

## **BILL ANALYSIS**

Senate Research Center  
77R5274 KEL-D

S.B. 914  
By: Ogden  
Education  
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As Filed

### **DIGEST AND PURPOSE**

Chapter 53 of the Education Code permits a city to create a higher education authority or a nonprofit corporation to exercise powers similar to those of an authority. The nonprofit organization can issue tax exempt bonds to buy dormitories outside the city that created the corporation. These bonds, which are sold to investors, are paid off from the rent from the dormitories. To qualify under the law, the dormitories must be rented exclusively to students or others officially connected with a university. The tax exempt bonds must be approved by the state attorney general's office. Some cities that have created higher education authorities contend that facilities they have constructed or acquired outside their extraterritorial jurisdiction are not subject to local ad valorem property taxes. Local taxing entities outside of these cities are thereby deprived of needed property tax revenues. As proposed, S.B. 914 requires facilities constructed or acquired by a higher education authority to be located within the boundaries or extraterritorial jurisdiction of a city that created the authority.

### **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 53.33, Education Code, as follows:

(b) Adds language to require the facilities to be located within the boundaries or extraterritorial jurisdiction of a city that created the authority. Deletes language providing that the facilities need not be located within the city limits of the city or cities.

(c) Provides that if a city under Section 53.35 authorizes a nonprofit corporation to exercise the powers of an authority under this section, to the extent that this section conflicts with the powers of the nonprofit organization under the Texas Non-Profit Corporation Act (Article 1396-1.01 et seq., V.T.C.S.), this section controls.

(d) Provides that Subsection (b) does not affect the validity of bonds issued under this chapter before September 1, 2001, or powers exercised under this chapter with respect to land or facilities acquired under this chapter before that date.

SECTION 2. Effective date: September 1, 2001.