

By: Williams S.J.R. No. 57
(In the Senate - Filed March 8, 2007; March 22, 2007, read first time and referred to Committee on Finance; May 11, 2007, reported adversely, with favorable Committee Substitute by the following vote: Yeas 13, Nays 0; May 11, 2007, sent to printer.)

COMMITTEE SUBSTITUTE FOR S.J.R. No. 57 By: Williams

SENATE JOINT RESOLUTION

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

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

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

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

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

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

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

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

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

Sec. 50b-6A. The legislature by general law may provide for the Texas Higher Education Coordinating Board or its successor or successors to enter into bond enhancement agreements with appropriate entities with respect to any bonds issued under Section 50b-4, 50b-5, or 50b-6 of this article or under any other provision or former provision of this article authorizing similar bonds. Payments due from the coordinating board under a bond enhancement agreement with respect to the principal of or interest on the bonds shall be treated for purposes of this constitution as payments of the principal of and interest on the bonds, and money appropriated for the purpose of paying the principal of and interest on the bonds as they mature or become due may be used to make payments under bond

enhancement agreements authorized by this section with respect to the bonds.

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

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