BILL ANALYSIS

Senate Research Center | S.B. 1375
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Transportation & Homeland Security
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Current law limits the Dallas Area Rapid Transit system (DART) to one five-year commercial paper program, followed by another new five-year program, in order to limit the amount of debt DART can incur without an election. However, reauthorizing a new program every five years incurs many expenses, including significant underwriting fees, new credit provider fees, and legal expenses.

S.B. 1375 amends Chapter 452 (Regional Transportation Authorities), Transportation Code, to authorize a commercial paper program to be renewed without reauthorization for an additional five years if the chief financial officer certifies, based on reasonable estimates, that the maximum principal amount of the program can be repaid in full with unencumbered pledged revenues within the new five-year period. The bill does not change any limitations on the amount of short-term debt DART may issue.

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 452.352, Transportation Code, by amending Subsection (d) and adding Subsection (e), as follows:

> (d) Provides that Subsection (b) (prohibiting a bond secured by a pledge of sales and use tax revenues with a maturity longer than five years from being issued until approved by a majority of voters in an election) does not apply to commercial paper notes having maturities of 270 days or less that are authorized to be issued and reissued under a commercial paper program (program) in a maximum principal amount certified by the chief financial officer, based on reasonable estimates of pledged sales and use tax revenue, as being repayable in full within five years after the date of authorization of the program, considering any other bonds or notes having a prior or parity lien on the pledged revenue, regardless of the final date of the program.
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> (e) Prohibits a program described by Subsection (d)(3) from being continued beyond five years unless, before the issuance of a note with a maturity exceeding five years from the date of the initial authorization of the program or five years from the date of a new certification, the chief financial officer provides new certification that the maximum principal amount of the program, based on reasonable estimates of pledged sales and use tax revenue, can be repaid in full within five years after the date of the most recent new certification, taking into consideration any other bonds or notes having a prior or parity lien on the pledged revenue.

SECTION 2. Effective date: September 1, 2007.