

By: Lucio

S.B. No. 1873

A BILL TO BE ENTITLED

AN ACT

relating to the issuance of private activity bonds.

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

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

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

(1) an eligible facility or an eligible group of facilities that is proposed to be financed, in whole or in part, by an issue of bonds; or

(2) in connection with an issue of qualified mortgage bonds or qualified student loan bonds, the providing of financial assistance to qualified mortgagors or students located in all or any part of the jurisdiction of the issuer.

(c) For purposes of Subsection (a), a group of eligible facilities includes an application under this chapter that includes both rehabilitation and new construction of qualified residential rental facilities located at multiple sites and with respect to which 51 percent or more of the residential units are located:

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

(2) in a county in which the median income is less than the median income for the state, provided that the units are located in that portion of the county that is not included in a metropolitan

1 statistical area containing one or more projects that are proposed
2 to be financed, in whole or in part, by an issuance of bonds.

3 (d) For purposes of Subsection (c), in an application for a
4 reservation, the number of sites may be reduced as needed without
5 affecting their status as a project for purposes of the
6 application, provided that the final application for a reservation
7 contains at least two sites.

8 SECTION 2. Sections 1372.0231(d), (e), (g), and (i),
9 Government Code, are amended to read as follows:

10 (d) Except as provided by Subsection (i), before May [~~June~~]
11 1, the board shall apportion the amount of the state ceiling set
12 aside under Subsection (a)(2) among the uniform state service
13 regions according to the percentage of the state's population that
14 resides in each of those regions.

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

19 (1) the areas in the region that are located outside of
20 a metropolitan statistical area; and

21 (2) projects involving the rehabilitation of a
22 qualified residential rental facility or facilities in the region,
23 regardless of whether the projects are located inside or outside a
24 metropolitan statistical area.

25 (g) On or after May [~~June~~] 1, the board may not grant
26 available reservations to housing finance corporations described
27 by Subsection (a) based on uniform state service regions or any

1 segments of those regions.

2 (i) Before May [~~June~~] 1, the board shall apportion the
3 amount of the state ceiling set aside under Subsection (a)(2) only
4 among uniform state service regions with respect to which an issuer
5 has submitted an application for a reservation of the state ceiling
6 on or before March 1.

7 SECTION 3. Section 1372.0261, Government Code, is amended
8 by amending Subsection (a) and adding Subsection (e) to read as
9 follows:

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

17 (1) the amount of the state ceiling that is used to
18 purchase mortgages or mortgage-backed securities, ~~[or the amount of~~
19 ~~the state ceiling used to]~~ issue mortgage credit certificates, or
20 originate mortgage loans; divided by

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

24 (e) For the purpose of Subsection (a)(1), only the original
25 principal balance of originated mortgage loans may be used in
26 computing a utilization percentage.

27 SECTION 4. Section 1372.031, Government Code, is amended to

1 read as follows:

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

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

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

16 (1) under the restriction that the maximum allowable
17 rents are an amount equal to 30 percent of 60 percent of the area
18 median family income minus an allowance for utility costs
19 authorized under the federal low-income housing tax credit program;
20 and

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

23 SECTION 6. Section 1372.035, Government Code, is amended by
24 amending Subsection (b) and adding Subsection (c) to read as
25 follows:

26 (b) Except as provided by Sections 1372.031-1372.033 and
27 Subsection (c), the board shall grant reservations in the order in

1 which the applications for those reservations are received,
2 regardless of the amounts of the related bond issues.

3 (c) If an issuer receives a carryforward designation with
4 respect to an application, the board shall grant a reservation with
5 respect to the issuer's next available application on the earlier
6 of the following:

7 (1) the date of receipt of notice from the issuer that
8 the application for which the issuer received the carryforward
9 designation is being withdrawn; or

10 (2) the date of expiration of the period specified by
11 Section 1372.042(a-1).

12 SECTION 7. Section 1372.070, Government Code, is amended to
13 read as follows:

14 Sec. 1372.070. FORM AND CONTENTS OF APPLICATION FOR
15 CARRYFORWARD APPLICATION. An application for a carryforward
16 designation must:

17 (1) be on a form prescribed by the board;

18 (2) be signed by a member or officer of the issuer [~~and~~
19 ~~by:~~

20 ~~[(A) the governor, if the issuer was created to~~
21 ~~act on behalf of this state; or~~

22 ~~[(B) the presiding officer or another authorized~~
23 ~~official of each political subdivision, if the issuer was created~~
24 ~~to act on behalf of one or more political subdivisions of this~~
25 ~~state];~~

26 (3) state the amount of carryforward sought;

27 (4) describe the project;

1 (5) state which priority classification is applicable
2 to the applicant;

3 (6) include evidence satisfactory to the board that
4 that priority classification is correct; and

5 (7) contain any other information that the board by
6 rule requires.

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

10 SECTION 9. This Act takes effect September 1, 2007.