

BILL ANALYSIS

Senate Research Center
82R1823 SMH-F

S.B. 334
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Finance
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

S.B. 334 amends Section 17.003, Water Code, to codify the current practice of the Texas Bond Review Board (BRB) in calculating the amount of non-self-supporting Texas Water Development Board (TWDB) bonds that count against TWDB's constitutional debt limit. Non-self-supporting bonds are those that are reasonably expected to be paid from the general revenues of the state.

In requesting approval of a bond issue from BRB, the executive administrator of TWDB must certify the debt service on the bonds that is reasonably expected to be paid from the general revenues of the state and the amount of debt service on the bonds that is reasonably expected to be paid from sources other than the general revenue of the state.

BRB must then determine the portion of the debt service on TWDB bonds that is state debt payable from the general revenues of the state, in accordance with the TWDB's bond resolution and the executive administrator's certification.

TWDB bonds that are originally designed to be non-self-supporting will become self-supporting if either the bonds are backed by insurance or another form of guarantee, or the TWDB demonstrates to the satisfaction of BRB that the bonds no longer require payment from the general revenues of the state, and BRB so certifies to the Legislative Budget Board. TWDB was able to make this demonstration regarding five series of its state participation bonds in July 2010, and regarding two series of its Water Infrastructure Fund bonds in November 2010.

As proposed, S.B. 334 amends current law relating to the applicability of the constitutional limit on state debt payable from the general revenues of the state to bonds issued by the Texas Water Development Board.

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

(c) Requires the executive administrator of the Texas Water Development Board (executive administrator) to certify to the Texas Bond Review Board (BRB) 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 BRB to determine the portion of the debt service on bonds to be issued by the Texas Water Development Board (TWDB) under this chapter that is state debt payable from the general revenues of the state, in accordance with findings made by TWDB in the resolution authorizing the issuance of the bonds and the certification provided by the executive administrator under Subsection (c).

(e) Requires that bonds issued under this chapter that are designed to be paid from the general revenues of the state cease to be considered bonds payable from those revenues if:

(1) the bonds are backed by insurance or another form of guarantee that ensures payment from a source other than the general revenue of the state; or

(2) TWDB demonstrates to the satisfaction of BRB that the bonds no longer require payment from the general revenues of the state and BRB so certifies to the Legislative Budget Board.

SECTION 2. Effective date: September 1, 2011.