

## **BILL ANALYSIS**

C.S.H.B. 1467  
Deshotel  
Economic Development  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

The Texas Private Activity Bond Program (PAB) is a federal program administered by the State of Texas (State) to assist in financing privately owned public-purpose projects. The program can be a powerful economic development tool when used in connection with other programs to attract businesses and industry to the State. Currently 18 states use their program in some way for economic development purposes to attract or expand business opportunities.

C.S.H.B. 1467 adjusts the program to enable the Governor of the State of Texas (Governor) to use PABs for job-creation and economic development purposes. The change grants priority status during a program year and during competition for carryforward reservations to projects that the Texas Economic Development and Tourism Office determines meets the Governor's criteria for funding through the Texas Enterprise Fund (TEF).

### **RULEMAKING AUTHORITY**

It is the opinion of the committee that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

SECTION 1. Amends Section 1372.031, Government Code, by making conforming changes and adding language that requires the Bond Review Board (Board) to grant priority to the Texas Economic Bank for projects that the Texas Economic Development and Tourism Office determines meet the Governor's criteria for funding from the TEF (State Projects). This section also restricts the Board from granting to State Projects more than 25% of the portion of the state ceiling available under Section 1372.022(a)(6) (SC 6) on January 1 of the program year. This section also adds language that gives priority to State Projects in economically distressed areas or in enterprise zones.

SECTION 2. Amends Section 1372.063, Government Code, to give priority 1 carryforward classification to economic development projects described by Section 1372.067(a)(2) and that meet the Governor's criteria for funding from the TEF.

SECTION 3. Amends Section 1372.069(c), Government Code, to state that Section 1372.069(c) does not apply to the Texas Economic Development Bank for a State Project.

SECTION 4. States the effective date for this Act.

### **EFFECTIVE DATE**

Upon passage or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2007.

### **COMPARISON OF ORIGINAL TO SUBSTITUTE**

The substitute modifies the original by adding language that restricts the Board from granting to State Projects more than 25% of the portion of the state ceiling available under SC 6 on January 1 of the program year. The substitute also adds language that gives priority to State Projects in economically distressed areas or in enterprise zones.

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C.S.H.B. 1467 removes SECTION 2 from the original which would have made conforming changes and amended Section 1372.037, Government Code, to prohibit the Bond Review Board, except as provided by subsections (b) and (c), from granting reservations greater than certain amounts for single projects under this Section of the Texas Government Code. SECTION 2 would also have added subsection (c) that releases State Projects from the \$50 million project cap.

SECTION 2 of the original was deleted in the substitute and conforming changes are made. SECTION 4 of the original is now SECTION 3 of the substitute. Due to the previously mentioned deletion and conforming changes, the reference in SECTION 4 of the original to Section 1372.037(c) is now a reference to Section 1372.031(b) in SECTION 3 of the substitute.