

1 SENATE JOINT RESOLUTION

2 proposing a constitutional amendment providing for the issuance of
3 general obligation bonds to finance educational loans to students
4 and for authority to enter into bond enhancement agreements with
5 respect to general obligation bonds issued for that purpose.

6 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

7 SECTION 1. Article III, Texas Constitution, is amended by
8 adding Sections 50b-6 and 50b-6A to read as follows:

9 Sec. 50b-6. (a) The legislature by general law may
10 authorize the Texas Higher Education Coordinating Board or its
11 successor or successors to issue and sell general obligation bonds
12 of the State of Texas in an amount not to exceed \$500 million in
13 order to finance educational loans to students in the manner
14 provided by law. The bonds are in addition to bonds issued under
15 Sections 50b-4 and 50b-5 of this article and under any other
16 provision or former provision of this constitution authorizing
17 similar bonds.

18 (b) The bonds shall be executed in the form, on the terms,
19 and in the denominations, bear interest, and be issued in
20 installments as prescribed by the Texas Higher Education
21 Coordinating Board or its successor or successors.

22 (c) The maximum net effective interest rate to be borne by
23 bonds issued under this section may not exceed the maximum rate
24 provided by law.

1 (d) The legislature may provide for the investment of bond
2 proceeds and may establish and provide for the investment of an
3 interest and sinking fund to pay the bonds. Income from the
4 investment shall be used for the purposes prescribed by the
5 legislature.

6 (e) Notwithstanding any other provision of this article,
7 there is appropriated out of the first money coming into the
8 treasury in each fiscal year, not otherwise appropriated by this
9 constitution, the amount sufficient to pay the principal of and
10 interest on any bonds issued under this section, under Sections
11 50b-4 and 50b-5 of this article, and under any other provision or
12 former provision of this article authorizing similar bonds that
13 mature or become due during the fiscal year, less any amount
14 remaining in an interest and sinking fund established under this
15 section, Section 50b-4 or 50b-5 of this article, or any other
16 provision or former provision of this article authorizing similar
17 bonds at the end of the preceding fiscal year that is pledged to the
18 payment of the bonds or interest.

19 (f) Bonds issued under this section, after approval by the
20 attorney general, registration by the comptroller of public
21 accounts, and delivery to the purchasers, are incontestable.

22 Sec. 50b-6A. The legislature by general law may provide for
23 the Texas Higher Education Coordinating Board or its successor or
24 successors to enter into bond enhancement agreements with
25 appropriate entities with respect to any bonds issued under Section
26 50b-4, 50b-5, or 50b-6 of this article or under any other provision
27 or former provision of this article authorizing similar bonds.

1 Payments due from the coordinating board under a bond enhancement
2 agreement with respect to the principal of or interest on the bonds
3 shall be treated for purposes of this constitution as payments of
4 the principal of and interest on the bonds, and money appropriated
5 for the purpose of paying the principal of and interest on the bonds
6 as they mature or become due may be used to make payments under bond
7 enhancement agreements authorized by this section with respect to
8 the bonds.

9 SECTION 2. This proposed constitutional amendment shall be
10 submitted to the voters at an election to be held on the earlier of
11 the first date on which another election on a constitutional
12 amendment proposed by the 80th Legislature, Regular Session, 2007,
13 is held or November 6, 2007. The ballot shall be printed to permit
14 voting for or against the proposition: "The constitutional
15 amendment providing for the issuance of \$500 million in general
16 obligation bonds to finance educational loans to students and
17 authorizing bond enhancement agreements with respect to general
18 obligation bonds issued for that purpose."