

BILL ANALYSIS

H.B. 2701
By: Crownover
Higher Education
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Chapter 53 of the Education code permits a city to create a higher education authority (authority) or a nonprofit corporation to exercise powers similar to those of an authority. The authority or non-profit corporation may issue tax-exempt revenue bonds to acquire, construct or improve educational or housing facilities for the benefit of public and private institutions of higher education, as well as primary, secondary and charter schools. The facilities must be used exclusively for the benefit of students, faculty and staff members of an accredited institution.

Current statute pertains to higher education authorities for public institutions, higher education authorities for private institutions and higher education authorities that issue bonds for purposes related to student loans. This umbrella chapter makes it difficult to amend the code for one authority without affecting the other two. In addition, authorities that issue bonds for purposes related to student loans should be called something other than a "higher education authority" in order to eliminate the confusion between the two types of entities--loan and facilities authority. Also, these sections relating to authorities having discretion over student loans do not have the same bonding authority as a higher education facility authority.

The revision sought by H.B. 2701 arises from experiences in the past two regular legislative sessions. Some authorities engaged in questionable practices by developing housing facilities for public institutions without the approval or involvement of those institutions. Efforts to end those practices also threatened private institutions' ability to work with the authorities of their choice to provide financing for important campus infrastructure at the most favorable rates.

H.B. 2701 seeks a non-substantive change to Chapter 53 of the Education Code. The measure re-codifies the existing Chapter 53 into three subchapters and inserts clarifying terms regarding the name of a higher education authority. Creating three separate chapters allows each type of authority to make individual altering provisions that would not affect the other entities.

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

SECTION 1. Amends Chapter 53 of the Education Code by renaming it the Higher Education Facility Authority for Public Schools Act. Deletes all provisions relating to higher education facility authorities for private schools and higher education loan authorities such that Chapter 53 only applies to higher education facility authorities for public schools. Makes corresponding technical and conforming changes.

SECTION 2. Amends the Education Code by adding Chapter 53A and Chapter 53B:

Chapter 53A provides for higher education facility authorities for private schools and includes the corresponding portions which were deleted from SECTION 1. Provides for definitions and corresponding technical and conforming changes.

Chapter 53B provides for higher education loan authorities and includes the corresponding portions which were deleted from SECTION 1. Provides for definitions and corresponding technical and conforming changes.

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SECTION 3. Makes conforming changes to Section 61.0816(a) of the Education Code.

SECTION 4. Makes conforming changes to Section 1371.001(4) of the Government Code.

SECTION 5. States that the purpose of the bill is to reorganize statutes related to higher education authorities without causing a substantive change in the law.

SECTION 6. Effective date.

EFFECTIVE DATE

This Act takes effect September 1, 2005