

BILL ANALYSIS

Senate Research Center
76R3876 CAG-D

S.J.R. 16
By: Barrientos
Higher Education
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As Filed

DIGEST

Currently, about 16,000 low and moderate income Texas students depend on the Hinson-Hazelwood College Student Loan program, established in 1965, to finance their education. Without additional bonding authority, the loan volume will be drastically reduced. The Texas Constitution does not have provisions for the sale of general obligation bonds for the purpose of helping to finance educational loans to students. This amendment creates provisions for the issuance of such bonds.

PURPOSE

As proposed, S.J.R. 16 requires the submission to the voters of a constitutional amendment to authorize the Texas Higher Education Coordinating Board to create a general obligation bond to finance educational loans for students.

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 Article III, Texas Constitution, by adding Section 50b-5, as follows:

Sec. 50b-5. Authorizes the legislature by general law to authorize the Texas Higher Education Coordinating Board (THECB) to sell general obligation bonds, not to exceed \$400 million, to finance educational loans to students. Provides that these new obligation bonds are in addition to bonds issued under other sections of this article. Requires the bonds to be executed and issued in installments as prescribed by the THECB or its successors. Prohibits the bond maximum net effective interest rate from exceeding the maximum provided by law. Authorizes the legislature to provide for the investment of bond proceeds, and to provide for the investment of an interest and sinking fund to pay the bonds. Requires income from the investment to be used for legislature-prescribed purposes. Sets forth provisions regarding the payment of interest and principal on maturing bonds. Provides that bonds issued under this section are incontestable, after certain actions are taken.

SECTION 2. Requires this proposed constitutional amendment to be submitted to the voters at an election to be held on the earlier of the first date on which another election on a constitutional amendment proposed by the 76th Legislature is held, or November 2, 1999. Sets forth required language of for the ballot.