BILL ANALYSIS

C.S.H.B. 2251
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Pensions, Investments & Financial Services
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The Legislature created the Texas Public Finance Authority (TPFA) in 1983 to issue bonds on behalf of the General Services Commission, and has since expanded its clients to currently include more than 20 state entities. Today, TPFA is the State's primary issuer of debt repaid only from General Revenue.

The mission of TPFA is to provide the most cost-effective financing available to fund capital projects, equipment purchases, and other programs authorized by the Legislature. TPFA is subject to the Sunset Act and will be abolished on September 1, 2011, unless continued by the Legislature. As a result of its review of TPFA, the Sunset Advisory Commission recommended continuation of the agency and several statutory changes that are contained in this legislation.

C.S.H.B. 2251 continues the existence of TPFA and amends current law relating to the functions of the Texas Public Finance Authority.

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

Continues the Texas Public Finance Authority.
C.S.H.B. 2251 changes the Texas Public Finance Authority's Sunset review date to 2023 to continue the agency for 12 years.

Removes an obstacle to efficiently issuing state debt for the Cancer Prevention and Research Institute of Texas.
C.S.H.B. 2251 removes the requirement that the Cancer Prevention and Research Institute of Texas (CPRIT) escrow multi-year grant award funds and instead requires CPRIT to distribute remaining funds as the money is needed in each subsequent fiscal year. The substitute also requires CPRIT's oversight committee to specify the total amount of money approved to fund a multiyear project and clarifies that the total amount specified is considered, for purposes of the subchapter, to have been awarded in the fiscal year that the project is approved by the research and prevention program committee.

The substitute allows funds to be distributed to a CPRIT multi-year grant recipient after TPFA has certified that obligations in an amount sufficient to pay the money needed to fund the project have been authorized for issuance by TPFA and approved by the Bond Review Board. The substitute also requires TPFA's Board, after issuing the obligations, to pay the costs of issuance and any related bond administrative costs of TPFA; certify to CPRIT and the Comptroller that the proceeds from the issuance are available; and deposit the proceeds into the state treasury to be credited to CPRIT's account.

Provides flexibility for certain colleges and universities to use TPFA.
C.S.H.B. 2251 authorizes TPFA to provide debt issuance services for Texas State Technical College or general academic teaching institutions as defined by Section 61.003, Education Code, upon agreement, and authorizes reimbursement of TPFA for these services. The substitute also provides that in connection with the issuance or refunding of bonds on behalf of such institutions, TPFA is subject to all rights, duties, and conditions surrounding issuance previously applicable to the issuing institution.

Removes Stephen F. Austin State University as a full client of TPFA.
C.S.H.B. 2251 removes the requirement that TPFA issue bonds for Stephen F. Austin State University.

Applies a standard Sunset across-the-board recommendation.
C.S.H.B. 2251 adds standard Sunset language requiring the Authority to develop a policy that encourages the use of negotiated rulemaking and alternative dispute resolution.

Instructional Provisions
C.S.H.B. 2251 specifies that changes to debt issuance for CPRIT do not affect grants awarded before the effective date of the Act. The substitute also provides that changes regarding college and university debt issuance do not apply to bonds authorized before the effective date of the Act.

EFFECTIVE DATE

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2011.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The substitute removes language in the original bill allowing CPRIT's grant projects to begin after TPFA has certified that obligations in an amount sufficient to pay the money needed to fund the project have been authorized for issuance by TPFA and approved by the Bond Review Board; or the proceeds have been deposited into the state treasury and the Comptroller has certified their availability; the reserve funds and capitalized interest have been paid; and the costs of issuing the obligations have been paid. The substitute instead allows funds to be distributed to a CPRIT grant recipient after TPFA has certified that obligations in an amount sufficient to pay the money needed to fund the project have been authorized for issuance by TPFA and approved by the Bond Review Board. The substitute, unlike the original bill, also requires TPFA's Board, after issuing the obligations, to pay the costs of issuance and any related bond administrative costs of TPFA; certify to CPRIT and the Comptroller that the proceeds from the issuance are available; and deposit the proceeds into the state treasury to be credited to CPRIT's account.

The original bill specified that changes to debt issuance for CPRIT do not affect grants made before September 1, 2011. The substitute specifies that changes to debt issuance for CPRIT do not affect grants awarded before the effective date of the Act.

The original bill required TPFA to issue authorized debt for Texas State Technical College System. The substitute does not include this provision.

The original bill specified that changes to debt issuance for CPRIT do not affect grants made before September 1, 2011. The substitute specifies that changes to debt issuance for CPRIT do not affect grants awarded before the effective date of the Act.

The original bill provided that changes regarding college and university debt issuance do not apply to bonds authorized on or before the effective date of the Act. The substitute provides that changes regarding university debt issuance do not apply to bonds authorized before the effective date of the Act.

The original bill had an effective date of September 1, 2011. The substitute is effective upon passage, or, if the Act does not receive the necessary two-thirds vote, on September 1, 2011.