**BILL ANALYSIS**

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| Senate Research Center | H.B. 3850 |
| 86R23351 AJZ-D | By: Deshotel; Lozano (Creighton) |
|  | Transportation |
|  | 5/16/2019 |
|  | Engrossed |

**AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

It has been noted that the ship channel improvement revolving fund was recently created to provide funding for much-needed infrastructure improvement to Texas waterways. However, there have been calls to refine the methodology for providing financing through the fund to allow financing for the sponsor's local share. To provide financing flexibility and predictability, H.B. 3850 seeks to revise the methodology through which certain ship channel improvements are funded.

H.B. 3850 amends the Transportation Code to authorize the Texas Transportation Commission (TTC) to issue revenue bonds for the purpose of providing money for the ship channel improvement revolving fund and to require bond proceeds to be deposited in the fund. The bill changes the purpose for which TTC is required to establish by rule a revolving loan program to use money from the fund from financing qualified projects for navigation districts to enhancing the financing capabilities of entities responsible for the local share of qualified projects by providing revenue or security for low-interest loans, longer repayment terms for loans, and flexible loan repayment terms.

H.B. 3850 amends current law relating to the funding of certain ship channel improvements and authorizes the Texas Transportation Commission to issue revenue bonds.

**RULEMAKING AUTHORITY**

Rulemaking authority previously granted to the Texas Transportation Commission is modified in SECTION 2 (Section 56.003, Transportation Code) of this bill.

**SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 56.002(b), Transportation Code, as follows:

(b) Requires the following money to be credited to the ship channel improvement revolving fund (fund):

(1)–(2) makes no changes to these subdivisions;

(3) makes a nonsubstantive change to this subdivision;

(4) proceeds of bonds issued under Section 56.004; and

(5) creates this subdivision from existing text and makes no further changes.

SECTION 2. Amends Section 56.003(a), Transportation Code, as follows:

(a) Requires the Texas Transportation Commission (TTC) by rule to establish a revolving loan program to use money from the fund to enhance the financing capabilities of entities responsible for the local share of qualified project costs by providing revenue or security for:

(1) low-interest loans;

(2) longer repayment terms for loans; and

(3) flexible loan repayment terms, including:

(A) loan structures similar to a line of credit; and

(B) authorized prepayment of loans in advance of the loan's stated maturity date. Deletes text requiring TTC by rule to establish a revolving loan program to use money from the fund to finance qualified projects for navigation districts.

SECTION 3. Amends Chapter 56, Transportation Code, by adding Section 56.004, as follows:

Sec. 56.004. REVENUE BONDS. Authorizes TCC to issue revenue bonds for the purpose of providing money for the fund. Requires bond proceeds to be deposited in the fund.

SECTION 4. Effective date: upon passage or September 1, 2019.