

BILL ANALYSIS

H.B. 1038
By: Cain
Pensions, Investments & Financial Services
Committee Report (Unamended)

BACKGROUND AND PURPOSE

While Texas is a state with a strong reputation for fiscal probity due to decades of responsible and transparent budgeting, the state could do more to increase transparency regarding state lending and credit support programs. The comptroller of public accounts 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 billions of dollars, sometimes combined with other asset types such as contracts. Although these programs offer vital assistance to Texans and their local governments, transparency and adequate oversight are still needed. H.B. 1038 seeks to ensure that taxpayers, legislators, and bond buyers all understand the risks and rewards of the state's lending and credit support programs and help prevent the misuse of state funds by requiring the Bond Review Board to submit a biennial report on these programs that details, among other information, the amount of state money lent through or debt supported by each program and improved estimates of default costs.

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 rulemaking authority is expressly granted to the Bond Review Board in SECTION 1 of this bill.

ANALYSIS

H.B. 1038 amends the Government Code to require the Bond Review Board, not later than December 31 of each even-numbered year, to submit to the legislature and post on the board's website a report on all lending programs and credit support programs in Texas that contains the following information:

- the total amount of state money lent through lending programs;
- the total amount of debt supported by credit support programs; and
- for each lending or credit support program:
 - the total amount of state money lent through or debt supported by the program, as applicable;
 - a citation to the law authorizing the program; and
 - 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.

The bill sets out what constitutes a "credit support program" and a "lending program" for purposes of the report and requires a state agency or political subdivision to provide to the board, in the manner provided by board rule, any information necessary to prepare the report.

EFFECTIVE DATE

September 1, 2023.