

SENATE AMENDMENTS

2nd Printing

By: Orr

H.B. No. 3552

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 facilities that are ~~is~~ proposed to be financed, in whole or in part, by an issue of qualified residential rental project 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; or

(3) an eligible facility that is proposed to be financed, in whole or in part, by an issue of bonds other than bonds described by Subdivision (1) or (2).

(c) For purposes of Subsection (a)(1), an application under this chapter may include either the rehabilitation or new construction, or both the 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;

1 or

2 (2) in a county in which the median income is less than
3 the median income for the state, provided that the units are located
4 in that portion of the county that is not included in a metropolitan
5 statistical area containing one or more projects that are proposed
6 to be financed, in whole or in part, by an issuance of bonds.

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

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

14 (d) Except as provided by Subsection (i), before May [~~June~~]
15 1, the board shall apportion the amount of the state ceiling set
16 aside under Subsection (a)(2) among the uniform state service
17 regions according to the percentage of the state's population that
18 resides in each of those regions.

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

23 (1) the areas in the region that are located outside of
24 a metropolitan statistical area; or

25 (2) projects involving the rehabilitation of a
26 qualified residential rental facility or facilities in the region,
27 regardless of whether the projects are located inside or outside a

1 metropolitan statistical area.

2 (g) On or after May [~~June~~] 1, the board may not grant
3 available reservations to housing finance corporations described
4 by Subsection (a) based on uniform state service regions or any
5 segments of those regions.

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

11 SECTION 3. Section 1372.0261(a), Government Code, is
12 amended to read as follows:

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

20 (1) the amount of the state ceiling:

21 (A) with respect to which mortgage loans have
22 been originated, considering only the original principal balance of
23 those loans;

24 (B) that is used to purchase mortgages or
25 mortgage-backed securities; or

26 (C) that is [~~the amount of the state ceiling~~]

27 used to issue mortgage credit certificates; divided by

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

4 SECTION 4. Section 1372.031, Government Code, is amended to
5 read as follows:

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

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

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

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

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

27 SECTION 6. Section 1372.035, Government Code, is amended by

1 amending Subsection (b) and adding Subsection (c) to read as
2 follows:

3 (b) Except as provided by Sections 1372.031-1372.033 and
4 Subsection (c), the board shall grant reservations in the order in
5 which the applications for those reservations are received,
6 regardless of the amounts of the related bond issues.

7 (c) If, with respect to an application, an issuer receives a
8 carryforward designation under Section 1372.061(b), the board
9 shall grant a reservation with respect to the issuer's next
10 available application on the earlier of the following:

11 (1) the date of receipt of notice from the issuer that
12 the application for which the issuer received the carryforward
13 designation is being withdrawn; or

14 (2) if the amount of the carryforward is sufficient to
15 satisfy fully the issuer's next available application, the date of
16 expiration of the period specified by Section 1372.042(a-1).

17 SECTION 7. Section 1372.070, Government Code, is amended to
18 read as follows:

19 Sec. 1372.070. FORM AND CONTENTS OF APPLICATION FOR
20 CARRYFORWARD APPLICATION. An application for a carryforward
21 designation must:

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

23 (2) be signed by a member or officer of the issuer and
24 by[+]

25 [~~A~~] the governor, if the issuer was created to
26 act on behalf of this state[+~~or~~

27 [~~B~~] ~~the presiding officer or another authorized~~

1 ~~official of each political subdivision, if the issuer was created~~
2 ~~to act on behalf of one or more political subdivisions of this~~
3 ~~state];~~

4 (3) state the amount of carryforward sought;

5 (4) describe the project;

6 (5) state which priority classification is applicable
7 to the applicant;

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

10 (7) contain any other information that the board by
11 rule requires.

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

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

ADOPTED

FLOOR AMENDMENT NO. 1

MAY 22 2007 BY:

W ✓
(West)

Leta Spaw
Secretary of the Senate

1 Amend H. B. 3552 (Senate Committee Printing) by adding the
2 following SECTIONS and renumbering subsequent SECTIONS
3 accordingly:

4 SECTION ____ . Section 1372.0221, Government Code, is amended
5 to read as follows:

6 Sec. 1372.0221. DEDICATION OF PORTION OF STATE CEILING FOR
7 PROFESSIONAL EDUCATORS HOME LOAN PROGRAM. Until August 7 [~~±~~],
8 out of that portion of the state ceiling that is available
9 exclusively for reservations by the Texas State Affordable
10 Housing Corporation [~~issuers of qualified mortgage bonds~~] under
11 Section 1372.0223, 54.5 percent [~~1372.022, \$25 million~~] shall be
12 allotted each year and made available [~~exclusively~~] to the
13 corporation [~~Texas State Affordable Housing Corporation~~] for the
14 purpose of issuing qualified mortgage bonds in connection with
15 the professional educators home loan program established under
16 Section 2306.562.

17 SECTION ____ . Section 1372.0222, Government Code, is
18 amended to read as follows:

19 Sec. 1372.0222. DEDICATION OF PORTION OF STATE CEILING FOR
20 FIRE FIGHTER AND LAW ENFORCEMENT OR SECURITY OFFICER HOME LOAN
21 PROGRAM. Until August 7 [~~±~~], out of that portion of the state
22 ceiling that is available exclusively for reservations by the
23 Texas State Affordable Housing Corporation [~~issuers of qualified~~
24 ~~mortgage bonds~~] under Section 1372.0223, 45.5 percent [~~1372.022,~~
25 ~~\$25 million~~] shall be allotted each year and made available
26 [~~exclusively~~] to the corporation [~~Texas State Affordable Housing~~
27 ~~Corporation~~] for the purpose of issuing qualified mortgage bonds
28 in connection with the fire fighter, law enforcement officer,
29 and security officer home loan program established under Section

1 2306.5621.

2 SECTION _____. Section 1372.0223, Government Code, is
3 amended to read as follows:

4 Sec. 1372.0223. DEDICATION OF PORTION OF STATE CEILING TO
5 CERTAIN ISSUERS OF QUALIFIED MORTGAGE BONDS [~~FOR PROFESSIONAL~~
6 ~~NURSING PROGRAM FACULTY MEMBER HOME LOAN PROGRAM~~]. Until August
7 7 [~~1~~], out of that portion of the state ceiling that is
8 available exclusively for reservations by issuers of qualified
9 mortgage bonds under Section 1372.022:

10 (1) 10 percent is [~~, \$5 million shall be allotted each~~
11 ~~year and made~~] available exclusively to the Texas State
12 Affordable Housing Corporation for the purpose of issuing
13 qualified mortgage bonds; and

14 (2) 56.66 percent is available exclusively to housing
15 finance corporations for the purpose of issuing qualified
16 mortgage bonds [~~in connection with the professional nursing~~
17 ~~program faculty member home loan program established under~~
18 ~~Section 2306.5622~~].

19 SECTION _____. Section 1372.023(a), Government Code, is
20 amended to read as follows:

21 (a) Until August 7 [~~15~~], of that portion of the state
22 ceiling that is available exclusively for reservations by
23 issuers of qualified mortgage bonds, 33.34 percent [~~one-third~~]
24 is available exclusively to the Texas Department of Housing and
25 Community Affairs for the purpose of issuing qualified mortgage
26 bonds.

27 SECTION _____. Section 1372.037(a), Government Code, is
28 amended to read as follows:

29 (a) Except as provided by Subsection (b), before August 15
30 [~~September 1~~] the board may not grant for any single project a
31 reservation for that year that is greater than:

8

1 (1) \$25 million, if the issuer is an issuer of
2 qualified mortgage bonds, other than the Texas Department of
3 Housing and Community Affairs or the Texas State Affordable
4 Housing Corporation;

5 (2) \$50 million, if the issuer is an issuer of a
6 state-voted issue, other than the Texas Higher Education
7 Coordinating Board, or \$75 million, if the issuer is the Texas
8 Higher Education Coordinating Board;

9 (3) the amount to which the Internal Revenue Code
10 limits issuers of qualified small issue bonds and enterprise
11 zone facility bonds, if the issuer is an issuer of those bonds;

12 (4) the lesser of \$15 million or 15 percent of the
13 amount set aside for reservation by issuers of qualified
14 residential rental project bonds, if the issuer is an issuer of
15 those bonds;

16 (5) the amount as prescribed in Sections 1372.033(d),
17 (e), and (f), if the issuer is an issuer authorized by Section
18 53.47, Education Code, to issue qualified student loan bonds; or

19 (6) \$50 million, if the issuer is any other issuer of
20 bonds that require an allocation.

21 SECTION _____. Sections 2306.553(a) and (b), Government
22 Code, are amended to read as follows:

23 (a) The public purpose of the corporation is to perform
24 activities and services that the corporation's board of
25 directors determines will promote the public health, safety, and
26 welfare through the provision of adequate, safe, and sanitary
27 housing primarily for individuals and families of low, very low,
28 and extremely low income and~~[7]~~ for persons who are eligible for
29 loans [~~professional educators~~] under the [~~professional~~
30 ~~educators~~] home loan programs [~~program as~~] provided by Sections
31 [~~Section~~] 2306.562 and~~[7, for fire fighters, corrections~~

1 ~~officers, county jailers, public security officers, and peace~~
2 ~~officers under the fire fighter, law enforcement officer, and~~
3 ~~security officer home loan program as provided by Section]~~
4 ~~2306.5621[, and for professional nursing program faculty members~~
5 ~~under the professional nursing program faculty member home loan~~
6 ~~program as provided by Section 2306.5622].~~ The activities and
7 services shall include engaging in mortgage banking activities
8 and lending transactions and acquiring, holding, selling, or
9 leasing real or personal property.

10 (b) The corporation's primary public purpose is to
11 facilitate the provision of housing by issuing qualified
12 501(c)(3) bonds and qualified residential rental project bonds
13 and by making affordable loans to individuals and families of
14 low, very low, and extremely low income and[~~r~~] to persons who
15 are eligible for loans under the home loan programs provided by
16 Sections 2306.562 and 2306.5621 [~~professional educators under~~
17 ~~the professional educators home loan program, to fire fighters,~~
18 ~~corrections officers, county jailers, public security officers,~~
19 ~~and peace officers under the fire fighter, law enforcement~~
20 ~~officer, and security officer home loan program, and to~~
21 ~~professional nursing program faculty members under the~~
22 ~~professional nursing program faculty member home loan program)].
23 The corporation may make first lien, single family purchase
24 money mortgage loans for single family homes only to individuals
25 and families of low, very low, and extremely low income if the
26 individual's or family's household income is not more than the
27 greater of 60 percent of the median income for the state, as
28 defined by the United States Department of Housing and Urban
29 Development, or 60 percent of the area median family income,
30 adjusted for family size, as defined by that department. The
31 corporation may make loans for multifamily developments if:~~

1 (1) at least 40 percent of the units in a multifamily
2 development are affordable to individuals and families with
3 incomes at or below 60 percent of the median family income,
4 adjusted for family size; or

5 (2) at least 20 percent of the units in a multifamily
6 development are affordable to individuals and families with
7 incomes at or below 50 percent of the median family income,
8 adjusted for family size.

9 SECTION _____. Sections 2306.562(a), (b), and (c),
10 Government Code, are amended to read as follows:

11 (a) In this section:

12 (1) "Allied health program faculty member" means a
13 full-time member of the faculty of an undergraduate or graduate
14 allied health program of a public or private institution of
15 higher education in this state.

16 (1-a) "Graduate allied health program" means a
17 postbaccalaureate certificate or master's or doctoral degree
18 program in an allied health profession that is accredited by an
19 accrediting entity recognized by the United States Department of
20 Education.

21 (1-b) "Graduate professional nursing program" and
22 "undergraduate professional nursing program" have the meanings
23 assigned by Section 54.221, Education Code.

24 (2) "Home" means a dwelling in this state in which a
25 professional educator intends to reside as the professional
26 educator's principal residence.

27 (3) [~~+2~~] "Mortgage lender" has the meaning assigned
28 by Section 2306.004.

29 (4) [~~+3~~] "Professional educator" means a classroom
30 teacher, full-time paid teacher's aide, full-time librarian,
31 full-time counselor certified under Subchapter B, Chapter 21,

1 Education Code, [~~or~~] full-time school nurse, or allied health or
2 professional nursing program faculty member.

3 (5) "Professional nursing program faculty member"
4 means a full-time member of the faculty of either an
5 undergraduate or graduate professional nursing program.

6 (6) [~~4~~] "Program" means the professional educators
7 home loan program.

8 (7) "Undergraduate allied health program" means an
9 undergraduate degree or certificate program that:

10 (A) prepares students for licensure,
11 certification, or registration in an allied health profession;
12 and

13 (B) is accredited by an accrediting entity
14 recognized by the United States Department of Education.

15 (b) The corporation shall establish a program to provide
16 low-interest home mortgage loans to eligible professional
17 educators whose income does not exceed the greater of:

18 (1) 115 percent of area median family income,
19 adjusted for family size; or

20 (2) the maximum amount permitted by Section 143(f),
21 Internal Revenue Code of 1986[~~, with low interest home mortgage~~
22 loans].

23 (c) To be eligible for a loan under this section, a
24 professional educator must:

25 (1) reside in this state on the application date;
26 and

27 (2) be employed by a school district or be an allied
28 health or professional nursing program faculty member in this
29 state on the application date.

30 SECTION _____. Section 2306.5622, Government Code, is
31 repealed.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 10, 2007

TO: Honorable Steve Ogden, Chair, Senate Committee on Finance

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: **HB3552** by Orr (Relating to the issuance of private activity bonds.), **As Engrossed**

No fiscal implication to the State is anticipated.

The bill expands the definition of eligible facilities under the private activity bond program to include both rehabilitation projects and new construction. The bill also amends the board's authority to grant reservations in the order in which the applications for those reservations are received regardless of the amounts of the related bond issues. The bill would eliminate the requirement for the presiding officer or authorized officer of local political subdivisions to sign a carryforward designation.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 352 Bond Review Board

LBB Staff: JOB, CT, JRO, JW

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 23, 2007

TO: Honorable Burt R. Solomons, Chair, House Committee on Financial Institutions

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: **HB3552** by Orr (Relating to the issuance of private activity bonds.), **Committee Report 1st House, Substituted**

No fiscal implication to the State is anticipated.

The bill expands the definition of eligible facilities under the private activity bond program to include both rehabilitation projects and new construction. The bill also amends the board's authority to grant reservations in the order in which the applications for those reservations are received regardless of the amounts of the related bond issues. The bill would eliminate the requirement for the presiding officer or authorized officer of local political subdivisions to sign a carryforward designation.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 352 Bond Review Board

LBB Staff: JOB, JRO, JW

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 30, 2007

TO: Honorable Burt R. Solomons, Chair, House Committee on Financial Institutions

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB3552 by Orr (Relating to the issuance of private activity bonds.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill expands the definition of eligible facilities under the private activity bond program to include both rehabilitation projects and new construction. The bill also amends the board's authority to grant reservations in the order in which the applications for those reservations are received, regardless of the amounts of the related bond issues. The bill would eliminate the requirement for the Governor or corresponding mayor to sign a carryforward designation.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 352 Bond Review Board

LBB Staff: JOB, JRO, JW, KJG