

BILL ANALYSIS

Senate Research Center

S.B. 1729
By: Cain
Education
5/1/2001
As Filed

DIGEST AND PURPOSE

Currently, Texas law and administrative rulings make financing school facilities with certain debt instruments, other than voted general obligations, cumbersome and restrictive. As proposed, S.B. 1729 amends the Education Code and the Tax Code to provide for the use of lease-purchase bonds as less costly and more feasible for financing school facilities.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 42.301, Education Code, to redefine the purpose of the guaranteed yield component of the Foundation School Program.

SECTION 2. Amends Section 45.001, Education Code, by adding Subsection (d), to authorize the governing board of an independent school district to levy, pledge, assess, and collect annual ad valorem taxes sufficient to pay for the acquisition of or financing of the construction, acquisition and equipment of school buildings in the district, including the purchase of necessary sites for the school buildings, financed under a contract entered under Chapter 271A (Public Property Finance Act), Local Government Code, subject to Section 45.003 of this chapter.

SECTION 3. Amends Section 45.003, Education Code, by adding Subsection (f), to authorize a proposition submitted to authorize the payment of obligation for the acquisition or financing of school buildings under Section 45.001(d) to be submitted at any time prior to or during the contract and to require it to include the question of whether the governing board or commissioners court is authorized to levy, pledge, assess, and collect annual ad valorem taxes, on all taxable property in the district, in certain amounts.

SECTION 4. Amends Section 45.052, Texas Education Code, to provide that on approval by the commissioner of education (commissioner), bonds issued under Subchapter A, including refunding bonds, or bonds or other evidence of indebtedness issued under Sections 45.103, 45.104, or 45.108 [Education Code], or obligations to pay under lease-purchase agreements entered into under Section 271.004 (Real Property and Improvements for School Districts), Local Government Code, are guaranteed by the corpus of and income of the permanent school fund.

SECTION 5. Amends Section 271.004(e), Local Government Code, to require the payments, if the contract provides that payments by the school district are to be made from maintenance taxes previously approved by the voters of the school district and are subject to annual appropriation or are paid from a source other than ad valorem taxes, to be treated as debt as defined in Section 26.012(7) (Debt), Tax Code. Deletes text regarding contract payments.

SECTION 6. Effective date: upon passage or September 1, 2001.