

SUBJECT: Requiring a biennial report on state lending and credit support programs

COMMITTEE: Pensions, Investments & Financial Services — favorable, without amendment

VOTE: 7 ayes — Capriglione, Bhojani, Bryant, Leo-Wilson, Plesa, VanDeaver, Vo

0 nays

2 absent — Lambert, Frazier

WITNESSES: For — None

Against — None

On — (*Registered, but did not testify*: Justin Groll, Texas Bond Review Board)

DIGEST: HB 1038 would require the Bond Review Board to prepare a biennial report not later than December 31 of each even-numbered year on all lending programs and credit support programs in the state. The bill would require the report to be submitted to the Legislature and posted on the board's website. The report would be required to include:

- The total amount of state money lent through "lending programs," defined as a program under which this state guaranteed or provided credit enhancements for the debt of any public or private entity; and
- the total amount of debt supported by "credit support programs," defined as a program through which state money was loaned, or otherwise provided with the expectation of repayment, to a public or private entity.

The report also would be required to include, for each lending program 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.

The bill would require state agencies and political subdivisions to provide necessary information to the board for the purposes of the report.

The bill would take effect on September 1, 2023.

**SUPPORTERS  
SAY:**

HB 1038 would add a transparency measure to the state's lending and credit support programs that is typical in the private sector. Currently, the comptroller releases a report that includes general discussion of state assets and liabilities, but does not provide the level of detail required under the bill. By making this information public, the bill could help to maintain and improve the state's credit rating and lower borrowing costs. The bill also would help ensure that taxpayers, legislators, and bond buyers were properly informed of the risks and rewards of buying bonds.

**CRITICS  
SAY:**

No concerns identified.