

BILL ANALYSIS

Senate Research Center

H.B. 1043
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Education
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Engrossed

DIGEST

Currently, a higher education facilities corporation created by a sponsoring local government may issue bonds to provide facilities for an institution of higher education. These bonds may be issued as tax-exempt, and as a result private universities and colleges have borrowed through such corporations to achieve lower borrowing costs and interest rates. Higher education facilities corporations are also allowed to issue bonds for certain primary and secondary schools which are military-related and located in specific types of counties. This bill expands the types of property or revenues which may be pledged to pay bonds received from a higher education facilities corporation.

PURPOSE

As proposed, H.B. 1043 sets forth provisions regarding the issuance of bonds under the Higher Education Authority Act.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 53.02, Education Code, by adding Subdivision (12), to define "accredited primary or secondary school."

SECTION 2. Amends Section 53.34(b), Education Code, to require bonds issued by higher education facilities corporations (bonds) to be payable from and secured by a pledge of all or any part of the gross or net revenue to be derived from the operation of the facility or facilities and any other revenue or assets pledged for the purpose, rather than any other revenue resulting from the ownership of the educational facilities properties.

SECTION 3. Amends Section 53.48, Education Code, as follows:

Sec. 53.48. New heading: BONDS FOR ACCREDITED PRIMARY OR SECONDARY SCHOOLS. Authorizes a higher education facilities corporation to issue bonds to finance or refinance educational facilities or housing facilities to be used by an accredited primary or secondary school, rather than for certain military-related primary or secondary schools. Deletes the definition of "military-related primary or secondary school."

SECTION 4. Provides that this Act does not affect the validity of certain bonds issued under Section 53.48, Education Code.

SECTION 5. Emergency clause.
Effective date: upon passage.