

1-1 By: Ritter (Senate Sponsor - Hinojosa) H.B. No. 1732  
1-2 (In the Senate - Received from the House April 7, 2011;  
1-3 April 14, 2011, read first time and referred to Committee on  
1-4 Finance; May 20, 2011, reported adversely, with favorable  
1-5 Committee Substitute by the following vote: Yeas 9, Nays 1;  
1-6 May 20, 2011, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR H.B. No. 1732 By: Hinojosa

1-8 A BILL TO BE ENTITLED  
1-9 AN ACT

1-10 relating to the applicability of the constitutional limit on state  
1-11 debt payable from the general revenues of the state to bonds issued  
1-12 by the Texas Water Development Board.

1-13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-14 SECTION 1. Section 17.003, Water Code, is amended by adding  
1-15 Subsections (c), (d), (e), and (f) to read as follows:

1-16 (c) Water financial assistance bonds that have been  
1-17 authorized but have not been issued are not considered to be state  
1-18 debt payable from the general revenue fund for purposes of Section  
1-19 49-j, Article III, Texas Constitution, until the legislature makes  
1-20 an appropriation from the general revenue fund to the board to pay  
1-21 the debt service on the bonds.

1-22 (d) In requesting approval for the issuance of bonds under  
1-23 this chapter, the executive administrator shall certify to the bond  
1-24 review board whether the bonds are reasonably expected to be paid  
1-25 from:

1-26 (1) the general revenues of the state; or  
1-27 (2) revenue sources other than the general revenues of  
1-28 the state.

1-29 (e) The bond review board shall verify whether debt service  
1-30 on bonds to be issued by the board under this chapter is state debt  
1-31 payable from the general revenues of the state, in accordance with  
1-32 the findings made by the board in the resolution authorizing the  
1-33 issuance of the bonds and the certification provided by the  
1-34 executive administrator under Subsection (d).

1-35 (f) Bonds issued under this chapter that are designed to be  
1-36 paid from the general revenues of the state shall cease to be  
1-37 considered bonds payable from those revenues if:

1-38 (1) the bonds are backed by insurance or another form  
1-39 of guarantee that ensures payment from a source other than the  
1-40 general revenues of the state; or

1-41 (2) the board demonstrates to the satisfaction of the  
1-42 bond review board that the bonds no longer require payment from the  
1-43 general revenues of the state and the bond review board so certifies  
1-44 to the Legislative Budget Board.

1-45 SECTION 2. This Act takes effect September 1, 2011.

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