

By: Koop

H.B. No. 3438

A BILL TO BE ENTITLED

AN ACT

1  
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, ~~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 SECTION 3. Section 45.063, Education Code, is amended to  
15 read as follows:

16 Sec. 45.063. RULES. The board may adopt rules necessary for  
17 the administration of the bond guarantee program, including rules  
18 modifying requirements imposed under this subchapter as necessary  
19 to facilitate the guarantee of bonds issued by the authority. The  
20 rules must provide for the application of Sections 45.058, 45.059,  
21 45.060, 45.061, and 45.062 to a default in the payment of bonds  
22 issued by the authority and guaranteed under this subchapter in a  
23 manner that provides for the withholding of state aid under Section  
24 45.061 that would otherwise be paid to the school district on whose  
25 behalf the authority issued its bonds.

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

1 Sec. 45.116. ASSISTANCE FROM TEXAS PUBLIC FINANCE

2 AUTHORITY. (a) A school district may:

3 (1) borrow money from the Texas Public Finance  
4 Authority made available in accordance with Section 1232.1031,  
5 Government Code; and

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

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

12 (B) enter into loan agreements, lease  
13 agreements, lease purchase agreements, or other appropriate  
14 financing agreements with the Texas Public Finance Authority.

15 (b) A school district may:

16 (1) make payments on an obligation issued under  
17 Subsection (a) using any available funds, including maintenance and  
18 operations tax revenue; and

19 (2) secure the payment of an obligation issued under  
20 Subsection (a) through:

21 (A) creating a lien against equipment obtained  
22 using the proceeds of the obligation; or

23 (B) obtaining credit enhancement under  
24 Subchapter I.

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

27 (a-1) A school district may apply for credit enhancement

1 under this subchapter of bonds issued under Section 45.116.

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

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

7 (1) loans to eligible school districts for eligible  
8 purposes;

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

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

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

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

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

24 (1) enter into loan agreements, lease agreements,  
25 lease purchase agreements, or other appropriate financing  
26 agreements with eligible school districts; or

27 (2) enter into credit agreements and exercise other

1 powers granted to issuers under Chapter 1371.

2 (d) The authority may secure payment of authority  
3 obligations issued under this section with the pledge of money in  
4 the school district equipment and improvement fund established  
5 under Subsection (e).

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

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

20 (g) The aggregate amount of outstanding obligations issued  
21 by the authority under this section may not exceed \$100 million.

22 (h) The board shall adopt rules necessary to implement this  
23 section, including rules prescribing eligibility requirements for  
24 school districts seeking assistance under this section, rules  
25 identifying eligible purposes for purposes of Subsection (a)(1),  
26 and rules identifying eligible school district facilities for  
27 purposes of Subsection (a)(4). Before adopting or modifying a rule

1 under this subsection, the board shall consult with the  
2 commissioner of education.

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

7 (j) The authority may not issue an obligation under this  
8 section on or after September 1, 2021.

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