

By: Zaffirini

S.B. No. 16

A BILL TO BE ENTITLED

AN ACT

relating to authorizing the issuance of revenue bonds to fund capital projects at public institutions of higher education.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter B, Chapter 55, Education Code, is amended by adding Section 55.135 to read as follows:

Sec. 55.135. PROJECT APPROVED BY COMMISSIONER OF HIGHER EDUCATION; ADDITIONAL BONDS. (a) In addition to the other authority granted by this subchapter and contingent on action by the commissioner of higher education under Subsection (e), the governing board of an institution of higher education may acquire, purchase, construct, improve, renovate, enlarge, or equip facilities, including roads and related infrastructure, for projects selected by the commissioner under Subsection (e), to be financed through the issuance of bonds in accordance with this subchapter or any applicable systemwide revenue financing program, in an aggregate principal amount not to exceed \$100 million for any project.

(b) The board may pledge irrevocably to the payment of bonds authorized by this section all or any part of the revenue funds of an institution, branch, or entity under the control and management of the governing board, including student tuition charges. The amount of a pledge made under this subsection may not be reduced or abrogated while the bonds for which the pledge is made, or bonds

1 issued to refund those bonds, are outstanding.

2 (c) If sufficient funds are not available to the board to
3 meet its obligations under this section, the board may transfer
4 funds among institutions, branches, and entities under the control
5 and management of the governing board to ensure the most equitable
6 and efficient allocation of available resources for each
7 institution, branch, or entity to carry out its duties and
8 purposes.

9 (d) General revenue may not be appropriated for the purpose
10 of reimbursing the applicable institution or system for debt
11 service on bonds authorized by this section for any state fiscal
12 year earlier than the state fiscal year beginning September 1,
13 2015.

14 (e) A governing board may issue bonds authorized by this
15 section only if the commissioner of higher education makes the
16 findings required by this subsection. The commissioner may select
17 a project to be financed with bonds authorized by this section if
18 the commissioner finds that:

19 (1) the project has funding support equal to at least
20 two-thirds of the project's estimated completed cost from private
21 philanthropic sources or from other funds available to the
22 applicable institution;

23 (2) the project is nominated for funding under this
24 section by the governing board;

25 (3) the project has been recommended by the Texas
26 Higher Education Coordinating Board in the coordinating board's
27 evaluation of proposed bonding projects; and

1 (4) the institution will comply with Subsection (f).

2 (f) An institution issuing bonds under this section shall
3 pay at least 20 percent of the debt service on those bonds from
4 funds other than appropriations of undedicated general revenue.

5 SECTION 2. Section 61.0572(e), Education Code, is amended
6 to read as follows:

7 (e) Approval of the board is not required to acquire real
8 property that is financed by bonds issued under Section 55.135,
9 55.17(e)(3) or (4), 55.1713-55.1718, 55.1721-55.1728,
10 55.1735(a)(1), 55.174, 55.1742, 55.1743, 55.1744,
11 55.1751-55.17592, 55.1768, 55.1771, or 55.17721, except that the
12 board shall review all real property to be financed by bonds issued
13 under those sections to determine whether the property meets the
14 standards adopted by the board for cost, efficiency, and space use.
15 If the property does not meet those standards, the board shall
16 notify the governor, the lieutenant governor, the speaker of the
17 house of representatives, and the Legislative Budget Board.

18 SECTION 3. Section 61.058(b), Education Code, is amended to
19 read as follows:

20 (b) This section does not apply to construction, repair, or
21 rehabilitation financed by bonds issued under Section 55.135,
22 55.17(e)(3) or (4), 55.1713-55.1718, 55.1721-55.1728, 55.174,
23 55.1742, 55.1743, 55.1744, 55.1751-55.17592, 55.1768, 55.1771, or
24 55.17721, except that the board shall review all construction,
25 repair, or rehabilitation to be financed by bonds issued under
26 those sections to determine whether the construction,
27 rehabilitation, or repair meets the standards adopted by board rule

1 for cost, efficiency, and space use. If the construction,
2 rehabilitation, or repair does not meet those standards, the board
3 shall notify the governor, the lieutenant governor, the speaker of
4 the house of representatives, and the Legislative Budget Board.