

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. Section 45.051, Education Code, is amended to  
8 read as follows:

9 Sec. 45.051. DEFINITIONS. In this subchapter:

10 (1) "Authority" means the Texas Public Finance  
11 Authority.

12 (2) "Board" means the State Board of Education.

13 (3) [~~1-a~~] "Charter district" means an  
14 open-enrollment charter school designated as a charter district  
15 under Section 12.135.

16 (4) [~~2~~] "Paying agent" means the financial  
17 institution that is designated by a school district, a [~~or~~] charter  
18 district, or the authority as its agent for the payment of the  
19 principal of and interest on guaranteed bonds.

20 SECTION 2. Section 45.052, Education Code, is amended to  
21 read as follows:

22 Sec. 45.052. GUARANTEE. (a) On approval by the  
23 commissioner, bonds issued under Subchapter A by a school district,  
24 [~~or~~] Chapter 53 for a charter district, or Section 1232.1031,

1 Government Code, by the Texas Public Finance Authority, including  
2 refunding and refinanced bonds, are guaranteed by the corpus and  
3 income of the permanent school fund.

4 (b) Notwithstanding any amendment of this subchapter or  
5 other law, the guarantee under this subchapter of school district,  
6 ~~[or]~~ charter district, or authority bonds remains in effect until  
7 the date those bonds mature or are defeased in accordance with state  
8 law.

9 (c) In seeking the guarantee of bonds under this subchapter,  
10 the authority is subject to each provision of this subchapter that  
11 applies to a school district seeking guarantee of school district  
12 bonds, except as provided by board rules adopted under Section  
13 45.063.

14 (d) A reference in this subchapter to bonds issued by the  
15 Texas Public Finance Authority includes short-term debt  
16 obligations and any other obligations the authority is authorized  
17 to issue under Section 1232.1031, Government Code.

18 SECTION 3. Section 45.063, Education Code, is amended to  
19 read as follows:

20 Sec. 45.063. RULES. The board may adopt rules necessary for  
21 the administration of the bond guarantee program, including rules  
22 modifying requirements imposed under this subchapter as necessary  
23 to facilitate the guarantee of bonds issued by the authority. The  
24 rules must provide for the application of Sections 45.058, 45.059,  
25 45.060, 45.061, and 45.062 to a default in the payment of bonds  
26 issued by the authority and guaranteed under this subchapter in a  
27 manner that provides for the withholding of state aid under Section

1 45.061 that would otherwise be paid to the school district on whose  
2 behalf the authority issued its bonds.

3 SECTION 4. Subchapter E, Chapter 45, Education Code, is  
4 amended by adding Section 45.116 to read as follows:

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

7 (1) borrow money from the Texas Public Finance  
8 Authority made available in accordance with Section 1232.1031,  
9 Government Code; and

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

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

16 (B) enter into loan agreements, lease  
17 agreements, lease purchase agreements, or other appropriate  
18 financing agreements with the Texas Public Finance Authority.

19 (b) A school district may:

20 (1) make payments on an obligation or agreement issued  
21 or executed under Subsection (a) using any available funds,  
22 including maintenance and operations tax revenue; and

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

25 (A) creating a lien against equipment obtained  
26 using the proceeds of the obligation;

27 (B) imposing an ad valorem tax otherwise

1 authorized by law; or

2 (C) obtaining credit enhancement under  
3 Subchapter I.

4 SECTION 5. Section 45.252, Education Code, is amended by  
5 adding Subsection (a-1) to read as follows:

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

8 SECTION 6. Subchapter C, Chapter 1232, Government Code, is  
9 amended by adding Section 1232.1031 to read as follows:

10 Sec. 1232.1031. ISSUANCE OF OBLIGATIONS TO ASSIST SCHOOL  
11 DISTRICTS. (a) The authority may issue and sell obligations to  
12 finance:

13 (1) loans to eligible school districts for eligible  
14 purposes;

15 (2) the purchase by the authority of vehicles,  
16 equipment, or appliances for sale, lease, or lease purchase to  
17 eligible school districts;

18 (3) a lease or other agreement that concerns equipment  
19 that an eligible school district has purchased or leased or intends  
20 to purchase or lease; and

21 (4) costs associated with maintenance, repair,  
22 rehabilitation, or renovation of eligible school district  
23 facilities.

24 (b) The authority may use proceeds of obligations issued  
25 under this section to pay costs of administering this section,  
26 including costs of issuing obligations.

27 (c) In connection with a purchase or project financed with

1 the proceeds of obligations issued under this section, the  
2 authority may:

3 (1) enter into loan agreements, lease agreements,  
4 lease purchase agreements, or other appropriate financing  
5 agreements with eligible school districts;

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

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

10 (d) The authority may secure payment of authority  
11 obligations issued under this section with the pledge of money in  
12 the school district equipment and improvement fund established  
13 under Subsection (e).

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

26 (f) The board may establish funds and accounts determined to  
27 be necessary or appropriate in connection with the activities of

1 the authority under this section.

2 (g) The aggregate amount of obligations issued by the  
3 authority under this section outstanding at one time may not exceed  
4 \$100 million.

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

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

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

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

22 (2) other obligations issued by the authority to  
23 refinance obligations incurred under this section before September  
24 1, 2021.

25 SECTION 7. This Act takes effect September 1, 2017.