

By: West, Royce

S.B. No. 1332

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the establishment of debt management policies and
3 guidelines by the Bond Review Board.

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

5 SECTION 1. Section 1201.027, Government Code, is amended by
6 adding Subsections (d) and (e) to read as follows:

7 (d) Subsection (a) does not impair the authority of the Bond
8 Review Board to approve issuance costs under Section 1231.081 for
9 services described by Subsection (a).

10 (e) An issuer of a state security, as defined by Section
11 1231.001, that selects or contracts with a person to provide
12 services under Subsection (a) shall submit to the Bond Review
13 Board:

14 (1) the request for proposals to provide the services
15 not later than the seventh day before the date the request for
16 proposals is published;

17 (2) each final proposal received to provide the
18 services before a contract for the services is entered into by the
19 issuer; and

20 (3) documentation required by the board relating to a
21 contract entered into by an issuer for services under Subsection
22 (a), including an explanation for the selection of the service
23 provider, not later than the seventh day after the date the issuer
24 entered into the contract.

1 SECTION 2. Subchapter B, Chapter 1231, Government Code, is
2 amended by adding Sections 1231.024 and 1231.025 to read as
3 follows:

4 Sec. 1231.024. DEBT MANAGEMENT COMMITTEE. (a) The debt
5 management committee is created to provide the board with:

6 (1) expertise on debt-related issues, matters, and
7 concerns;

8 (2) assistance on debt-related projects, as
9 necessary;

10 (3) policy guidance for the debt affordability study
11 required under Section 1231.063; and

12 (4) assistance and expertise on evaluating and ranking
13 capital project proposals under Section 1231.025.

14 (b) The committee consists of one representative of state
15 issuers, selected by the executive director of the board, and one
16 representative from each of the following:

17 (1) the board;

18 (2) the Texas Public Finance Authority;

19 (3) the Texas Higher Education Coordinating Board;

20 (4) the attorney general;

21 (5) the comptroller;

22 (6) the governor;

23 (7) the Legislative Budget Board;

24 (8) the lieutenant governor;

25 (9) the speaker of the house of representatives;

26 (10) the Senate Finance Committee; and

27 (11) the House Appropriations Committee.

1 (c) Chapter 2110 does not apply to the committee.

2 Sec. 1231.025. CAPITAL PROJECT EVALUATION. (a) The board
3 by rule shall develop procedures for evaluating and ranking by
4 priority each capital project proposal by using objective criteria
5 to compare each proposal to other proposals.

6 (b) State agencies must comply with a rule adopted under
7 Subsection (a) requiring the submission of capital project
8 proposals to the board.

9 SECTION 3. Subchapter C, Chapter 1231, Government Code, is
10 amended by adding Section 1231.045 to read as follows:

11 Sec. 1231.045. INTEREST RATE SWAP AGREEMENTS. Subject to
12 the procedures provided by Sections 1231.042 and 1231.043, an
13 entity that issues a state security may not enter into an interest
14 rate swap agreement related to the state security unless:

15 (1) the board approves the agreement; or

16 (2) the related security is exempted under Section
17 1231.022(2).

18 SECTION 4. Subchapter D, Chapter 1231, Government Code, is
19 amended by adding Section 1231.063 to read as follows:

20 Sec. 1231.063. DEBT AFFORDABILITY STUDY. (a) The board, in
21 consultation with the Texas Public Finance Authority and the
22 Legislative Budget Board, shall annually prepare a study regarding
23 the state's current debt burden by:

24 (1) analyzing the state's historical debt use,
25 financial and economic resources, capital project evaluations, and
26 long-term goals for capital needs to determine the amount of
27 additional debt the state can accommodate; and

1 (2) monitoring how annual changes and new debt
2 authorizations affect the mechanism described in Subsection (b).

3 (b) The study must include a mechanism that can be used to
4 determine the state's debt affordability and serve as a guideline
5 for debt authorizations and debt service appropriations. The
6 mechanism must be designed to calculate:

7 (1) the debt service as a percentage of unrestricted
8 revenues;

9 (2) the ratio of not self-supporting debt to personal
10 income;

11 (3) the amount of not self-supporting debt per capita;

12 (4) the rate of debt retirement; and

13 (5) the ratio of not self-supporting debt service to
14 budgeted or expended general revenue.

15 (c) Not later than December 1 of each year, the board shall
16 submit the annual study to:

17 (1) the governor;

18 (2) the comptroller;

19 (3) the presiding officer of each house of the
20 legislature; and

21 (4) the Senate Finance Committee and House
22 Appropriations Committee.

23 (d) The annual study submitted under Subsection (c) must
24 include a target and limit for debt service as a percentage of
25 unrestricted revenues.

26 SECTION 5. Section 1231.081, Government Code, is amended by
27 adding Subsection (d) to read as follows:

1 (d) Each entity that issues a state security must submit to
2 the board for prior approval all proposed issuance costs described
3 by Subsection (c) while planning the issuance of the state
4 security.

5 SECTION 6. Section 2306.351, Government Code, is amended by
6 adding Subsection (e) to read as follows:

7 (e) The Bond Review Board must approve an interest rate swap
8 agreement authorized under this section before the department may
9 enter into the agreement.

10 SECTION 7. Section 161.074, Natural Resources Code, is
11 amended by adding Subsection (d) to read as follows:

12 (d) The Bond Review Board must approve an interest rate swap
13 agreement authorized under Subsection (a) before the board may
14 enter into the agreement.

15 SECTION 8. Section 162.052, Natural Resources Code, is
16 amended by adding Subsection (d) to read as follows:

17 (d) The Bond Review Board must approve an interest rate swap
18 agreement authorized under Subsection (a) before the board may
19 enter into the agreement.

20 SECTION 9. Section 164.010, Natural Resources Code, is
21 amended by adding Subsection (d) to read as follows:

22 (d) The Bond Review Board must approve an interest rate swap
23 agreement authorized under Subsection (a) before the board may
24 enter into the agreement.

25 SECTION 10. Section 1231.025, Government Code, as added by
26 this Act, applies only to a proposal for a capital project that has
27 not been authorized before the effective date of this Act. A

1 proposal that is authorized before the effective date of this Act is
2 governed by the law in effect on the date the proposal was
3 authorized, and the former law is continued in effect for that
4 purpose.

5 SECTION 11. Sections 1201.027(e), 1231.045, 1231.081(d),
6 and 2306.351(e), Government Code, and Sections 161.074(d),
7 162.052(d), and 164.010(d), Natural Resources Code, as added by
8 this Act, apply only to:

9 (1) a contract for which the solicitation of
10 applicable bids, offers, qualifications, proposals, or other
11 similar expressions of interest is published on or after September
12 1, 2007; or

13 (2) if no solicitation described by Subdivision (1) of
14 this section is published in relation to the contract, a contract
15 entered into on or after September 15, 2007.

16 SECTION 12. The Bond Review Board must comply with Section
17 1231.025, Government Code, as added by this Act, not later than
18 October 1, 2007.

19 SECTION 13. This Act takes effect September 1, 2007.