

BILL ANALYSIS

C.S.H.B. 885
By: Murphy
Public Education
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties contend that recent legislation allowing open-enrollment charter schools to have bonds guaranteed by the permanent school fund has led to an improvement in their bond ratings through all major investment agencies and a decrease in the amount of interest due over the life of a charter school bond. The parties suggest that extending such permanent school fund guarantee to refunding and refinanced bonds issued by or for a charter school will result in lower interest rates for certain charter schools and allow returns funds to be used for instructional purposes in the classroom. Because public charter schools currently serve more than 150,000 Texas schoolchildren, securing charter school access to these bond proceed funds is vital. C.S.H.B. 885 seeks to amend current law relating to charter school bonds.

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

C.S.H.B. 885 amends the Education Code to include refunding and refinanced bonds among the types of bonds issued under the Higher Education Facility Authority for Public Schools Act for which a charter district is authorized to apply and that are to be guaranteed by the permanent school fund. The bill includes refinanced bonds among the types of bonds guaranteed by the corpus and income of the permanent school fund on approval by the commissioner of education and caps the total amount of charter district refunding or refinanced bonds that the commissioner may approve for such guarantee at one-half of the total amount available for the guarantee of all charter district bonds.

EFFECTIVE DATE

September 1, 2013.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 885 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and highlighted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED	HOUSE COMMITTEE SUBSTITUTE
SECTION 1. Section 12.135(b), Education Code, is amended.	SECTION 1. Same as introduced version.

SECTION 2. Section 45.052(a), Education Code, is amended.

SECTION 2. Same as introduced version.

No equivalent provision.

SECTION 3. Section 45.0532, Education Code, is amended by adding Subsection (a-1) to read as follows:

(a-1) The commissioner may not approve charter district refunding or refinanced bonds for guarantee under this subchapter in a total amount that exceeds one-half of the total amount available for the guarantee of charter district bonds under Subsection (a).

SECTION 3. This Act applies only to a bond issued, refunded, or refinanced on or after the effective date of this Act by an open-enrollment charter school designated as a charter district under Section 12.135, Education Code. A bond issued, refunded, or refinanced before the effective date of this Act by an open-enrollment charter school designated as a charter district is governed by the law in effect immediately before that date, and that law is continued in effect for that purpose.

SECTION 4. Same as introduced version.

SECTION 4. This Act takes effect September 1, 2013.

SECTION 5. Same as introduced version.