

AN ACT

relating to the student loan program administered by the Texas Higher Education Coordinating Board and to the exemption from fees and tuition of certain persons at institutions of higher education; authorizing the issuance of bonds.

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

SECTION 1. Section 52.01, Education Code, is amended to read as follows:

Sec. 52.01. ADMINISTRATION. The Texas Higher Education Coordinating Board, or its successors, shall administer the student loan program authorized by this chapter pursuant to ~~[Article III,~~ Sections ~~[50b, 50b-1, 50b-2, 50b-3,~~ 50b-4, ~~and~~ 50b-5, and 50b-6, Article III, [of the] Texas Constitution, and any former provision of the Texas Constitution authorizing bonds to finance educational loans to students. Personnel and other expenses required to properly administer this chapter shall be funded by:

(1) the general appropriations acts; or

(2) any other source of revenue received by the board in connection with the operation of the student loan program.

SECTION 2. Subdivision (4), Section 52.501, Education Code, is amended to read as follows:

(4) "Bond" means a general obligation bond issued by the board under ~~[Article III,~~ Section ~~[50b, 50b-1, 50b-2, 50b-3,~~ 50b-4, ~~or~~ 50b-5, or 50b-6, Article III, [of the] Texas

1 Constitution, or any former provision of the Texas Constitution
2 authorizing bonds to finance educational loans to students.

3 SECTION 3. Subdivision (2), Section 52.81, Education Code,
4 is amended to read as follows:

5 (2) "Bond" means a general obligation bond issued by
6 the board under former [~~Article III,~~] Section 50b-3[~~7~~] or Section
7 50b-4, [~~or~~] 50b-5, or 50b-6, Article III, [~~of the~~] Texas
8 Constitution.

9 SECTION 4. Subsection (a), Section 52.82, Education Code,
10 is amended to read as follows:

11 (a) The board may by resolution authorize the issuance of
12 general obligation bonds in total aggregate amounts not to exceed:

13 (1) \$300 million under former Section 50b-3, Article
14 III, Texas Constitution;

15 (2) \$300 million under Section 50b-4, Article III,
16 Texas Constitution; [~~and~~]

17 (3) \$400 million under Section 50b-5, Article III,
18 Texas Constitution; and

19 (4) \$500 million under Section 50b-6, Article III,
20 Texas Constitution.

21 SECTION 5. Section 52.87, Education Code, is amended to
22 read as follows:

23 Sec. 52.87. MANDAMUS. The performance of official duties
24 prescribed by this subchapter and by former Section [~~Article III,~~
25 ~~Sections~~] 50b-3[~~7~~] and Sections 50b-4, [~~and~~] 50b-5, and 50b-6,
26 Article III, [~~of the~~] Texas Constitution, in reference to the
27 payment of the bonds, may be enforced in a court of competent

1 jurisdiction by mandamus or other appropriate proceedings.

2 SECTION 6. (a) Section 52.17, Education Code, is amended
3 by amending Subsections (a), (c), and (d) and adding Subsection
4 (a-1) to read as follows:

5 (a) Each fiscal year a sufficient portion of the funds
6 received by the board as repayment of student loans granted under
7 this chapter, as interest on the loans, and as other available funds
8 relating to the student loan program shall be deposited in the state
9 treasury in the Texas college interest and sinking fund or a board
10 interest and sinking fund to:

11 (1) pay the interest and principal coming due during
12 the next [ensuing] fiscal year on [and to establish and maintain a
13 reserve in the interest and sinking fund equal to the average annual
14 principal and interest requirements of] all outstanding bonds
15 issued under this chapter that are secured by money [funds] in, as
16 applicable, the Texas college interest and sinking fund or a board
17 interest and sinking fund; and

18 (2) establish and maintain any reserves required by
19 the board resolution authorizing the issuance of the bonds.

20 (a-1) With respect to any bonds that remain outstanding
21 under this chapter, the board may, subject to the terms of the
22 applicable board resolution authorizing the issuance of those
23 bonds:

24 (1) reduce, eliminate, or replace any reserve portion
25 of the Texas college interest and sinking fund or a board interest
26 and sinking fund; and

27 (2) apply any excess money in accordance with

1 Subsection (b).

2 (c) If [~~In the event that~~] funds received by the board in any
3 fiscal year as repayment of student loans and as interest on the
4 loans are insufficient to pay the interest coming due and the
5 principal maturing on the bonds during the next [~~ensuing~~] fiscal
6 year as described by Subsection (a), the comptroller shall transfer
7 into the Texas college interest and sinking fund and each board
8 interest and sinking fund out of the first money coming into the
9 treasury that [~~, which~~] is not otherwise appropriated by the
10 constitution[~~7~~] an additional amount sufficient to pay that [~~the~~]
11 interest [~~coming due~~] and [~~the~~] principal [~~maturing on the bonds~~
12 ~~during the ensuing fiscal year~~].

13 (d) The resolution authorizing the issuance of the bonds may
14 provide for the deposit, from bond proceeds, of not more than 36
15 [~~24~~] months' interest, and may provide for the use of bond proceeds
16 as a reserve for the payment of principal of and interest on the
17 bonds.

18 (b) Section 52.19, Education Code, is amended to read as
19 follows:

20 Sec. 52.19. INVESTMENT OF FUNDS. All money in the Texas
21 college interest and sinking fund and in each board interest and
22 sinking fund, including any [~~the~~] reserve portion, and all money in
23 the Texas Opportunity Plan Fund and in the student loan auxiliary
24 fund in excess of the amount necessary for student loans, and all
25 money in each board student loan fund shall be invested by the
26 comptroller in the investments prescribed by board resolution. The
27 board shall furnish to the comptroller a copy of the resolution

1 prescribing authorized investments. The board may sell any
2 instruments owned in the Texas college interest and sinking fund, a
3 board interest and sinking fund, the Texas Opportunity Plan Fund,
4 the student loan auxiliary fund, or a board student loan fund at the
5 prevailing market price. Income from these investments may be
6 deposited in any of those funds.

7 (c) Subsection (c), Section 52.541, Education Code, is
8 amended to read as follows:

9 (c) The board may transfer funds between the Texas
10 Opportunity Plan Fund and the student loan auxiliary fund and among
11 the separate accounts established under this section within those
12 funds if:

13 (1) the transfer is approved by the board and is
14 necessary to administer the Texas Opportunity Plan Fund or the
15 student loan auxiliary fund; and

16 (2) the reason for the transfer is documented in the
17 accounting of the funds.

18 (d) Subsection (c), Section 52.82, Education Code, is
19 amended to read as follows:

20 (c) The board may sell the bonds at a negotiated sale if the
21 board determines that a negotiated sale is a more efficient and
22 economical method of selling the bonds. If the board has determined
23 that the bonds will be sold by competitive bid, the board by
24 resolution shall prescribe the manner of giving notice of the sale.

25 (e) The following statutes are repealed:

26 (1) Sections 52.14 and 52.15, Education Code; and

27 (2) Subsection (d), Section 52.32, Education Code.

1 (f) Notwithstanding any other provision of this Act, this
2 section takes effect September 1, 2007.

3 SECTION 7. Section 54.203, Education Code, is amended by
4 amending Subsection (e) and adding Subsection (e-1) to read as
5 follows:

6 (e) The exemption from fees provided for in Subsection (a)
7 ~~[of this section]~~ does not apply to a person who ~~[if]~~ at the time of
8 ~~[his]~~ registration ~~[he]~~ is entitled to receive ~~[eligible for]~~
9 educational benefits under federal legislation ~~[in effect at the~~
10 ~~time of his registration]~~ if the value of those benefits received in
11 a semester or other term is equal to or exceeds the value of the
12 exemption for the same semester or other term. If the value of
13 federal benefits received in a semester or other term does not equal
14 or exceed the value of the exemption for the same semester or other
15 term, ~~[except that]~~ the person ~~[must first utilize the federal~~
16 ~~benefit for which he]~~ is entitled to receive both the federal
17 benefit and the exemption in the same semester or other term. The
18 ~~[eligible and the]~~ combined amount of the federal benefit plus the
19 amount of the exemption received in a semester or other term may
20 ~~[this waiver shall]~~ not exceed the cost of tuition and fees for that
21 semester or other term ~~[maximum value of the waiver]~~. A person is
22 covered by the exemption ~~[exemptions]~~ if the person's ~~[his]~~ right
23 to benefits under federal legislation is extinguished at the time
24 of the person's ~~[his]~~ registration, except that a person may ~~[is]~~
25 not receive ~~[eligible for]~~ an exemption from fees under this
26 section if the person's right to benefits under federal legislation
27 is extinguished because the person is in default of repayment of a

1 loan made to the person under a federal program to provide or
2 guarantee loans for educational purposes.

3 (e-1) A person may [~~is~~] not receive an [~~eligible for the~~]
4 exemption under this section if the person is in default on a loan
5 made or guaranteed for educational purposes by the State of Texas.

6 SECTION 8. Subsection (e), Section 54.203, Education Code,
7 as amended by this Act, and Subsection (e-1), Section 54.203,
8 Education Code, as added by this Act, apply beginning with tuition
9 and fees for the 2007 fall semester. Tuition and fees for a term or
10 semester before the 2007 fall semester are covered by the law in
11 effect immediately before the effective date of this Act, and the
12 former law is continued in effect for that purpose.

13 SECTION 9. Sections 1 through 5 of this Act takes effect on
14 the date on which the constitutional amendment proposed by the 80th
15 Legislature, Regular Session, 2007, providing for the issuance of
16 \$500 million in general obligation bonds to finance educational
17 loans to students and authorizing bond enhancement agreements with
18 respect to general obligation bonds issued for that purpose takes
19 effect. If that amendment is not approved by the voters, then
20 Sections 1 through 5 of this Act have no effect.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 1640 passed the Senate on May 17, 2007, by the following vote: Yeas 31, Nays 0; and that the Senate concurred in House amendments on May 25, 2007, by the following vote: Yeas 30, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 1640 passed the House, with amendments, on May 23, 2007, by the following vote: Yeas 139, Nays 0, one present not voting.

Chief Clerk of the House

Approved:

Date

Governor