

By: Menéndez

S.B. No. 1858

A BILL TO BE ENTITLED

AN ACT

relating to private activity bonds.

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

SECTION 1. Section 1372.002(a), Government Code, is amended to read as follows:

(a) For purposes of this chapter, a project is:

(1) an eligible facility or facilities that are proposed to be financed, in whole or in part, by an issue of qualified residential rental project bonds;

(2) in connection with an issue of qualified mortgage bonds ~~[or qualified student loan bonds]~~, the providing of financial assistance to qualified mortgagors ~~[or students]~~ located in all or any part of the jurisdiction of the issuer; or

(3) an eligible facility or facilities that are proposed to be financed, in whole or in part, by an issue of bonds other than bonds described by Subdivision (1) or (2).

SECTION 2. Section 1372.022(a), Government Code, is amended to read as follows:

(a) If the state ceiling is computed on the basis of \$75 per capita or a greater amount, before August 15 of each year:

(1) 32.25 ~~[28.0]~~ percent of the state ceiling is available exclusively for reservations by issuers of qualified mortgage bonds;

(2) 10.0 ~~[8]~~ percent of the state ceiling is available

exclusively for reservations by issuers of state-voted issues;

(3) 2.0 percent of the state ceiling is available exclusively for reservations by issuers of qualified small issue bonds and enterprise zone facility bonds;

(4) 26.25 ~~[22.0]~~ percent of the state ceiling is available exclusively for reservations by issuers of qualified residential rental project bonds; and

~~(5) [10.5 percent of the state ceiling is available exclusively for reservations by issuers of qualified student loan bonds authorized by Section 53B.47, Education Code, that are nonprofit corporations able to issue a qualified scholarship funding bond as defined by Section 150(d)(2), Internal Revenue Code (26 U.S.C. Section 150(d)(2))]; and~~

~~[4.6]~~ 29.5 percent of the state ceiling is available exclusively for reservations by any other issuer of bonds that require an allocation.

SECTION 3. Sections 1372.0231(g) and (i), Government Code, are amended to read as follows:

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

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

SECTION 4. Section 1372.026, Government Code, is amended to read as follows:

Sec. 1372.026. LIMITATION ON AMOUNT OF STATE CEILING AVAILABLE TO HOUSING FINANCE CORPORATIONS. (a) The maximum amount of the state ceiling that may be reserved before July ~~August~~ 15 by a housing finance corporation for the issuance of qualified mortgage bonds may not exceed the amount computed as follows:

(1) if the local population of the jurisdiction that is served by the housing finance corporation is 300,000 or more, \$36 million plus the product of the amount by which the local population exceeds 300,000 multiplied by \$40;

(2) if the local population of the jurisdiction that is served by the housing finance corporation is 200,000 or more but less than 300,000, \$32 million plus the product of the amount by which the local population exceeds 200,000 multiplied by \$40;

(3) if the local population of the jurisdiction that is served by the housing finance corporation is 100,000 or more but less than 200,000, \$24 million plus the product of the amount by which the local population exceeds 100,000 multiplied by \$80; or

(4) if the local population of the jurisdiction that is served by the housing finance corporation is less than 100,000, the product of the local population multiplied by \$240.

(b) A housing finance corporation may not receive an allocation for the issuance of qualified mortgage bonds in an amount that exceeds the greater of:

(1) \$50 ~~[\$40]~~ million; or

(2) 1.70 percent of the state ceiling.

(c) For purposes of this section, the local population of a housing finance corporation is the population of the local government or local governments on whose behalf a housing finance corporation is created. If two local governments that each have a population of at least 50,000 or 0.18 percent of the population that was used to determine the state ceiling, whichever is greater, ~~[each]~~ and that have overlapping territory have created housing finance corporations that have the power to issue bonds to provide financing for home mortgages, the population of the housing finance corporation created on behalf of the larger local government is computed by subtracting from the population of the larger local government the population of the part of the smaller local government that is located in the larger local government. The reduction of population provided by this subsection is not required if the smaller local government assigns its authority to issue bonds, based on its population, to the larger local government.

SECTION 5. Section [1372.037](#), Government Code, is amended to read as follows:

Sec. 1372.037. LIMITATIONS ON GRANTING OF RESERVATIONS FOR INDIVIDUAL PROJECTS. (a) Except as provided by Subsection (b), before July 15 with respect to a reservation application for qualified mortgage revenue bonds and qualified residential rental project issues, and before August 15 with respect to any other reservation application, the board may not grant for any single project a reservation for that year that is greater than:

(1) ~~[\$40 million]~~ if the issuer is an issuer of qualified mortgage bonds, other than the Texas Department of

Housing and Community Affairs or the Texas State Affordable Housing Corporation, the greater of:

(A) \$50 million; or

(B) 1.70 percent of the available state ceiling;

(2) [~~\$50 million,~~] if the issuer is an issuer of a state-voted issue, other than the Texas Higher Education Coordinating Board, the greater of:

(A) \$100 million; or

(B) 3.40 percent of the available state ceiling;

(3) [~~or \$75 million,~~] if the issuer of a state-voted issue is the Texas Higher Education Coordinating Board, the greater of:

(A) \$200 million; or

(B) 6.80 percent of the available state ceiling;

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

(5) [~~(4) the lesser of \$20 million or 15 percent of the amount set aside for reservation by issuers of qualified residential rental project bonds,~~] if the issuer is an issuer of qualified residential rental project [~~these~~] bonds, the greater of:

(A) \$50 million; or

(B) 1.70 percent of the available state ceiling;

[~~(5) 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) ~~[\$50 million,~~ if the issuer is any other issuer of bonds that require an allocation, the greater of:

(A) \$100 million; or

(B) 3.40 percent of the available state ceiling.

(b) In addition to a reservation under Subsection (a)(2), the board may grant to the Texas Water Development Board a reservation for not more than the greater of:

(1) \$100 million; or

(2) 3.40 percent of the available state ceiling for a water development issue.

SECTION 6. Section 1372.042(a-1), Government Code, is amended to read as follows:

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

SECTION 7. Section 1372.043, Government Code, is amended to read as follows:

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

(1) the reservation for the issue is canceled; and

1 (2) for the period beginning on the reservation date
2 and ending on the 180th [~~150th~~] day after the reservation date or on
3 the 210th day after the reservation date if the issuer is an issuer
4 of qualified mortgage bonds:

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

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

9 SECTION 8. Sections [1372.069](#)(b) and (c), Government Code,
10 are amended to read as follows:

11 (b) An issuer that applies for a carryforward designation
12 may not apply later in the same year for a reservation for the same
13 project, unless the carryforward application is withdrawn.

14 (c) An issuer may not apply for the carryforward designation
15 of an amount that is greater than the greater of:

16 (1) \$50 million; or

17 (2) 1.70 percent of the available state ceiling.

18 SECTION 9. Sections [1372.001](#)(14) and [1372.033](#), Government
19 Code, are repealed.

20 SECTION 10. This Act takes effect September 1, 2019.