

BILL ANALYSIS

S.J.R. 50
By: Averitt
Natural Resources
Committee Report (Unamended)

BACKGROUND AND PURPOSE

In 1997, the voters approved the creation of Texas Water Development Fund II (the "Fund II") which consolidated existing authorizations. This was accomplished through S.B. 1 and S.J.R. 17 of the 75th Legislative Session. The Texas Water Development Board (the "Board") is authorized to issue general obligation debt for the Fund and has approximately \$1.9 billion of remaining authority. The Fund is used for self-supporting water financial assistance accounts, which loan the proceeds of the board-issued bonds with the expectation that the repaid loans will pay the debt incurred by the board and nonself-supporting program, which consists of the state participation account and the water infrastructure fund. Debt issued under the state water plan draws upon that authority. Based on the projected debt issuance for the state water plan and ongoing Fund program debt, the current authority is projected to be fully utilized by fiscal year 2011.

S.J.R. 50 proposes an amendment to the Texas Constitution to authorize the Board to issue, in addition to the bonds authorized by other provisions of the Texas Constitution, general obligation bonds, at its determination and on a continuing basis, for one or more accounts of the Fund II in amounts such that the aggregate principal amount of such bonds issued by the board that are outstanding at any time does not exceed \$6 billion. The resolution establishes procedures for the issuance and purpose of such bonds.

RULEMAKING AUTHORITY

It is the Committee's opinion that the bill does not expressly delegate any additional rulemaking authority to a state office, department, institution, or agency.

ANALYSIS

SECTION 1. Amends Article III, Texas Constitution, by adding Section 49-d-11, as follows:

Section 49-d-11. ISSUANCE OF ADDITIONAL GENERAL OBLIGATION BONDS.

Subsection (a) Authorizes the Board, in addition to other bonds authorized by this article, to issue additional general obligation bonds, at its determination and on a continuing basis, for one or more accounts of the Fund II, in amounts such that the aggregate principal amount of the bonds issued under this section does not exceed \$6 billion at any one time.

Subsection (b) Applies Section 49-d-8 of this article to the bonds authorized by Section 49-d-11, except that the limitation in Section 49-d-8 of this article that the Board may not issue bonds in excess of the aggregate principal amount of previously authorized bonds, does not apply.

Subsection (c) Provides that the limitation provided by Section 49-d-8 of this article that the Board may not issue bonds in excess of the aggregate principal amount of previously authorized bonds, does not apply.

Subsection (d) Provides that the limitation on the percentage of state participation in any single project does not apply to a project funded with the proceeds of bonds issued under this section or Section 49-d-8 of this article.

Subsection (e) Prohibits bonds issued under the authority of its provisions from being issued for the purpose of augmenting the state participation account of the Fund II or the water infrastructure fund unless the legislature by general law dedicates portions of the state's revenues in support of debt service on bonds issued for such purpose. The resolution authorizes portions of the state's revenue dedicated in that manner to be used as provided by the resolution's provisions and constitutional provisions relating to the Fund II without further appropriation.

Subsection (f) Provides that the prohibition does not apply to bonds issued under authority of the resolution's provisions that at the time of their issuance are not state debt payable from the general revenue fund within the meaning of constitutional provisions relating to the limit on state debt payable from the general revenue fund.

SECTION 2. Requires the proposed constitutional amendment to be submitted to the voters at an election to be held on November 3, 2009. Sets forth the required language of the ballot.

EFFECTIVE DATE

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