0321.

SECTION 2. Amends Section 1372.024(a), Government Code, to provide that if, before January 2, applications received for reservations for state-voted issues total more than eight, rather than 13, percent of the available state ceiling for that program year, the percentage of state-voted ceiling requested that is more than eight, rather than 13, percent of the state ceiling is removed from the state ceiling available to other issuers on January 2 and is available for those applications for reservations for state-voted issues.

SECTION 3. Amends Section 1372.027, Government Code, to require the board to publish certain information at least weekly on its Internet site.

SECTION 4. Amends Section 1372.028(b), Government Code, to authorize an issuer to apply for a reservation for a program year not earlier than October 5, rather than October 10, of the preceding year.

SECTION 5. Amends Section 1372.031, Government Code, to require the board, subject to Sections 1372.0321 and 1372.0231, if, on or before October 20, more than one issuer in a category described by Section 1372.022(a)(2), (3), (4), or (6) applies for a reservation of the state ceiling for the next program year, to grant reservations in that category in the order determined by the board by lot.

SECTION 6. Amends Section 1372.036(b), Government Code, to authorize partial reservations, beginning June 1, to be offered once to each applicant in each category described by Section 1372.022(a) until an applicant in the category accepts the partial reservation or until additional volume is returned in an amount sufficient to grant a full reservation.

SECTION 7. Amends Section 1372.040, Government Code, to require an issuer of qualified mortgage bonds, other than the Texas Department of Housing and Community Affairs or the Texas State Affordable Housing Corporation, to reserve for six months 50 percent of the funds available for loans outside the federally designated target areas to provide mortgages to individuals and families with incomes below 80 percent of the applicable median family income, as defined by Section 143(f)(4), Internal Revenue Code (26 U.S.C. Section 143(f)(4)).

SECTION 8. Effective date; provides that except for the changes in law made by this Act to Sections 1372.0231(f), 1372.027, and 1372.036(b), Government Code, the changes in law made by this Act apply only in relation to a reservation of the state ceiling that will be granted on or after January 1, 2004.

EFFECTIVE DATE: September 1, 2003.