

1-1 By: Orr (Senate Sponsor - Lucio) H.B. No. 3552  
1-2 (In the Senate - Received from the House May 9, 2007;  
1-3 May 10, 2007, read first time and referred to Committee on Finance;  
1-4 May 19, 2007, reported favorably by the following vote: Yeas 11,  
1-5 Nays 0; May 19, 2007, sent to printer.)

1-6 A BILL TO BE ENTITLED  
1-7 AN ACT

1-8 relating to the issuance of private activity bonds.

1-9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-10 SECTION 1. Section 1372.002, Government Code, is amended by  
1-11 amending Subsection (a) and adding Subsections (c) and (d) to read  
1-12 as follows:

1-13 (a) For purposes of this chapter, a project is:

1-14 (1) an eligible facility or facilities that are [is]  
1-15 proposed to be financed, in whole or in part, by an issue of  
1-16 qualified residential rental project bonds; [or]

1-17 (2) in connection with an issue of qualified mortgage  
1-18 bonds or qualified student loan bonds, the providing of financial  
1-19 assistance to qualified mortgagors or students located in all or  
1-20 any part of the jurisdiction of the issuer; or

1-21 (3) an eligible facility that is proposed to be  
1-22 financed, in whole or in part, by an issue of bonds other than bonds  
1-23 described by Subdivision (1) or (2).

1-24 (c) For purposes of Subsection (a)(1), an application under  
1-25 this chapter may include either the rehabilitation or new  
1-26 construction, or both the rehabilitation and new construction, of  
1-27 qualified residential rental facilities located at multiple sites  
1-28 and with respect to which 51 percent or more of the residential  
1-29 units are located:

1-30 (1) in a county with a population of less than 75,000;  
1-31 or

1-32 (2) in a county in which the median income is less than  
1-33 the median income for the state, provided that the units are located  
1-34 in that portion of the county that is not included in a metropolitan  
1-35 statistical area containing one or more projects that are proposed  
1-36 to be financed, in whole or in part, by an issuance of bonds.

1-37 (d) For purposes of Subsection (c), in an application for a  
1-38 reservation, the number of sites may be reduced as needed without  
1-39 affecting their status as a project for purposes of the  
1-40 application, provided that the final application for a reservation  
1-41 contains at least two sites.

1-42 SECTION 2. Sections 1372.0231(d), (e), (g), and (i),  
1-43 Government Code, are amended to read as follows:

1-44 (d) Except as provided by Subsection (i), before May [June]  
1-45 1, the board shall apportion the amount of the state ceiling set  
1-46 aside under Subsection (a)(2) among the uniform state service  
1-47 regions according to the percentage of the state's population that  
1-48 resides in each of those regions.

1-49 (e) Until March 1 [May 15] of each year, for each of the  
1-50 uniform state service regions containing [Austin,] Dallas [7] or  
1-51 Houston, the board shall reserve a total of \$15 million of the state  
1-52 ceiling set aside for the region under Subsection (d) for:

1-53 (1) the areas in the region that are located outside of  
1-54 a metropolitan statistical area; or

1-55 (2) projects involving the rehabilitation of a  
1-56 qualified residential rental facility or facilities in the region,  
1-57 regardless of whether the projects are located inside or outside a  
1-58 metropolitan statistical area.

1-59 (g) On or after May [June] 1, the board may not grant  
1-60 available reservations to housing finance corporations described  
1-61 by Subsection (a) based on uniform state service regions or any  
1-62 segments of those regions.

1-63 (i) Before May [June] 1, the board shall apportion the  
1-64 amount of the state ceiling set aside under Subsection (a)(2) only

2-1 among uniform state service regions with respect to which an issuer  
2-2 has submitted an application for a reservation of the state ceiling  
2-3 on or before March 1.

2-4 SECTION 3. Section 1372.0261(a), Government Code, is  
2-5 amended to read as follows:

2-6 (a) In this section, "utilization percentage" means that  
2-7 portion of the amount of the state ceiling allocated to a housing  
2-8 finance corporation with respect to which the corporation issues  
2-9 private activity bonds that result in mortgage loans or mortgage  
2-10 credit certificates. A housing finance corporation's utilization  
2-11 percentage for an allocation of the state ceiling is the quotient  
2-12 of:

2-13 (1) the amount of the state ceiling:

2-14 (A) with respect to which mortgage loans have  
2-15 been originated, considering only the original principal balance of  
2-16 those loans;

2-17 (B) that is used to purchase mortgages or  
2-18 mortgage-backed securities; or

2-19 (C) that is [~~the amount of the state ceiling~~]  
2-20 used to issue mortgage credit certificates; divided by

2-21 (2) the amount of the state ceiling allocated, minus  
2-22 any amounts of the state ceiling required for debt service reserve  
2-23 funds.

2-24 SECTION 4. Section 1372.031, Government Code, is amended to  
2-25 read as follows:

2-26 Sec. 1372.031. PRIORITIES FOR RESERVATIONS AMONG CERTAIN  
2-27 ISSUERS. Subject to Sections 1372.0321, [~~and~~] 1372.0231, and  
2-28 1372.035(c) if, on or before October 20, more than one issuer in a  
2-29 category described by Section 1372.022(a)(2), (3), (4), or (6)  
2-30 applies for a reservation of the state ceiling for the next program  
2-31 year, the board shall grant reservations in that category in the  
2-32 order determined by the board by lot.

2-33 SECTION 5. Section 1372.0321(a-1), Government Code, as  
2-34 added by Chapters 330 and 1329, Acts of the 78th Legislature,  
2-35 Regular Session, 2003, is reenacted and amended to read as follows:

2-36 (a-1) In granting reservations to issuers of qualified  
2-37 residential rental project issues, the board shall give second  
2-38 priority to projects in which 80 [~~100~~] percent or more of the  
2-39 residential units in the project are:

2-40 (1) under the restriction that the maximum allowable  
2-41 rents are an amount equal to 30 percent of 60 percent of the area  
2-42 median family income minus an allowance for utility costs  
2-43 authorized under the federal low-income housing tax credit program;  
2-44 and

2-45 (2) reserved for families and individuals earning not  
2-46 more than 60 percent of the area median income.

2-47 SECTION 6. Section 1372.035, Government Code, is amended by  
2-48 amending Subsection (b) and adding Subsection (c) to read as  
2-49 follows:

2-50 (b) Except as provided by Sections 1372.031-1372.033 and  
2-51 Subsection (c), the board shall grant reservations in the order in  
2-52 which the applications for those reservations are received,  
2-53 regardless of the amounts of the related bond issues.

2-54 (c) If, with respect to an application, an issuer receives a  
2-55 carryforward designation under Section 1372.061(b), the board  
2-56 shall grant a reservation with respect to the issuer's next  
2-57 available application on the earlier of the following:

2-58 (1) the date of receipt of notice from the issuer that  
2-59 the application for which the issuer received the carryforward  
2-60 designation is being withdrawn; or

2-61 (2) if the amount of the carryforward is sufficient to  
2-62 satisfy fully the issuer's next available application, the date of  
2-63 expiration of the period specified by Section 1372.042(a-1).

2-64 SECTION 7. Section 1372.070, Government Code, is amended to  
2-65 read as follows:

2-66 Sec. 1372.070. FORM AND CONTENTS OF APPLICATION FOR  
2-67 CARRYFORWARD APPLICATION. An application for a carryforward  
2-68 designation must:

2-69 (1) be on a form prescribed by the board;

3-1 (2) be signed by a member or officer of the issuer and  
3-2 by[+  
3-3 [~~(A)~~] the governor, if the issuer was created to  
3-4 act on behalf of this state[~~+or~~  
3-5 [~~(B)~~ the presiding officer or another authorized  
3-6 official of each political subdivision, if the issuer was created  
3-7 to act on behalf of one or more political subdivisions of this  
3-8 state];

3-9 (3) state the amount of carryforward sought;  
3-10 (4) describe the project;  
3-11 (5) state which priority classification is applicable  
3-12 to the applicant;  
3-13 (6) include evidence satisfactory to the board that  
3-14 that priority classification is correct; and  
3-15 (7) contain any other information that the board by  
3-16 rule requires.

3-17 SECTION 8. Section 1372.0261, Government Code, as amended  
3-18 by this Act, applies only to a reservation of state ceiling granted  
3-19 on or after January 1, 2008.

3-20 SECTION 9. This Act takes effect September 1, 2007.

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