

By: Lucio

S.B. No. 410

A BILL TO BE ENTITLED

AN ACT

relating to the financing and construction of highways.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter B, Chapter 222, Transportation Code, is amended by adding Section 222.035 to read as follows:

Sec. 222.035. ISSUANCE OF GRANT ANTICIPATION REVENUE BONDS. (a) The commission may issue bonds secured by a pledge of and payable from:

(1) 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 and its subsequent amendments;

(2) other revenue deposited in the state highway fund;  
or

(3) a combination of those sources.

(b) Proceeds from the sale of bonds issued under this section shall be used to fund improvements to the state highway system. The commission, in conjunction with the Bond Review Board, shall select the improvements to be funded considering the following criteria:

(1) 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;

1           (2) the effect on the state's transportation system;  
2 and  
3           (3) any possible effect on evaluation of the state's  
4 credit.

5           (c) The proceeds of bonds issued under this section may not  
6 be used for any purpose other than the purposes for which federal  
7 revenues are dedicated under Section 7-b, Article VIII, Texas  
8 Constitution.

9           (d) The commission may enter into bond enhancement  
10 agreements relating to the bonds authorized by this section. The  
11 agreements may be secured by and made payable from the same sources  
12 as the bonds.

13           (e) Bonds issued under this section must mature not later  
14 than 15 years after their date.

15           (f) Bonds issued and bond enhancement agreements entered  
16 into under this section may not have a principal amount or terms  
17 that, at the time of the issuance or agreement, are expected to  
18 cause expenditures with respect to the obligations to exceed 10  
19 percent of the federal highway obligation authority anticipated to  
20 be received by this state in any year payments are to be due on the  
21 obligations.

22           (g) The commission may not issue the bonds without the  
23 approval of the Bond Review Board.

24           SECTION 2. This Act takes effect on the date on which the  
25 constitutional amendment proposed by the 78th Legislature, Regular  
26 Session, 2003, that authorizes the legislature to provide for the  
27 issuance of bonds for improvements to the state highway system,

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1 takes effect. If that amendment is not approved by the voters, this  
2 Act has no effect.