

By: Shapiro S.B. No. 389  
(In the Senate - Filed January 31, 2007; February 21, 2007,  
read first time and referred to Committee on Education;  
February 28, 2007, reported favorably by the following vote:  
Yeas 6, Nays 0, 1 present not voting; February 28, 2007, sent to  
printer.)

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

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

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