

BILL ANALYSIS

Senate Research Center

H.B. 1
By: Pitts et al. (Carona)
Finance
7/2/2009
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

In the November 2007 election, the people of Texas voted to allow the Texas Department of Transportation to issue general obligation bonds for highway improvement projects. This legislation is the enabling legislation for these bonds.

Under the provisions of H.B. 1, \$1 billion will be directly allocated to mobility projects and the remaining \$1 billion will be allocated to the State Infrastructure Bank.

H.B. 1 amends current law relating to certain sources of revenue for the funding of highways and transportation projects.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter A, Chapter 222, Transportation Code, by adding Section 222.004, as follows:

Sec. 222.004. ISSUANCE OF GENERAL OBLIGATION BONDS FOR HIGHWAY IMPROVEMENT PROJECTS. (a) Defines "bonds," "credit agreement," and "improvement."

(b) Authorizes the Texas Transportation Commission (TTC) by order or resolution to issue general obligation bonds for the purposes provided in this section. Prohibits the aggregate principal amount of the bonds that are issued from exceeding the amount specified by Section 49-p(a) (relating to funding for highway improvement projects), Article III (Legislative Department), Texas Constitution.

(c) Authorizes TTC to enter into credit agreements relating to the bonds. Authorizes a credit agreement entered into under this section to be secured by and payable from the same sources as the bonds.

(d) Requires that the bonds be executed in the form, on the terms, and in the denominations, bear interest, and be issued in installments as prescribed by TTC, and mature not later than 30 years after their dates of issuance, subject to any refundings or renewals. Authorizes that the bonds be issued in multiple series and issues from time to time and to have the provisions TTC determines appropriate and in the interest of the state.

(e) Provides that TTC has all powers necessary or appropriate to carry out this section and to implement Section 49-p (Texas Transportation Commission; Texas Highway Improvement Funds), Article III, Texas Constitution, including the powers granted to other bond-issuing governmental agencies and units and to nonprofit corporations by Chapters 1201 (Public Security Procedures Act), 1207 (Refunding Bonds), and 1371 (Obligations for Certain Public Improvements), Government Code.

(f) Requires that the bonds and the record of proceedings authorizing the bonds and any related credit agreements be submitted to the attorney general for approval as to their legality. Requires the attorney general, if the attorney general finds that they will be issued in accordance with this section and other applicable law, to approve them and deliver them to the comptroller of public accounts (comptroller) for registration. Provides that after approval by the attorney general, registration by the comptroller, and payment by the purchasers of the bonds in accordance with the terms of sale and after execution and delivery of the related credit agreements, the bonds and related credit agreements are incontestable for any cause.

(g) Authorizes bonds to be issued for one or more of the following purposes: to pay all or part of the costs of highway improvement projects; and to pay the costs of administering projects authorized under this section, the cost or expense of the issuance of the bonds, or all or part of a payment owed to be owed under a credit agreement.

(h) Prohibits the proceeds from the issuance and sale of the bonds from being expended or used for the purposes authorized under this section unless those proceeds have been appropriated by the legislature.

(i) Requires the comptroller of public accounts (comptroller) to pay the principal of the bonds as they mature and the interest as it becomes payable and to pay any cost related to the bonds that becomes due, including payments under credit agreements.

SECTION 2. Amends Rider No. 60, Article VII, S.B. No. 1, Acts of the 81st Legislature, Regular Session, 2009 (the General Appropriations Act appropriations to TxDOT, page VII-36), as follows:

60. New heading: Contingency for legislation authorizing issuance of Proposition 12 bonds and Senate Bill 1350.

a. Provides that out of funds appropriated above in strategy A.1.2, Contracted Planning and Design, the amount of \$60,000,000 in fiscal year 2010, and in Strategy A.1.3, Right-of-way Acquisition, the amount of \$90,000,000 in fiscal year 2010, and in B.1.2, New Construction Contracts, \$250,000,000 in fiscal year 2010 and \$600,000,000 in fiscal year 2011, and in Strategy B.1.3, Construction Grants & Services, \$1 billion in fiscal year 2011 in Proposition 12 General Obligation Bond proceeds and in strategy F.1.1, General Obligation Bonds, \$100 million in General Revenue are contingent upon the enactment of legislation, rather than of S.B. 263 or similar legislation, relating to the issuance by TTC of general obligation bonds for highway improvement projects, by the Eighty-first Legislature, Regular Session, or by a called session of the Eighty-first Legislature. Requires that the amounts from Proposition 12 General Obligation Bond Proceeds in Strategy B.1.2, New Construction Contracts, be used to make progress payments on a maximum of \$1,850,000,000 in new multi-year construction contract obligations for non-tolled highway projects.

b. Provides that contingent upon the enactment of Senate Bill 1350 or similar legislation, relating to the creation, administration, financing, and use of a Texas Transportation Revolving Fund by the Eighty-first Legislature, Regular Session, \$1 billion out of the contingent appropriation of Proposition 12 General Obligation Bond proceeds in Strategy B.1.3, Construction Grants & Services, in Subsection (a) of this rider is required to be used to capitalize the Texas Transportation Revolving Fund for the purpose of implementing the provisions of Senate Bill 1350 or similar legislation. Provides that if Senate Bill 1350 or similar legislation is not enacted, \$1 billion of the contingent appropriation from Proposition 12 General Obligation Bond proceeds in Strategy B.1.3, Construction Grants & Services, in subsection (a) of this rider, is required to be used to

capitalize the State Infrastructure Bank for the purpose of making loans to public entities; provided that money in the State Infrastructure Bank may not be used for the purpose of converting a nontolled road or highway to a tolled road or highway.

SECTION 3. Amends Section 228.0111(p)(3), Transportation Code, to authorize the bonds or other obligations to mature serially or otherwise not more than 40, rather than 30, years from their date of issuance.

SECTION 4. Effective date: upon passage or on the 91st day after the last day of the legislative session.