

SUBJECT: Deleting requirement that the governor sign Veteran's Land Board bonds

COMMITTEE: Financial Institutions — favorable, without amendment

VOTE: 7 ayes — Averitt, Denny, Hopson, Marchant, Menendez, Pitts, Wise

0 nays

2 absent — Solomons, Grusendorf

SENATE VOTE: On final passage, April 5 — 30-0, on Local and Uncontested Calendar

WITNESSES: For — None

Against — None

On — (*Registered but did not testify*): Rusty Martin, Veterans' Land Board

BACKGROUND: The Veterans' Land Program, established in 1949, uses bond funding to buy land and then resell it to eligible veterans under a 30-year contract of sale and purchase. The Veterans' Housing Assistance Program, established in 1983, helps eligible Texas veterans buy new or existing homes by providing low-interest loans up to \$150,000. The Veterans' Financial Assistance Program, established in 1993, helps veterans buy land and provides assistance for home-mortgage loans. All three programs are administered by the Veterans' Land Board (VLB) through the General Land Office (GLO), under authority set forth in Natural Resources Code, chapters 161, 162, and 164.

The 1949 law, which has been amended several times, most recently in 1993, requires that bonds be signed by the VLB chairman and secretary as well as by the governor and the secretary of state. The 1993 revision to Natural Resources Code, chapter 161 added the requirements that bonds be approved by the attorney general and registered with the Comptroller's Office.

DIGEST: SB 1449 would delete the requirement that veterans' land program bonds be signed by the VLB chairman and secretary and by the governor and secretary of state. It would substitute the requirement that the bonds be signed and executed according to a resolution or order approved by the VLB.

SB 1449 would allow the VLB to authorize one or more designated VLB officers or GLO employees to act on the board's behalf to conduct a bond sale and to determine the purchaser of the bonds or the terms of the purchase agreement. The board order or resolution would have to establish the minimum principal amount of the loans to be sold and the minimum sales price of the loans, expressed as a percentage of the principal amount.

The bill would take effect September 1, 2001.

SUPPORTERS SAY: Requiring signatures of the governor and secretary of state on veterans' land program bonds is an archaic and unnecessary exercise. Obtaining the governor's signature sometimes has caused problems in the timely execution of the bonds and related documents because the governor's schedule often is unpredictable. The requirements that the attorney general and comptroller review and approve the bonds provide more safeguards than requiring a governor's signature and official state seal to be attached to the bond documents.

Currently, the VLB cannot delegate matters that are neither ministerial nor routine in nature, such as determining the timing or terms of a bond sale. The board must coordinate the pricing of bond sales with its meetings, and this process can be burdensome and unwieldy. SB 1449 would grant the VLB more flexibility to respond to changing market conditions while establishing parameters that must be met for the sale of the bonds.

OPPONENTS SAY: No apparent opposition.

NOTES: The House companion bill, HB 2988 by Gutierrez, passed the House on April 27 on the Local, Consent, and Resolutions Calendar. The Senate Veterans Affairs and Military Installations Committee reported HB 2988

favorably, without amendment, on May 10 and recommended it for the Senate Local and Uncontested Calendar.