

BILL ANALYSIS

Senate Research Center
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S.B. 729
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Finance
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The State of Texas is authorized by federal law to allocate its annual allotment, or "ceiling," of private activity bond reservations among all eligible issuers. The first tier of this allocation is among six categories of issuers. Each of these categories (or "sub-ceilings") receives a statutory percentage of the total ceiling, which fluctuates in total dollar amount each year. Several of these sub-ceilings are further allocated among specific groups of issuers and specific entities. This bill affects only the sub-ceiling that is reserved for issuers of qualified mortgage bonds, also known as mortgage revenue bonds.

Presently, one-third of the sub-ceiling is allocated to the Texas Department of Housing and Community Affairs (department), \$55,000,000 is allocated to the Texas State Affordable Housing Corporation (corporation), and any residual amounts are allocated to local housing finance corporations.

As proposed, S.B. 729 establishes a percentage based allocation method for this sub-ceiling. Under this provision, the department will continue to receive the fraction of one-third, the corporation will receive 10 percent, and local housing finance agencies will receive 56.66 percent of the sub-ceiling. For 2007, the dollar difference is \$948,524, less than 0.2 percent of the sub-ceiling. This bill also consolidates two of the three housing programs conducted by the corporation under this source. The consolidation permits all applicants of the two programs to access consolidated program mortgage money.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 1372.0221, Government Code, as follows:

Sec. 1372.0221. DEDICATION OF PORTION OF STATE CEILING FOR PROFESSIONAL EDUCATORS HOME LOAN PROGRAM. Requires that, until August 1, 54.5 percent of the portion of the state ceiling that is available exclusively for reservations by the Texas State Affordable Housing Corporation (corporation) under Section 1372.0223, rather than \$25 million by issuers of qualified mortgage bonds under Section 1372.022, to be allotted each year and made available to the corporation for the purpose of issuing qualified mortgage bonds in connection with the professional educators home loan program established under Section 2306.562. Makes a conforming change.

SECTION 2. Amends Section 1372.0222, Government Code, as follows:

Sec. 1372.0222. DEDICATION OF PORTION OF STATE CEILING FOR FIRE FIGHTER AND LAW ENFORCEMENT OR SECURITY OFFICER HOME LOAN PROGRAM. Requires that, until August 1, 45.5 percent of the portion of the state ceiling that is available exclusively for reservations by the corporation under Section 1372.0223, rather than \$25 million by issuers of qualified mortgage bonds under Section 1372.022, to be allotted each year and made available to the corporation for the purpose of issuing

qualified mortgage bonds in connection with the fire fighter, law enforcement officer, and security officer home loan program established under Section 2306.5621.

SECTION 3. Amends Section 1372.037(a), Government Code, to delete existing text to prohibit the board from granting a reservation for that year for any single project that is greater than \$25 million, if the issuer is an issuer of qualified mortgage bonds, other than the Texas Department of Housing and Community Affairs.

SECTION 4. Amends Section 1372.0223, Government Code, as follows:

Sec. 1372.0223. New heading: DEDICATION OF PORTION OF STATE CEILING TO CERTAIN ISSUERS OF QUALIFIED MORTGAGE BONDS. Provides that until August 15, rather than August 1, out of the portion of the state ceiling that is available exclusively for reservations by issuers of qualified mortgage bonds under Section 1372.022, 10 percent, rather than \$5 million, is available exclusively to the corporation and 56.66 percent is available exclusively to housing finance corporations for the purpose of issuing qualified mortgage bonds. Deletes existing text connecting the issuance of qualified mortgage bonds with the professional nursing program faculty member home loan program established under Section 2306.5622.

SECTION 5. Amends Sections 2306.553(a) and (b), Government Code, as follows:

(a) Deletes existing text describing the purpose of the corporation as performing services for professional educators, fire fighters, corrections officers, county jailers, public security officers, certain peace officers, and for professional nursing program faculty members. Adds provision of certain housing for persons who are eligible for loans under the home loan program, provided by Sections 2306.5621 and 2306.562 to the activities and services the corporation is to perform.

(b) Provides that the corporation's primary public purpose is to make affordable loans to certain persons, including persons who are eligible for loans under the home loan programs provided by Sections 2306.562 and 2306.5621. Makes conforming changes.

SECTION 6. Amends Section 2306.562(a), Government Code, to redefine "professional educator" and define "undergraduate professional nursing program."

SECTION 7. Amends Sections 2306.562(b) and (c), Government Code, to require a professional educator eligible for a loan under this section to reside in Texas and be employed by a school district or be a full-time faculty member of an undergraduate or graduate professional nursing program in Texas on the application date. Makes nonsubstantive changes.

SECTION 8. Repealer: Sections 1372.026(b) (prohibiting a housing finance corporation from receiving an allocation for the issuance of qualified mortgage bonds in an amount that exceeds \$25 million) and 2306.5622 (Professional Nursing Program Faculty Member Home Loan Program), Government Code.

SECTION 9. Effective date: September 1, 2007.