

BILL ANALYSIS

Senate Research Center
78R6368 KSD-D

H.B. 3350
By: Davis, John (Ellis, Rodney)
Finance
5/22/2003
Engrossed

BACKGROUND AND PURPOSE

In June 2001, the University of Houston incurred approximately \$100,000,000 in damages to buildings and other infrastructures from Tropical Storm Allison. While insurance and funds from the Federal Emergency Management Agency (FEMA) will cover approximately 78 percent of the cost of recovery, the university has had to borrow approximately \$25,000,000 from Higher Education Assistance Funds and university reserves dedicated to other institutional priorities in order to recover from the storm. H.B. 3350 allows the University of Houston System board of regents to issue revenue bonds not to exceed \$25,000,000 in order to cover all associated recovery costs.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter B, Chapter 55, Education Code, by adding Section 55.1743, as follows:

Sec. 55.1743. THE UNIVERSITY OF HOUSTON SYSTEM. (a) Authorizes the board of regents of the University of Houston System (board), in addition to the other authority granted by this subchapter, to acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads, or related infrastructure for the University of Houston System, including the individual campuses of the system, to be financed by the issuance of bonds in accordance with this subchapter and in accordance with a system-wide revenue financing program adopted by the board in an aggregate principal amount not to exceed \$25 million.

(b) Authorizes the board to pledge irrevocably to the payment of those bonds all or any part of the revenue funds of an institution, branch, or entity of the University of Houston System, including student tuition charges. Prohibits the amount of a pledge made under this subsection from being reduced or abrogated while the bonds for which the pledge is made, or bonds issued to refund those bonds, are outstanding.

(c) Authorizes the board, if sufficient funds are not available to the board to meet its obligations under this section, to transfer funds among institutions, branches, and entities of the University of Houston System to ensure the most equitable and efficient allocation of available resources for each institution, branch, or entity to carry out its duties and purposes.

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

