

By: Lucio

S.B. No. 1474

A BILL TO BE ENTITLED

AN ACT

relating to private activity bonds allocated for affordable housing.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 1372.006(a), Government Code, is amended to read as follows:

(a) An application for a reservation under Subchapter B or a carryforward designation under Subchapter C must be accompanied by a nonrefundable fee in the amount of \$500, except that:

(1) for projects that include multiple facilities authorized under Section 1372.002(e), the application must be accompanied by a nonrefundable fee in an amount of \$500 for each facility included in the application for the project;

(2) for issuers of qualified residential rental project bonds the application must be accompanied by a nonrefundable fee of \$5,000, of which the board shall retain \$1,000 to offset the costs of the private activity bond allocation program and the administration of that program and of which the board shall transfer \$4,000 through an interagency agreement to the Texas Department of Housing and Community Affairs for use in the affordable housing research and information program as provided by Section 2306.259; and

(3) for a ~~combined~~ project that includes multiple qualified residential rental projects authorized under Section

1 1372.002(c) or (f) [~~Section 1372.002(f)~~], the application must be  
2 accompanied by a nonrefundable fee in an amount of \$5,000 for each  
3 qualified residential rental project included in the application  
4 for the [~~combined~~] project, with a maximum total fee of \$15,000.  
5 The [~~the total amount of which the~~] board shall retain 20 percent of  
6 the total amount of the fee to offset the costs of the private  
7 activity bond allocation program and the administration of that  
8 program. The [~~and of which the~~] board shall transfer 80 percent of  
9 the total amount of the fee through an interagency agreement to the  
10 Texas Department of Housing and Community Affairs for use in the  
11 affordable housing research and information program as provided by  
12 Section 2306.259.

13 SECTION 2. Sections 1372.0231(d), (g), and (i), Government  
14 Code, are amended to read as follows:

15 (d) Except as provided by Subsection (i), before March [~~May~~]  
16 1, the board shall apportion the amount of the state ceiling set  
17 aside under Subsection (a)(2) among the uniform state service  
18 regions according to the percentage of the state's population that  
19 resides in each of those regions.

20 (g) On or after March [~~May~~] 1, the board may not grant  
21 available reservations to housing finance corporations described  
22 by Subsection (a) based on uniform state service regions or any  
23 segments of those regions.

24 (i) Before March [~~May~~] 1, the board shall apportion the  
25 amount of the state ceiling set aside under Subsection (a)(2) only  
26 among uniform state service regions with respect to which an issuer  
27 has submitted an application for a reservation of the state ceiling

1 on or before March 1.

2 SECTION 3. Section 1372.037(a), Government Code, is amended  
3 to read as follows:

4 (a) Except as provided by Subsection (b), before August 15  
5 the board may not grant for any single project a reservation for  
6 that year that is greater than:

7 (1) \$40 million, if the issuer is an issuer of  
8 qualified mortgage bonds, other than the Texas Department of  
9 Housing and Community Affairs or the Texas State Affordable Housing  
10 Corporation;

11 (2) \$50 million, if the issuer is an issuer of a  
12 state-voted issue, other than the Texas Higher Education  
13 Coordinating Board, or \$75 million, if the issuer is the Texas  
14 Higher Education Coordinating Board;

15 (3) the amount to which the Internal Revenue Code  
16 limits issuers of qualified small issue bonds and enterprise zone  
17 facility bonds, if the issuer is an issuer of those bonds;

18 (4) the greater [~~lesser~~] of \$30 [~~\$20~~] million or four  
19 [~~15~~] percent of the amount set aside for reservation by issuers of  
20 qualified residential rental project bonds, if the issuer is an  
21 issuer of those bonds;

22 (4-a) the greater of \$40 million or six percent of the  
23 amount set aside for reservation by issuers of qualified  
24 residential rental project bonds for projects that meet the  
25 requirements of Section 1372.002(c) or (f), if the issuer is an  
26 issuer of those bonds;

27 (5) the amount as prescribed in Section 1372.033(d)

1 [~~Sections 1372.033(d), (e), and (f)~~], if the issuer is an issuer  
2 authorized by Section 53B.47, Education Code, to issue qualified  
3 student loan bonds; or

4 (6) \$50 million, if the issuer is any other issuer of  
5 bonds that require an allocation.

6 SECTION 4. Sections 1372.042(a-1) and (c), Government Code,  
7 are amended to read as follows:

8 (a-1) An issuer of qualified residential rental project  
9 bonds shall close on the bonds for which the reservation was granted  
10 not later than the 180th [~~150th~~] day after the reservation date. If  
11 an issuer of qualified residential rental project bonds fails to  
12 close on the bonds for which a reservation was granted, the issuer  
13 shall pay the full closing fee provided by Section 1372.006(b) if  
14 the application is not withdrawn before the 150th [~~120th~~] day after  
15 the reservation date.

16 (c) Notwithstanding Subsections (a), (a-1), and (b), if the  
17 120-day period [~~, the 150-day period,~~] or the 180-day period, as  
18 applicable, expires on or after December 24 of the year in which the  
19 reservation was granted, the issuer shall close on the bonds before  
20 December 24, except that if the applicable period expires after  
21 December 31 of that year, the issuer may notify the board in writing  
22 before December 24 of the issuer's election to carry forward the  
23 reservation and of the issuer's expected bond closing date. In  
24 compliance with the requirements of Section 146(f), Internal  
25 Revenue Code of 1986, the board shall file in a timely manner a  
26 carryforward election with respect to any bonds expected to close  
27 after December 31 to permit the bonds to close by the expected date,

1 except that the board may not file the carryforward election after  
2 February 15 of the year following the year in which the reservation  
3 was granted. The grant of the reservation for the balance of the  
4 120-day period [~~the 150-day period~~] or the 180-day period, as  
5 applicable, is automatically and immediately reinstated on the  
6 board's filing of a carryforward election with respect to the  
7 reservation.

8 SECTION 5. Section 1372.043, Government Code, is amended to  
9 read as follows:

10 Sec. 1372.043. CANCELLATION OF RESERVATION ON ISSUER'S  
11 FAILURE TO TIMELY CLOSE ON BONDS. If an issuer does not close on the  
12 issuer's bonds as required by Section 1372.042:

- 13 (1) the reservation for the issue is canceled; and  
14 (2) for the period beginning on the reservation date  
15 and ending on the 150th day after the reservation date or on the  
16 210th day after the reservation date if the issuer is an issuer of  
17 qualified mortgage bonds or if the issuer is an issuer of qualified  
18 residential rental project bonds:

19 (A) no issuer may submit an application for a  
20 reservation for the same project; and

21 (B) the issuer is eligible for a carryforward  
22 designation for the project only as provided by Subchapter C.

23 SECTION 6. The change in law made by this Act to Chapter  
24 1372, Government Code, applies to the allocation of the available  
25 state ceiling under that chapter beginning with the 2020 program  
26 year.

27 SECTION 7. This Act takes effect immediately if it receives

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1 a vote of two-thirds of all the members elected to each house, as  
2 provided by Section 39, Article III, Texas Constitution. If this  
3 Act does not receive the vote necessary for immediate effect, this  
4 Act takes effect September 1, 2019.