

BILL ANALYSIS

Senate Research Center
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S.B. 1695
By: Brown
Finance
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As Filed

DIGEST

Throughout the last decade, the State's population has grown by more than 2.8 million. According to the U.S. Census Bureau, five Texas counties were among the 10 fastest growing counties in the nation, and among them the Rio Grande Valley population. S.B. 1695 would address Texas' rapidly growing population, and the increased infrastructure needs this growth mandates.

PURPOSE

As proposed, S.B. 1695 creates the Vital Infrastructure Program to fund new or existing improvement projects for schools, health facilities, transportation structures, and environmental related infrastructure, from the issuance of bonds backed by tobacco settlement money.

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 Title 10G, Government Code, by adding Chapter 2312, as follows:

CHAPTER 2312. TEXAS VITAL INFRASTRUCTURE PROGRAM

Sec. 2312.001. DEVELOPMENT OF VITAL INFRASTRUCTURE PROGRAMS. Authorizes the Texas Education Agency (TEA) to define, develop, and propose to the governor and the Legislative Budget Board (LBB) infrastructure programs relating to the construction and improvement of the state's public school infrastructure, including public school buildings and other essential public education facilities. Requires TEA to design a program that meets certain provisions. Authorizes the Texas Department of Health (TDH), and each institution of higher education, as defined by Section 61.003, Education Code, that has as a component or affiliate of the institution a health sciences center or medical school, to define, develop, and propose to the governor and LBB infrastructure programs designed for medical research, such as cancer research or pediatric medical research, at state medical research institutions. Authorizes the Texas Department of Transportation (TxDOT) to define, develop, and propose to the governor and LBB infrastructure programs that will supplement the efforts of counties and of the Texas Department of Commerce (TDC) to improve highways, roads, and bridges in various parts of the state. Authorizes the Texas Water Development Board (TWDB) to define, develop, and propose to the governor and LBB infrastructure programs designed to provide or improve infrastructure, such as water or wastewater facilities required for the maintenance of the environment, and to improve the quality of life in various parts of the state.

Sec. 2312.002. REVIEW AND APPROVAL BY GOVERNOR AND LEGISLATIVE BUDGET BOARD. Requires the governor and LBB to review and comment on proposed programs submitted under Section 2312.001. Requires the governor and LBB to consider the extent to which a proposed program is consistent with the state's infrastructure priorities as determined under applicable law or by the governor and LBB. Provides that a proposed program is not considered approved, unless approved by the governor and LBB.

Sec. 2312.003. TEXAS PUBLIC FINANCE AUTHORITY; BOND REVIEW BOARD. Requires the Texas Public Finance Authority (TPFA) to prepare a plan to issue bonds to pay for the approved infrastructure program, after the governor and LBB approve a proposed program.

Requires TPFA to submit the financing plan to the Bond Review Board (board) for its review and approval.

Sec. 2312.004. ISSUANCE OF BONDS. Requires TPFA to issue bonds to finance the approved infrastructure program on terms approved by the board and in accordance with Section 49-k, Article III, Texas Constitution, if the financing plan is approved by the board. Provides that the only money that may be pledged by TPFA to the payment of the principal and interest on the bonds is money generated by an approved vital infrastructure program and money received by the state under the Comprehensive Settlement Agreement and Release filed in the case styled *The State of Texas v. The American Tobacco Co., et al.*, No. 5-96CV-91, in the United States District Court, Eastern District of Texas. Provides that no more than 50 percent of the sum of unspent and unencumbered money received in previous years from settlement proceeds in the tobacco litigation, together with the projected amount reasonably expected to be received from those proceeds during that year to be scheduled for the payment of principal and interest during the year on all outstanding bonds issued under this chapter for any calendar year. Provides that the holders of bonds issued under this chapter have a first lien on the money pledged to the payment of the bonds. Requires the bonds issued under this section to be issued subject to the condition that bondholders do not have the right to demand payment out of a source of money that has not been specifically pledged to the payment of principal and interest on the bonds.

Sec. 2312.005. TRANSFER OF TOBACCO SETTLEMENT MONEY. Requires the comptroller to transfer any amounts received by the state as proceeds of the tobacco settlement described by Section 2312.004 that are pledged to the payment of principal or interest on a bond issued under this chapter into a separate vital infrastructure program account in the general revenue fund. Requires all payments of principal and interest on bonds issued under this chapter to be made from that account. Provides that amounts in the vital infrastructure program account that are not required during a fiscal year to make payments of principal and interest on bonds or to create a reasonable reserve fund for the bonds to be appropriated for other purposes for that fiscal year.

SECTION 2. Provides that this Act takes effect on the date on which the constitutional amendment proposed by the 76th Legislature, Regular Session, 1999, allowing the state to create a program involving the issuance of bonds to meet the vital infrastructure needs of the state, takes effect. Provides that this Act has no effect, if the amendment is not approved by the voters.

SECTION 3. Emergency clause.