

By: Van de Putte

S.B. No. 1139

A BILL TO BE ENTITLED

AN ACT

relating to instructional facilities of a junior college district and to state financial assistance for junior college instructional facilities and outstanding bonds.

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

SECTION 1. Chapter 130, Education Code, is amended by adding Subchapter K to read as follows:

SUBCHAPTER K. ASSISTANCE WITH INSTRUCTIONAL FACILITIES

AND PAYMENT OF EXISTING DEBT

Sec. 130.301. DEFINITIONS. In this subchapter:

(1) "Coordinating board" means the Texas Higher Education Coordinating Board.

(2) "District" means a junior college district.

(3) "Instructional facility" means real property, an improvement to real property, or a necessary fixture of an improvement to real property that is used predominantly for teaching students enrolled in a public junior college.

Sec. 130.302. DETERMINATION OF DISTRICT ENROLLMENT AND TAXABLE VALUE OF PROPERTY. (a) For purposes of this chapter, the number of full-time students enrolled in a district is the number of full-time equivalent students enrolled in the district for the applicable academic year as determined by the coordinating board.

(b) For purposes of this subchapter, the taxable value of property for a district is the total taxable value of property in

1 the district according to the certified appraisal roll for the
2 district.

3 Sec. 130.303. RULES. (a) The coordinating board may adopt
4 rules for the administration of this subchapter.

5 (b) The coordinating board's rules may limit the amount of
6 an allotment under this subchapter that is to be used to construct,
7 acquire, renovate, or improve an instructional facility that may
8 also be used for noninstructional or extracurricular activities.

9 Sec. 130.304. INSTRUCTIONAL FACILITIES ALLOTMENT. (a) For
10 each year, except as provided by Sections 130.306 and 130.307, a
11 district is guaranteed a specified amount per full-time student in
12 state and local funds for each cent of tax effort, up to the maximum
13 rate under Subsection (b), to pay the principal of and interest on
14 eligible bonds issued to construct, acquire, renovate, or improve
15 an instructional facility. The amount of state support under this
16 section is determined by the formula:

17
$$FYA = (FYL \times FTE \times BTR \times 100) - (BTR \times (DPV/100))$$

18 where:

19 "FYA" is the guaranteed facilities yield amount of state funds
20 allocated to the district under this section for the year;

21 "FYL" is the dollar amount guaranteed level of state and local funds
22 per full-time student enrolled per cent of tax effort, which is \$35
23 or a greater amount for any year provided by appropriation;

24 "FTE" is the greater of the number of full-time students enrolled in
25 the district or 400;

26 "BTR" is the district's bond tax rate for the current year, which is
27 determined by dividing the amount budgeted by the district for

1 payment of eligible bonds by the quotient of the district's taxable
2 value of property divided by 100; and
3 "DPV" is the district's taxable value of property.

4 (b) The bond tax rate (BTR) of the district under Subsection
5 (a) may not exceed the rate that would be necessary for the current
6 year, using state funds under Subsection (a), to make payments of
7 principal and interest on the bonds for which the tax is pledged.

8 (c) To enable the district to collect local funds sufficient
9 to pay the district's share of the debt service, a district may levy
10 a bond tax at a rate higher than the maximum rate for which it may
11 receive state assistance, except that the total tax rate of the
12 district may not exceed the maximum rate permitted by other law.

13 (d) The amount budgeted by a district for payment of
14 eligible bonds may include:

15 (1) bond taxes collected in the current academic year;
16 (2) bond taxes collected in a preceding academic year
17 in excess of the amount necessary to pay the district's share of
18 actual debt service on bonds in that year, provided that the taxes
19 were not used to generate other state financial assistance for the
20 district; or

21 (3) maintenance and operations taxes collected in the
22 current academic year or a preceding academic year, provided that
23 the taxes were not used to generate other state financial
24 assistance for the district.

25 (e) Bonds are eligible to be paid with state and local funds
26 under this section if:

27 (1) taxes to pay the principal of and interest on the

1 bonds were first levied in the 2002-2003 academic year or a later
2 academic year; and

3 (2) the bonds do not have a weighted average maturity
4 of less than eight years.

5 (f) A district may use state funds received under this
6 section only to pay the principal of and interest on the bonds for
7 which the district received the funds.

8 (g) The governing board and voters of a district shall
9 determine district needs concerning construction, acquisition,
10 renovation, or improvement of instructional facilities.

11 (h) To receive state assistance under this subchapter, a
12 district must apply to the coordinating board in accordance with
13 the coordinating board's rules before issuing bonds that will be
14 paid with state assistance. Until the bonds are fully paid or the
15 instructional facility is sold:

16 (1) a district is entitled to continue receiving state
17 assistance without reapplying to the coordinating board; and

18 (2) the guaranteed level of state and local funds per
19 full-time student enrolled per cent of tax effort applicable to the
20 bonds may not be reduced below the level provided for the year in
21 which the bonds were issued.

22 Sec. 130.305. LEASE-PURCHASE AGREEMENTS. (a) A district
23 may receive state assistance in connection with a lease-purchase
24 agreement concerning an instructional facility. For purposes of
25 this subchapter:

26 (1) taxes levied for purposes of maintenance and
27 operations that are necessary to pay a district's share of the

1 payments under a lease-purchase agreement for which the district
2 receives state assistance under this subchapter are considered to
3 be bond taxes; and

4 (2) payments under a lease-purchase agreement are
5 considered to be payments of principal of and interest on bonds.

6 (b) Section 130.304(b) applies to taxes levied to pay a
7 district's share of the payments under a lease-purchase agreement
8 for which the district receives state assistance under this
9 subchapter.

10 (c) A lease-purchase agreement must be for a term of at
11 least eight years to be eligible to be paid with state and local
12 funds under this subchapter.

13 Sec. 130.306. LIMITATION ON GUARANTEED ALLOTMENT FOR NEW
14 PROJECTS. The guaranteed amount of state and local funds for a new
15 project that a district may be awarded in any state fiscal biennium
16 under Section 130.304 may not exceed the lesser of:

17 (1) the amount the actual debt service payments the
18 district makes in the biennium in which the bonds are issued; or

19 (2) the greater of:

20 (A) \$100,000; or

21 (B) the product of the number of full-time
22 students enrolled in the district multiplied by \$250.

23 Sec. 130.307. SHORTAGE OR EXCESS OF FUNDS APPROPRIATED FOR
24 NEW PROJECTS. (a) If the total amount appropriated for a year for
25 new projects is less than the amount of money to which districts
26 applying for state assistance under Section 130.304 are entitled
27 for that year, the coordinating board shall rank each district

1 applying by wealth per student. For purposes of this section, a
2 district's wealth per student is reduced by 10 percent for each
3 state fiscal biennium in which the district did not receive
4 assistance under this subchapter.

5 (b) A district's wealth per student is reduced for purposes
6 of this section if a district has had substantial full-time student
7 enrollment growth in the preceding five-year period. The reduction
8 is in addition to any reduction under Subsection (a) and is computed
9 before the district's wealth per student is reduced under that
10 subsection, if applicable. A district's wealth per student is
11 reduced:

12 (1) by five percent, if the district has an enrollment
13 growth rate in that period that is 10 percent or more but less than
14 15 percent;

15 (2) by 10 percent, if the district has an enrollment
16 growth rate in that period that is 15 percent or more but less than
17 30 percent; or

18 (3) by 15 percent, if the district has an enrollment
19 growth rate in that period that is 30 percent or more.

20 (c) A district's wealth per student is reduced by 10 percent
21 for purposes of this section if the district does not have any
22 outstanding debt at the time the district applies for assistance
23 under this subchapter. The reduction is in addition to any
24 reduction under Subsection (a) or (b) and is computed before the
25 district's wealth per student is reduced under those subsections,
26 if applicable.

27 (d) The coordinating board shall adjust the rankings after

1 making the reductions in wealth per student required by Subsections
2 (a), (b), and (c).

3 (e) Beginning with the district with the lowest adjusted
4 wealth per student that has applied for state assistance for the
5 year, the coordinating board shall award state assistance to
6 districts that have applied for state assistance in ascending order
7 of adjusted wealth per student. The coordinating board shall award
8 the full amount of state assistance to which a district is entitled
9 under this subchapter, except that the coordinating board may award
10 less than the full amount to the last district for which any funds
11 are available.

12 (f) Any amount appropriated for the first year of a fiscal
13 biennium that is not awarded to a district may be used to provide
14 assistance in the following fiscal year.

15 (g) In this section, "wealth per student" means a district's
16 taxable value of property divided by the district's full-time
17 student enrollment.

18 Sec. 130.308. REFUNDING BONDS. A district may use state
19 funds received under Section 130.304 to pay the principal of and
20 interest on refunding bonds that:

21 (1) are issued to refund bonds eligible under Section
22 130.304;

23 (2) do not have a final maturity date later than the
24 final maturity date of the bonds being refunded;

25 (3) may not be called for redemption earlier than the
26 earliest call date of the bonds being refunded; and

27 (4) result in a present value savings, which is

1 determined by computing the net present value of the difference
2 between each scheduled payment on the original bonds and each
3 scheduled payment on the refunding bonds, and shall be computed at
4 the true interest cost of the refunding bonds.

5 Sec. 130.309. STANDARDS FOR INSTRUCTIONAL FACILITIES. The
6 coordinating board shall establish standards for adequacy of
7 instructional facilities of districts. The standards must include
8 requirements related to space, educational adequacy, and
9 construction quality. All new facilities constructed after
10 September 1, 2003, must meet the standards to be eligible to be
11 financed with state or local tax funds.

12 Sec. 130.310. PAYMENT OF ALLOTMENTS. (a) For each academic
13 year, the coordinating board shall determine the amount of money to
14 which each district is entitled under Sections 130.304 and 130.314.

15 (b) If the amount appropriated for purposes of Section
16 130.304 or 130.314 for a year is less than the total amount
17 determined under Subsection (a) for that year, the coordinating
18 board shall reduce the amount for which each district is entitled
19 proportionally so that the total amount to which districts are
20 entitled under the applicable section equals the amount
21 appropriated.

22 (c) Warrants for payments under this subchapter shall be
23 approved and transmitted to district treasurers or depositories in
24 the manner determined by the coordinating board.

25 (d) As soon as practicable after September 1 of each year,
26 the coordinating board shall distribute to each district the amount
27 of state assistance under this subchapter to which the coordinating

1 board has determined the district is entitled for the academic
2 year. The district shall deposit the money in the interest and
3 sinking fund for the bonds for which the assistance is received and
4 shall adopt a tax rate for purposes of debt service that takes into
5 account the balance of the interest and sinking fund.

6 Sec. 130.311. PROJECTS BY MORE THAN ONE DISTRICT. If two or
7 more districts apply for state assistance in connection with a
8 joint project at a single location, each district is entitled to a
9 guaranteed facilities yield amount of state and local funds that is
10 20 percent higher than the amount to which the district would
11 otherwise be entitled under Section 130.306.

12 Sec. 130.312. SALE OF INSTRUCTIONAL FACILITY FINANCED WITH
13 INSTRUCTIONAL FACILITIES ALLOTMENT. (a) If an instructional
14 facility financed by bonds paid with state and local funds under
15 this subchapter is sold before the bonds are fully paid, the
16 district shall send to the comptroller an amount equal to the
17 district's net proceeds from the sale multiplied by a percentage
18 determined by dividing the amount of state funds under this
19 subchapter used to pay the principal of and interest on the bonds by
20 the total amount of principal and interest paid on the bonds with
21 funds other than the proceeds of the sale.

22 (b) In this section, "net proceeds" means the total amount
23 received from the sale less:

24 (1) the amount necessary to fully pay the outstanding
25 principal of and interest on the bonds; and

26 (2) the district's costs of the sale, as approved by
27 the coordinating board.

1 Sec. 130.313. MULTIPLE ALLOTMENTS PROHIBITED. A district
2 is not entitled to state assistance under this subchapter based on
3 taxes with respect to which the district receives state assistance
4 under any other law.

5 Sec. 130.314. ASSISTANCE WITH PAYMENT OF EXISTING DEBT.

6 (a) Each district is guaranteed a specified amount per full-time
7 student enrolled in state and local funds for each cent of tax
8 effort to pay the principal of and interest on eligible bonds. The
9 amount of state support, subject to the maximum amount under
10 Section 130.316, is determined by the formula:

$$11 \quad \underline{EDA = (EDGL \times FTE \times EDTR \times 100) - (EDTR \times (DPV/100))}$$

12 where:

13 "EDA" is the amount of state funds to be allocated to the district
14 for assistance with existing debt;

15 "EDGL" is the dollar amount guaranteed level of state and local
16 funds per full-time student enrolled per cent of tax effort, which
17 is \$35 or a greater amount for any year provided by appropriation;

18 "FTE" is the number of full-time students enrolled in the district;

19 "EDTR" is the existing debt tax rate of the district, which is
20 determined by dividing the amount budgeted by the district for
21 payment of eligible bonds by the quotient of the district's taxable
22 value of property divided by 100; and

23 "DPV" is the district's taxable value of property.

24 (b) The existing debt tax rate (EDTR) of the district under
25 Subsection (a) may not exceed the rate that would be necessary for
26 the current year, using state funds under Subsection (a), to make
27 payments of principal and interest on the bonds for which the tax is

1 pledged.

2 (c) The amount budgeted by a district for payment of
3 eligible bonds may include:

4 (1) bond taxes collected in the current academic year;

5 (2) bond taxes collected in a preceding academic year
6 in excess of the amount necessary to pay the district's share of
7 actual debt service on bonds in that year, provided that the taxes
8 were not used to generate other state financial assistance for the
9 district; or

10 (3) maintenance and operations taxes collected in the
11 current academic year or a preceding academic year in excess of the
12 amount eligible to be used to generate other state financial
13 assistance for the district.

14 Sec. 130.315. BONDS ELIGIBLE FOR EXISTING DEBT ASSISTANCE.
15 Bonds are eligible to be paid with state and local funds under
16 Section 130.314 if:

17 (1) the district made payments on the bonds during the
18 2002-2003 academic year or taxes levied to pay the principal of and
19 interest on the bonds were included in the district's audited debt
20 service collections for that school year; and

21 (2) the district does not receive state assistance
22 under Section 130.304 for payment of the principal and interest on
23 the bonds.

24 Sec. 130.316. LIMITS ON EXISTING DEBT ASSISTANCE. (a) The
25 existing debt tax rate (EDTR) under Section 130.314 may not exceed
26 \$0.29 per \$100 of valuation, or a greater amount for any year
27 provided by appropriation.

1 (b) The amount of state assistance to which a district is
2 entitled under Section 130.314 may not exceed the amount to which
3 the district would be entitled at the district's tax rate for the
4 payment of eligible bonds for the final year of the preceding state
5 fiscal biennium.

6 (c) If the amount required to pay the principal of and
7 interest on eligible bonds in an academic year is less than the
8 amount of payments made by the district on the bonds during the
9 2002-2003 academic year or the district's audited debt service
10 collections for that academic year, the district may not receive
11 aid under Section 130.314 in excess of the amount that, when added
12 to the district's local revenue for the academic year, equals the
13 amount required to pay the principal of and interest on the bonds.

14 Sec. 130.317. REFINANCING. (a) The coordinating board by
15 rule may provide for the payment of state assistance under this
16 subchapter to refinance district debt. A refinancing may not
17 increase the cost to the state of providing the assistance.

18 (b) The coordinating board may allocate state assistance
19 provided for a refinancing to Section 130.304, Section 130.314, or
20 both, as appropriate.

21 SECTION 2. This Act takes effect September 1, 2003.