

## **BILL ANALYSIS**

Senate Research Center  
86R12673 SRA-F

H.B. 2968  
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Higher Education  
5/7/2019  
Engrossed

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

The Texas Higher Education Coordinating Board's (THECB) student loan program was initially authorized by the Texas Legislature in 1965. For more than 50 years, the student loan program has provided students a low-cost alternative to help fund their higher education. The demand for the student loan program, which is funded through the issuance of tax-exempt state bonds, has grown substantially (130 percent) over the past 10 years while the availability of tax-exempt bond funding (authorized in Chapter 1372 of the Government Code) is becoming more constrained due to increasing demand and growth within the state. This creates uncertainty regarding future availability of funding for the THECB student loan program. Statutorily, THECB is limited to \$75 million per bond issuance/project annually, which is insufficient to support the current and future needs of Texas students.

H.B. 2968 will increase THECB's bonding authority from \$75 million per project to \$200 million to ensure adequate funding is available to continue to support the student loan program.

H.B. 2968 amends current law relating to procedures for the issuance of certain private activity bonds.

### **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 Section 1372.024(b), Government Code, to prohibit the amount removed under Subsection (a) (relating to providing that if, before January 2, applications received for reservations for state-voted issues total more than eight percent of the available state ceiling for that program year, the percentage of state-voted ceiling requested that is more than eight percent of the state ceiling is issued in a certain manner) from exceeding 10 percent, rather than eight percent, of the state ceiling.

SECTION 2. Amends Section 1372.037(a), Government Code, as follows:

(a) Prohibits the Texas Bond Review Board (BRB), except as provided by Subsection (b), before August 15 from granting for any single project a reservation for that year that is greater than:

(1) makes no changes to this subdivision;

(2) \$100 million, rather than \$50 million, if the issuer is an issuer of a state-voted issue, other than the Texas Higher Education Coordinating Board (THECB), or \$200 million, rather than \$75 million, if the issuer is THECB;

(3)–(4) makes no changes to these subdivisions;

(5) an amount as prescribed by Section 1372.033(d) (relating to entitling each qualified nonprofit corporation that applies for a student loan bond allocation in

compliance with all applicable application requirements for a program to receive a student loan bond allocation for that year), if the issuer is an issuer authorized by Section 53B.47 (Guaranteed Student Loans and Alternative Education Loans; Bonds For the Purchase of Education Loan Notes), Education Code, to issue qualified student loan bonds, rather than the amount as prescribed in Sections 1372.033(d), (e), and (f), if the issuer is an issuer authorized by Section 53B.47, Education Code, to issue qualified student loan bonds; or

(6) makes no changes to this subdivision.

SECTION 3. Amends Sections 1372.042(b) and (c), Government Code, as follows:

(b) Requires an issuer of state-voted issues or an issuer of qualified mortgage revenue bonds to close on the bonds for which the reservation was granted not later than the 240th day, rather than the 180th day, after the reservation date.

(c) Requires the issuer, notwithstanding Subsections (a), (a-1), and (b) (relating to deadlines for closing on certain bonds), if the 120-day period, the 150-day period, or the 240-day, rather than the 120-day period, the 150-day period, or 180-day, period, as applicable, expires on or after December 24 of the year in which the reservation was granted, to close on the bonds before December 24, except that if the applicable period expires after December 31 of that year, the issuer is authorized to notify BRB in writing before December 24 of the issuer's election to carry forward the reservation and of the issuer's expected bond closing date. Makes a conforming change.

SECTION 4. Effective date: September 1, 2019.