

BILL ANALYSIS

C.S.H.B. 4086
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Pensions, Investments & Financial Services
Committee Report (Substituted)

BACKGROUND AND PURPOSE

It has been noted that private activity bond financing is a critical financing tool for infrastructure, student loans, and residential rental housing in Texas. It has been suggested that partial funding of private activity bonds, a practice allowed in other states, should be allowed in Texas because interest is paid only on the amount funded, thereby making the loan less costly and more efficient and allowing more of the bond proceeds to be used for other expenses, such as actual construction costs in a construction project. C.S.H.B. 4086 seeks to provide for this partial funding by revising the definition of "closing" for purposes of statutory provisions relating to private activity bonds.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 4086 amends the Government Code to remove from the definition of "closing," for purposes of provisions relating to certain private activity bonds, the issuance of a bond by an issuer in exchange for the required payment for the bond. The bill establishes that the term includes delivery of a bond in exchange for a partial payment for the incremental funding of the bond in accordance with the terms of the bond, provided that the partial payment is not less than 10 percent of the required payment for the bond.

EFFECTIVE DATE

September 1, 2019.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 4086 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute changes the revised definition of "closing" from the issuance and delivery of a bond by an issuer in exchange for a partial payment which may not be less than 10 percent of the required payment for the bond to the delivery of a bond by an in issuer in exchange for the required payment for the bond, including delivery of a bond in exchange for a partial payment

for the incremental funding of the bond in accordance with the terms of the bond, provided that the partial payment is not less than 10 percent of the required payment for the bond.