BILL ANALYSIS

Senate Research Center
81R245 DWS-F

S.B. 263
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Finance
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

In the November 2007 election, the people of Texas approved a constitutional amendment to allow the Texas Department of Transportation (TxDOT) to issue general obligation bonds for highway improvement projects. However, the enabling legislation for that constitutional amendment failed to pass during the 80th Legislature.

As proposed, S.B. 263 is the enabling legislation authorizing issuance of general obligation bonds by the Texas Transportation Commission (TTC) to fund state highway improvement projects. The bill also sets forth certain limits on the principal amount of the bonds and the use of the bonds' proceeds and authorizes TTC to enter into credit agreements.

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) Authorizes the Texas Transportation Commission (TTC) to issue general obligation bonds to fund state highway improvement projects.

(b) Prohibits the aggregate principal amount of the bonds that are issued from exceeding the amount specified by Section 49-p(a) (relating to TTC and Texas highway improvement funds), Article III, Texas Constitution.

(c) Prohibits the proceeds of the bonds from being used for any purpose other than the payment of any costs related to the bonds and the purposes for which revenues are dedicated under Section 7-a (Revenues from Motor Vehicle Registration Fees and Taxes on Motor Fuels and Lubricants; Purposes for Which Used), Article VIII, Texas Constitution.

(d) Authorizes TTC to enter into credit agreements, as defined by Chapter 1371 (Obligations for Certain Public Improvements), Government Code, relating to the bonds. Authorizes the agreements to be secured by and payable from the same sources as the bonds.

(e) Provides that all laws affecting the issuance of bonds and other public securities by governmental entities, including Chapters 1201 (Public Security Procedures Act), 1202 (Examination and Registration of Public Securities), 1204 (Interest Rate), 1207 (Refunding Bonds), 1231 (Bond Review Board), and 1371, Government Code, apply to the issuing of bonds and the entering into of credit agreements under this section.

(f) Authorizes the proceeds of the bonds to be used to finance other funds relating to the bonds, including debt service reserve and contingency, and to pay the expense of the issuance of the bonds.

(g) Authorizes the bonds to be sold in the manner and subject to the terms and provisions provided by the order authorizing their issuance. Requires that the bonds mature not later than 30 years after their dates of issuance, subject to any refunding or renewal.

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

SECTION 2. Effective date: upon passage or September 1, 2009.