

BILL ANALYSIS

Senate Research Center
78R8958 BDH-F

H.B. 1295
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Education
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Engrossed

DIGEST AND PURPOSE

The construction and renovation of school facilities is financed largely through bonds issued by school districts. The Permanent School Fund Bond Guarantee Program allows districts to obtain a lower interest rate on the bonds, by using the corpus and income of the permanent school fund to guarantee the bonds. The guarantee capacity of the fund is limited by both state law and Internal Revenue Service rules. Until recently, the IRS limit was the more restrictive of the two. However, a possible change in IRS policy could allow the state to guarantee more bonds. H.B. 1295 increases the allowed capacity of the Permanent School Fund (PSF) to two-and-a-half times the total value of the PSF.

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 45.053(a), Education Code, to prohibit the commissioner of education from approving bonds for guarantee if the approval would result in the total amount of outstanding guaranteed bonds exceeding an amount equal to 2-1/2 times, rather than two times, the cost value or market value, whichever is less, of the permanent school fund, as estimated by the State Board of Education and certified by the state auditor.

SECTION 2. Effective date: upon passage or September 1, 2003.