

BILL ANALYSIS

Senate Research Center
77R3835 JMG-F

S.B. 588
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Intergovernmental Relations
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DIGEST AND PURPOSE

Under current law, many public service not-for-profit organizations must borrow money from banks at high market interest rates because they have no statutory alternatives. As proposed, S.B. 588 expands the statute allowing not-for-profit organizations to issue tax-exempt bonds to public organizations.

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 2(a), Cultural Education Facilities Finance Corporation Act (Article 1528m, V.T.C.S.), to present certain legislative findings.

SECTION 2. Amends Section 3(5), Cultural Education Facilities Finance Corporation Act (Article 1528m, V.T.C.S.), to redefine “cultural facility.”

SECTION 3. Amends The Cultural Education Facilities Finance Corporation Act (Article 1528m, V.T.C.S.) by adding Section 4A, as follows:

Sec. 4A. LIMITATION ON CORPORATE PURPOSES. Authorizes a city or county that creates a corporation under this act to limit the corporation’s purposes in the proceedings directing the creation of the corporation by prohibiting the corporation from financing particular types of cultural facilities, including a cultural facility to be used for a purpose specified in the proceedings. Authorizes a corporation, as a condition of providing financing, to restrict a person receiving financing from using a cultural facility for a particular purpose. Authorizes a restriction imposed by a city or county on a corporation to be enforced by the governing body of the sponsoring entity by injunction or mandamus. Prohibits a violation of a restriction by a corporation from impairing the validity of the obligations incurred by the corporation.

SECTION 4. Amends Section 5, Cultural Education Facilities Finance Corporation Act (Article 1528m, V.T.C.S.), by adding Subsection (c) to provide that, except as provided by this Act, a corporation formed under this Act has the same rights and powers as a corporation organized under the Texas Non-Profit Corporation Act (Article 1396-1.01 et seq., V.T.C.S.).

SECTION 5. Effective date: upon passage or September 1, 2001.