

BILL ANALYSIS

Senate Research Center

C.S.S.B. 1811
By: Nelson
Education
4-10-97
Committee Report (Substituted)

DIGEST

In 1992, the legislature authorized higher education institutions to enter into performance contracts to reduce energy consumption and operating costs at institution facilities. Such contracts enable an institution to improve energy facilities without additional state appropriations; the contract debt is repaid through energy savings over the life of the contract.

Currently, state law prohibits an institution's contract payment from exceeding total energy and operating cost savings at any point during the life of the contract. Institutions are limited to traditional commercial fixed-rate financing for their contracts. This bill allows eligible institutions of higher education to seek financing through the Texas Public Finance Authority Master Lease Program, which offers short-term variable rate financing to eligible borrowers.

PURPOSE

As proposed, C.S.S.B. 1811 allows eligible institutions of higher education to seek financing through the Texas Public Finance Authority Master Lease Program, which offers short-term variable rate financing to eligible borrowers.

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 51.927, Education Code, by amending Subsections (e) and (f), to prohibit a contractual obligation of a governing board in any year during the term of the contract beginning after the final date of installation from exceeding a certain amount of cost savings, if the term of a contract for energy conservation measures exceeds one year. Authorizes a contract for energy conservation measures to be a certain lease/purchase contract, with a term not to exceed 10 years after final date of installation. Authorizes the Master Lease Program operated by the Texas Public Finance Authority to be utilized by an agency to fund a contract for energy conservation measures so long as certain costs of energy conservation measures and debt service requirements do not exceed the total energy and operating cost savings as described in Subsection (e) of this section beginning after the final date of installation. Makes conforming changes.

SECTION 2. Emergency clause.
Effective date: upon passage.

SUMMARY OF COMMITTEE CHANGES

SECTION 1.

Amends Section 51.927, Education Code, to authorize the Master Lease Program to be utilized by an agency to fund a contract for the costs of energy conservation measures as long as the costs do not exceed the total costs as described in, rather than is, Subsection (e) of this section.