

BILL ANALYSIS

H.B. 2474
By: King, Phil
Higher Education
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Current law authorizes counties and school districts, with voter approval, to levy a junior college district branch campus maintenance tax for the operation, maintenance, and support of a junior college branch campus within their boundaries. In addition to the branch campus maintenance tax, certain counties have issued bonds to finance the construction and acquisition of branch campus facilities for the purpose of leasing them to the junior college district. These county bonds are issued as lease-revenue bonds, secured by and payable from lease payments made by the junior college district to the county.

Interested parties note that current law does not expressly authorize a junior college district to use branch campus maintenance tax proceeds to make and secure its lease payments for a branch campus and that municipal bond rating agencies have expressed an unwillingness to grant a rating on county lease-revenue bonds payable from district lease payments without additional security for the bonds in the form of a trust indenture, deed of trust, or mortgage on the financed property. Counties are not authorized by existing law to grant such additional security on their lease-revenue bonds issued for branch campus facilities.

H.B. 2474 seeks to enable counties to benefit from receiving a rating in the future should they wish to issue debt for the benefit of a junior college district or refinance outstanding lease-revenue bonds by expanding the permissible use of the proceeds from a junior college district branch campus maintenance tax, with the intention of allowing counties and junior college districts to channel the savings into educational programs.

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

H.B. 2474 amends the Education Code to change the permissible use of the proceeds of a junior college district branch campus maintenance tax from the operation and maintenance of a junior college district branch campus and the support of its programs and services in the area of a jurisdiction that levies the tax to operate, maintain, and support the same branch campus to the operation and maintenance of a junior college district branch campus and support of its programs and services in the area of the political subdivision that levied the tax and, under an agreement by the applicable junior college district and the political subdivision levying the tax, the provision of lease payments to the political subdivision for facilities used exclusively by the branch campus that are owned by the political subdivision.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2013.