

## **BILL ANALYSIS**

H.B. 3147  
By: Turner  
State Affairs  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Before December 1994, the State, acting through the Texas Building and Procurement Commission ("Commission") entered into seven leases with an option to purchase agreements for the benefit of the Texas Commission on Environmental Quality or its predecessor agency, the office of the attorney general, the successor of the Department of Human Services, the Department of Family and Protective Services, or the Texas Department of Transportation.

It is now apparent that the Commission should be able to refinance these seven leases with an option to purchase agreements at a savings to the taxpayers and to revise the leases to be in conformity with the current leases utilized by the Commission. H.B. 3147 would allow the Commission to issue its revenue obligations to accomplish this savings only if the revenue obligations are be paid in their entirety immediately after issuance by using the proceeds of the concurrent sale of the space by the Commission to a third party who agrees to lease the space back to the state with an option to purchase under the following conditions:

(1) the term of the new lease with an option to purchase agreement does not exceed the remaining term on the applicable existing lease with an option to purchase agreement, as of the date on which the transactions described by this section occur; and

(2) the cost to the state under the new lease with an option to purchase agreement is less than the cost to the state under the existing lease with an option to purchase agreement and the difference in cost justifies any costs incurred by the commission and the state in taking actions under this section with regard to the space.

### **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**

H.B. 3147 amends Chapter 2166, Government Code by adding Section 2166.454. The bill allows the Commission to enter into a more favorable lease arrangement for any or all of seven leases with options to buy entered into by the state before December 1994. The bill allows the Commission to issue its revenue obligations only if the terms of the existing leases are not extended, the cost to the state under the new lease with an option to purchase agreement is less than the cost to the state under the existing lease with an option to purchase agreement and the difference in cost justifies any costs incurred by the Commission and the state in taking actions under this section with regard to the space, and if the obligations are approved by the Attorney General.

The obligations authorized by the bill may not be a debt of the State or any state agency, is not a pledge of the faith and credit or the taxing power of the state, and may be paid only from the proceeds of the concurrent sale of the space to which the sale and lease purchase revenue obligation relates. Any lease obligation must be contingent on continued legislative appropriations for making the lease payments, as are all state leases.

This bill expires December 31, 2005, except that this section is continued in effect after that date for the limited purpose of applying with regard to any transaction authorized by the bill that occurs before that date.

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**EFFECTIVE DATE**

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect the 91st day after the last day of the legislative session.