

BILL ANALYSIS

Senate Research Center
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H.B. 1038
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Finance
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

H.B. 1038 requires the Texas Bond Review Board to increase transparency regarding state lending and credit support programs. Texas has a strong reputation for fiscal transparency, and H.B. 1038 furthers that reputation by ensuring that the bond review board tracks and reports the total amount of state money (taxpayer dollars) lent through the lending programs and debt supported by credit programs for each lending program or credit support program.

Loans and guarantees are valued at 100 percent to default, and H.B. 1038 would ensure the government uses the private sector standard so that Texas taxpayers, legislators, and bond buyers all understand the risk and rewards of lending.

The Comptroller of Public Accounts of the State of Texas produces annual financial reports that detail lending and assets of major state lending programs such as the Veterans Housing Assistance Program, the State Infrastructure Bank, and the Rural Water Assistance Fund, but those same reports aggregate several state lending programs into single lines totaling an estimated close to \$18.2 billion in "loans and contracts."

These programs offer vital assistance to Texans and their local governments, and transparency and adequate oversight are needed.

H.B. 1038 urges the bond review board to submit a biennial report on the state's lending and credit support programs that details, among other information, the amount of state money lent through, or debt supported by, each program as well as improved estimates of default costs.

H.B. 1038 amends current law relating to a biennial report on state lending and credit support programs.

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 Subchapter D, Chapter 1231, Government Code, by adding Section 1231.064, as follows:

Sec. 1231.064. BIENNIAL REPORT ON STATE LENDING AND CREDIT SUPPORT PROGRAMS. (a) Defines "credit support program" and "lending program."

(b) Requires the Texas Bond Review Board (BRB), not later than December 31 of each even-numbered year, to submit to the legislature and post on BRB's Internet website a report on all lending programs and credit support programs in this state. Requires that the report include:

- (1) the total amount of state money lent through lending programs;
- (2) the total amount of debt supported by credit support programs; and

(3) for each lending program or credit support program:

(A) the total amount of state money lent through or debt supported by the program, as applicable;

(B) a citation to the law authorizing the program; and

(C) a reasonable estimate of the costs of default associated with the program, computed in accordance with private-sector accounting standards for credit or other losses.

(c) Requires a state agency or political subdivision of this state to provide to BRB in the manner provided by BRB rule any information necessary for BRB to prepare the report required by this section.

SECTION 2. Effective date: September 1, 2023.