

BILL ANALYSIS

H.B. 1732
By: Ritter
Natural Resources
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The Texas Water Development Board has both self-supporting debt and debt that is not self-supporting among its various programs. A self-supporting program is a program that has loan repayment that covers the cost of debt service related to the bond proceeds used to fund the program. Conversely, a program that is not self-supporting does not have the level of loan repayment to cover the cost of debt service related to the bond proceeds used to fund the program and requires general revenue funds to cover the cost of debt service. The Texas Water Development Board's constitutional authority to issue debt is presumed to be self-supporting, and the board does not issue debt that is not self-supporting unless the legislature appropriates general revenue expressly for this purpose.

H.B. 1732 codifies the practice by which the board's debt is classified as either self-supporting or not self-supporting in compliance with constitutional debt limit provisions.

RULEMAKING AUTHORITY

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

ANALYSIS

SECTION 1. Amends Section 17.003, Water Code, by adding Subsections (c), (d), and (e) as follows:

Section 17.003. (c) Requires the executive administrator of the Texas Water Development Board (TWDB), in requesting approval for the issuance of bonds, to certify to the bond review board the debt service on the bonds that is reasonably expected to be paid from the general revenues of the state and revenue sources other than the general revenues of the state.

(d) Requires the bond review board to determine the portion of the debt service on bonds to be issued by the TWDB that is state debt payable from the general revenues of the state, in accordance with the findings made by the TWDB in the resolution authorizing the issuance of the bonds and the certification provided by the executive administrator.

(e) Provides that bonds issued by the TWDB that are designed to be paid from the general revenues of the state must cease to be considered bonds payable from those revenues if the bonds are backed by insurance or another form of guarantee that ensures payment from a source other than the general revenues of the state or if the TWDB demonstrates to the satisfaction of the bond review board that the bonds no longer require payment from the general revenues of the state and the bond review board so certifies to the Legislative Budget Board.

SECTION 2. Provides the effective date of this Act.

EFFECTIVE DATE

This Act takes effect September 1, 2011.