

BILL ANALYSIS

C.S.H.J.R. 116
By: Corte
Defense & Veterans' Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The Veterans' Land Board of the State of Texas (VLB) currently has approximately \$80 million of unused general obligation bonding authority, which can be used by either the Veterans' Housing Assistance Program (VHAP) or the Veterans' Land Program (VLP). It is anticipated that the remaining authorization will last through the end of 2009 and from that point forward VLB will need new bonding authority to continue to issue qualified veterans mortgage bonds to fund loans in VHAP, and, if necessary, to issue new bonds in VLP. Federal tax law currently limits VLB to the issuance of no more than \$250 million of qualified veterans mortgage bonds per year. The VLB would therefore ordinarily pursue new bonding authority from the legislature and the voters of \$1 billion every four years. The VLB needs to secure a sufficient amount of general obligation bonding authority to ensure the uninterrupted continuation of these programs without having to return to the legislature and Texas voters every four years.

C.S.H.J.R. 116 effectively "reauthorizes" or "evergreens" the bonds that have already been issued and retired or redeemed by providing that the amount of bonds outstanding in VHAP and VLP will not exceed at any one time the amount of bonds that have been authorized in the past, an approach that should provide the VLB with enough bonding authority to last for approximately eight to ten years.

RULEMAKING AUTHORITY

It is the committee's opinion that this resolution does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.J.R. 116 proposes an amendment to the Texas Constitution to authorize the Veterans' Land Board (VLB) to provide for, issue, and sell general obligation bonds of the state for the purpose of selling land to veterans of the state or providing home or land mortgage loans to veterans of the state, in a principal amount of outstanding bonds that must at all times be equal to or less than the aggregate principal amount of state general obligation bonds previously authorized for those purposes by prior constitutional amendments. The resolution prohibits bonds and other obligations issued or executed under the constitutional provision relating to VLB's bonding authority from being included in the computation required in provisions concerning the limit on state debt payable from the general revenue fund. The resolution removes a prohibition limiting the principal amount of outstanding bonds at any one time from exceeding \$500 million. The resolution includes the Veterans' Land Fund and the Veterans' Housing Assistance Fund as funds in which the bond proceeds are required to be deposited and as funds that can benefit from and be augmented by the proceeds. The resolution authorizes the VLB to determine the appropriate use of the bond proceeds. The resolution sets forth the required language for the ballot.

ELECTION DATE

The constitutional amendment proposed by this joint resolution will be submitted to the voters at an election to be held November 3, 2009.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.J.R. 116 differs from the original by including the provision of land mortgage loans to state veterans, in addition to home mortgage loans as in the original, in the purpose of the authority of the Veterans' Land Board to provide for, issue, and sell general obligation bonds of the state.