

## **BILL ANALYSIS**

Senate Research Center  
2001S0171/1

S.B. 407  
By: Cain  
State Affairs  
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As Filed

### **DIGEST AND PURPOSE**

The attorney general issued an opinion in 1999, concerning whether a county may borrow money from the State Infrastructure Bank (SIB) for road and bridge construction without issuing bonds or other obligations evidencing the loan. The opinion generally held that county authority to enter into debt must be express or necessarily implied by statute, but because no statute expressly or implicitly authorizes a county to borrow money from the SIB in the manner described, a county may not borrow funds from the SIB without issuing bonds or other statutorily authorized obligations that would be acquired by the SIB with the proceeds of a loan. As proposed, S.B. 407 authorizes public entities in this state, including cities, counties, and state agencies, to borrow funds from the SIB based on credit of the public entity.

### **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 Chapter 222D, Transportation Code, by adding Section 222.0745, as follows:

Sec. 222.0745. INCURRENCE OF DEBT BY PUBLIC ENTITY. Authorizes a public entity in this state that is authorized by law to construct, maintain, or finance a qualified project to borrow money from the bank, including by direct loan, based on the credit of the public entity. Requires money borrowed under this section to be segregated from other funds under the control of the public entity, and authorizes these funds to only be used for purposes related to a qualified project. Provides that the authority granted by this section does not affect the ability of a public entity to incur debt using other statutorily authorized methods.

SECTION 2. Effective date: upon passage or September 1, 2001.