

BILL ANALYSIS

S.J.R. 50
By: West
Higher Education
Committee Report (Unamended)

BACKGROUND AND PURPOSE

S.J.R. 50 proposes a constitutional amendment providing for the issuance of general obligation bonds to finance educational loans to students.

RULEMAKING AUTHORITY

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

ANALYSIS

SECTION 1. Amends Article III, Texas Constitution, by adding Section 50b-7, as follows:

Sec. 50b-7. (a) Authorizes the legislature by general law to authorize the Texas Higher Education Coordinating Board (THECB) or its successor or successors to issue and sell general obligation bonds of the State of Texas for the purpose of financing educational loans to students in the manner provided by law. Requires that the principal amount of outstanding bonds issued under this section at all times be equal to or less than the aggregate principal amount of state general obligation bonds previously authorized for that purpose by any other provision or former provision of this constitution.

(b) Requires that the bonds be executed in the form, on the terms, and in the denominations, bear interest, and be issued in installments as prescribed by THECB or its successor or successors.

(c) Prohibits the maximum net effective interest rate to be borne by bonds issued under this section from exceeding the maximum rate provided by law.

(d) Authorizes the legislature to provide for the investment of bond proceeds and to establish and provide for the investment of an interest and sinking fund to pay the bonds. Requires that income from the investment be used for the purposes prescribed by the legislature.

(e) Provides that, while any of the bonds issued under this section or interest on the bonds is outstanding and unpaid, there is appropriated out of the first money coming into the treasury in each fiscal year, not otherwise appropriated by this constitution, the amount sufficient to pay the principal of and interest on the bonds that mature or become due during the fiscal year, less any amount in an interest and sinking fund established under this section at the end of the preceding fiscal year that is pledged to the payment of the bonds or interest.

(f) Provides that bonds issued under this section, after approval by the attorney general, registration by the comptroller of public accounts, and delivery to the purchasers, are incontestable.

EFFECTIVE DATE

This proposed constitutional amendment shall be submitted to the voters at an election to be held November 8, 2011.