

BILL ANALYSIS

Senate Research Center
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H.B. 1224
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Texas Water Development Board (TWDB) leverages the clean water state revolving fund to sell bonds to increase the amount of available funds. While that fund is a more mature program and has an underlying credit pool and cash flow to warrant high bond ratings, the underlying credit pool and weaker cash flow of the drinking water state revolving fund, which TWDB also has the authority to leverage, would most likely result in lesser bond ratings that would make it more difficult to sell leveraged bonds. Cross-collateralization, when authorized, allows funds from one state revolving fund to be used to secure other state revolving funds from revenue shortfalls and that cross-collateralization can have a significant positive impact overall on state revolving fund programs. H.B. 1224 seeks to provide for the cross-collateralization of certain funds.

H.B. 1224 amends current law relating to the purposes for which the assets of certain revolving funds administered by the Texas Water Development Board may be used.

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 Subchapter J, Chapter 15, Water Code, by adding Section 15.6042, as follows:

Sec. 15.6042. CROSS-COLLATERALIZATION OF FUNDS. (a) Defines "state revolving fund bonds."

(b) Authorizes the Texas Water Development Board by resolution, notwithstanding any other law to the contrary, to approve the use of assets of the revolving fund, the safe drinking water revolving fund, or an additional state revolving fund as a source of revenue or security, or both revenue and security, for the payment of the principal of and interest on state revolving fund bonds.

SECTION 2. Effective date: upon passage or September 1, 2015.