

By: Koop

H.B. No. 272

Substitute the following for H.B. No. 272:

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C.S.H.B. No. 272

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the creation of a state financing program administered
3 by the Texas Public Finance Authority to assist school districts
4 with certain expenses; granting authority to issue bonds or other
5 obligations.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

7 SECTION 1. Subchapter E, Chapter 45, Education Code, is
8 amended by adding Sections 45.116 and 45.117 to read as follows:

9 Sec. 45.116. ASSISTANCE FROM TEXAS PUBLIC FINANCE
10 AUTHORITY. (a) A school district may:

11 (1) borrow money from the Texas Public Finance
12 Authority made available in accordance with Section 1232.1031,
13 Government Code; and

14 (2) as necessary in connection with obtaining loans or
15 other financial assistance from the Texas Public Finance Authority
16 in accordance with Section 1232.1031, Government Code:

17 (A) issue bonds and notes, provided that the term
18 of an obligation issued for this purpose may not exceed 15 years;
19 and

20 (B) enter into loan agreements, lease
21 agreements, lease purchase agreements, or other appropriate
22 financing agreements with the Texas Public Finance Authority.

23 (b) A school district may:

24 (1) make payments on an obligation or agreement issued

1 or executed under Subsection (a) using any available funds,
2 including maintenance and operations tax revenue; and

3 (2) secure the payment of an obligation or agreement
4 issued or executed under Subsection (a) through:

5 (A) creating a lien against equipment obtained
6 using the proceeds of the obligation;

7 (B) imposing an ad valorem tax otherwise
8 authorized by law; or

9 (C) obtaining credit enhancement under
10 Subchapter I.

11 Sec. 45.117. PAYMENT PROTECTIONS FOR TEXAS PUBLIC FINANCE
12 AUTHORITY. (a) In this section, "obligation" means an obligation
13 issued by the Texas Public Finance Authority under Section
14 1232.1031, Government Code, for the benefit of a school district.

15 (b) Immediately following a determination that a school
16 district will be or is unable to pay maturing or matured principal
17 or interest on an obligation, but not later than the fifth day
18 before maturity date, the school district shall notify the
19 commissioner.

20 (c) Immediately following receipt of notice from a school
21 district under Subsection (b), the commissioner shall instruct the
22 comptroller to transfer to the Texas Public Finance Authority from
23 the next payment of state money payable to the district from
24 appropriations to the Foundation School Program the amount
25 necessary to pay the maturing or matured principal or interest.

26 (d) Immediately following receipt of the funds for payment
27 of the principal or interest, the Texas Public Finance Authority

1 shall forward the canceled obligation to the comptroller. The
2 comptroller shall hold the canceled obligation on behalf of the
3 Texas Public Finance Authority.

4 (e) Following full reimbursement to the Texas Public
5 Finance Authority with interest, the comptroller shall cancel the
6 obligation and forward it to the school district.

7 (f) If a school district fails to pay principal or interest
8 on an obligation at maturity, other obligations not yet mature are
9 not accelerated and are not due by virtue of the school district's
10 default.

11 (g) If a total of two or more payments are made using state
12 money otherwise payable to a school district from appropriations to
13 the Foundation School Program and the commissioner determines that
14 the district is acting in bad faith, the commissioner may request
15 the attorney general to institute appropriate legal action to
16 compel the school district and the district's officers, agents, and
17 employees to comply with the duties required by law in regard to the
18 appropriate obligations. Jurisdiction of proceedings under this
19 subsection is in district court in Travis County.

20 (h) The Texas Public Finance Authority may adopt rules
21 necessary for the administration of obligations issued on behalf of
22 school districts.

23 (i) The Texas Public Finance Authority and the agency may
24 enter into a memorandum of understanding governing the duties of
25 the authority and agency under Section 45.116 and this section and
26 Section 1232.1031, Government Code.

27 SECTION 2. Section [45.252](#), Education Code, is amended by

1 adding Subsection (a-1) to read as follows:

2 (a-1) A school district may apply for credit enhancement
3 under this subchapter of obligations issued under Section 45.116.

4 SECTION 3. Subchapter C, Chapter 1232, Government Code, is
5 amended by adding Section 1232.1031 to read as follows:

6 Sec. 1232.1031. ISSUANCE OF OBLIGATIONS TO ASSIST SCHOOL
7 DISTRICTS. (a) The authority may issue and sell obligations to
8 finance:

9 (1) loans to eligible school districts for eligible
10 purposes;

11 (2) the purchase by the authority of vehicles,
12 equipment, or appliances for sale, lease, or lease purchase to
13 eligible school districts;

14 (3) a lease or other agreement that concerns equipment
15 that an eligible school district has purchased or leased or intends
16 to purchase or lease; and

17 (4) costs associated with maintenance, repair,
18 rehabilitation, or renovation of eligible school district
19 facilities.

20 (b) The authority may use proceeds of obligations issued
21 under this section to pay costs of administering this section,
22 including costs of issuing obligations.

23 (c) In connection with a purchase or project financed with
24 the proceeds of obligations issued under this section, the
25 authority may:

26 (1) enter into loan agreements, lease agreements,
27 lease purchase agreements, or other appropriate financing

1 agreements with eligible school districts;

2 (2) purchase obligations issued by eligible school
3 districts; and

4 (3) enter into credit agreements and exercise other
5 powers granted to issuers under Chapter 1371.

6 (d) The authority may secure payment of authority
7 obligations issued under this section with the pledge of money in
8 the school district equipment and improvement fund established
9 under Subsection (e).

10 (e) The school district equipment and improvement fund is
11 established outside the treasury as a trust fund and is
12 administered by the comptroller on behalf of the authority as
13 directed or agreed to by the board. The fund consists of proceeds
14 of obligations issued by the authority under this section and
15 obligations and agreements issued or executed by school districts
16 and purchased or funded by the authority with proceeds of authority
17 obligations. Money in the fund may be spent without appropriation
18 and may be used only to fund activities under this section or to
19 secure repayment of authority obligations. Interest and income
20 from the assets of the fund shall be credited to and deposited in
21 the fund.

22 (f) The board may establish funds and accounts determined to
23 be necessary or appropriate in connection with the activities of
24 the authority under this section.

25 (g) The aggregate amount of obligations issued by the
26 authority under this section outstanding at one time may not exceed
27 \$100 million.

1 (h) The board shall adopt rules necessary to implement this
2 section, including rules prescribing eligibility requirements for
3 school districts seeking assistance under this section, rules
4 identifying eligible purposes for purposes of Subsection (a)(1),
5 and rules identifying eligible school district facilities for
6 purposes of Subsection (a)(4). Before adopting or modifying a rule
7 under this subsection, the board shall consult with the
8 commissioner of education.

9 (i) Rules adopted under Subsection (h) may establish a
10 process under which a school district must obtain approval by the
11 commissioner of education in order to be eligible for assistance
12 under this section.

13 (j) The authority may not issue an obligation under this
14 section on or after September 1, 2021. The prohibition imposed by
15 this subsection does not apply to:

16 (1) refunding bonds issued by the authority in
17 accordance with Chapter 1207; or

18 (2) other obligations issued by the authority to
19 refinance obligations incurred under this section before September
20 1, 2021.

21 SECTION 4. This Act takes effect immediately if it receives
22 a vote of two-thirds of all the members elected to each house, as
23 provided by Section 39, Article III, Texas Constitution. If this
24 Act does not receive the vote necessary for immediate effect, this
25 Act takes effect on the 91st day after the last day of the
26 legislative session.