

BILL ANALYSIS

H.B. 1106
By: Howard
Public Education
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The Public School Facilities Funding Act was established in 1989 to be administered by the Bond Review Board. The board was authorized to issue bonds and place the proceeds in this fund. The original intent of the legislation was to address concerns over the Internal Revenue Service (IRS) arbitrage rules fearing the Permanent School Fund (PSF) would no longer be allowed to guarantee school district bonds. Therefore, the state was given the ability to issue bonds to buy school district bonds thereby conferring the state's credit rating on the transaction. The 1990 IRS ruling alleviated all fears therefore the legislation has never been used.

There have been several attempts to make the Public School Facilities Funding Act (PSFFA) work. Each attempt found it more costly to use PSFFA than to issue the bonds directly with the guarantee of the PSF due to the double issuance cost of both state and local bonds being issued and sold.

House Bill 1106 repeals this unused statute, the Public School Facilities Funding Act.

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

The bill repeals Chapter 1402, Government Code, the Public School Facilities Funding Act.

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, 2005.