

By: Shapiro

S.B. No. 389

A BILL TO BE ENTITLED

AN ACT

relating to the capacity of the permanent school fund bond guarantee program.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 45.053, Education Code, is amended by amending Subsections (a) and (b) and adding Subsection (d) to read as follows:

(a) Except as provided by Subsection (d), the ~~[The]~~ commissioner may not approve bonds for guarantee if the approval would result in the total amount of outstanding guaranteed bonds exceeding an amount equal to 2-1/2 times the cost value ~~[or market value, whichever is less,]~~ of the permanent school fund, as estimated by the board and certified by the state auditor.

(b) Each year, the state auditor shall analyze the status of guaranteed bonds as compared to the cost value ~~[and market value]~~ of the permanent school fund. Based on that analysis, the state auditor shall certify whether the amount of bonds guaranteed is within the limit prescribed by this section.

(d) The board by rule may increase the limit prescribed by Subsection (a) to an amount not to exceed five times the cost value of the permanent school fund, provided that the increased limit is consistent with federal law and regulations and does not prevent the bonds to be guaranteed from receiving the highest available credit rating, as determined by the board. The board shall at least

1 annually consider whether to change any limit in accordance with  
2 this subsection. This subsection may not be construed in a manner  
3 that impairs, limits, or removes the guarantee of bonds that have  
4 been approved by the commissioner.

5 SECTION 2. This Act takes effect immediately if it receives  
6 a vote of two-thirds of all the members elected to each house, as  
7 provided by Section 39, Article III, Texas Constitution. If this  
8 Act does not receive the vote necessary for immediate effect, this  
9 Act takes effect September 1, 2007.