

BILL ANALYSIS

Senate Research Center

C.S.S.B. 1083
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Infrastructure Development and Security
4/3/2003
Committee Report (Substituted)

DIGEST AND PURPOSE

Under current Texas law, the Texas Department of Transportation may only fund highway construction with funds available, and may not borrow money to finish projects under construction or to begin new projects. C.S.S.B. 1083 authorizes the Texas Transportation Commission to issue bonds and other public securities to generate funds for highway construction, and earmarks 20 percent of the revenues generated for safety improvements. The public debt from the bonds and securities would be serviced by the state gasoline tax, pending a constitutional amendment authorizing tax funds to be used in that manner. S.B. 1083 will have no effect if that amendment is not approved by the voters.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Transportation Commission in SECTION 1 (Section 222.003, Transportation Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 222A, Transportation Code, by adding Section 222.003, as follows:

Sec. 222.003. ISSUANCE OF BONDS SECURED BY STATE HIGHWAY FUND. (a) Authorizes the Texas Transportation Commission (TTC) to issue bonds and other public securities secured by a pledge of and payable from revenue deposited to the credit of the state highway fund.

(b) Prohibits the aggregate principal amount of the bonds and other public securities that are issued from exceeding \$5 billion. Authorizes TTC to only issue bonds or other public securities in an aggregate principal amount of no more than \$1 billion each year.

(c) Requires proceeds from the sale of bonds and other public securities issued under this section to be used to fund highway improvement projects. Requires at least 20 percent of the proceeds from bonds or other public securities to be used to fund highway safety improvement projects that correct or improve hazardous locations on the state highway system.

(d) Requires TTC to prescribe, by rule, criteria for selecting highway safety improvement projects eligible for funding under this section. Requires TTC to consider certain factors in establishing these criteria.

(e) Prohibits the proceeds of bonds and other public securities issued under this section from being used for any purpose other than the purposes for which revenues are dedicated under Section 7-a, Article VIII, Texas Constitution.

(f) Authorizes TTC to enter into bond enhancement agreements relating to the bonds and other public securities authorized by this section. Authorizes the agreements to be secured by and payable from the same sources as the bonds and other public securities.

(g) Makes all laws affecting the issuance of bonds and other public securities by governmental entities, including Chapters 1201, 1202, 1204, 1207, 1231, and 1371, Government Code, applicable to the issuing of bonds and other public securities and the entering into of bond enhancement agreements under this section.

(h) Authorizes the proceeds of bonds and other public securities issued under this section to be used to finance other funds relating to the public security, including debt service reserve and contingency, and to pay the cost or expense of the issuance of the public security.

(i) Prohibits bonds and other public securities and bond enhancement agreements authorized by this section from having a principal amount or terms that are expected by TTC to cause annual expenditures with respect to the obligations to exceed 10 percent of the amount deposited to the credit of the state highway fund in the immediately preceding year.

(j) Authorizes bonds and other public securities issued under this section to be sold in such a manner and subject to such terms and provisions as set forth in the order authorizing their issuance; and requires that such bonds and securities mature no later than 20 years after their dates of issuance, subject to any refundings or renewals.

(k) Requires the comptroller to withdraw from the state highway fund and forward at the direction of TTC to another person the amounts as determined by TTC to permit timely payment of certain bond-related expenses and obligations.

SECTION 2. Effective date: this Act takes effect on the effective date of the constitutional amendment proposed by the 78th Legislature that authorizes the legislature to provide for the issuance of bonds and other public securities for improvements to the state highway system.

Provides that this Act has no effect if that amendment is not approved by the voters.

SUMMARY OF COMMITTEE CHANGES

SECTION 1.

Sec. 222.003. (a) No changes.

(b) Differs from the original by adding the limitation that TTC may only issue bonds in an amount of no more than \$1 billion each year.

(c) Differs from the original by adding the text that requires 20 percent of the bond proceeds to be used to fund safety projects; the original proposed language required \$1 billion, rather than 20 percent, to fund safety projects.

(d) - (f) Redesignated from (c) - (e).

(g) Differs from the original by adding text applying all laws affecting bond issuance, rather than just the ones listed in the originally proposed language, to the issuing of bonds under this section. Also differs from the original by including Chapter 1207, Government Code, in the list of applicable chapters.

(h) Differs from the original by adding the text of Subsection (h).

(i) Redesignated from (g). Differs from the original by making technical but

nonsubstantive changes.

(j) Redesignated from (h). Differs from the original by specifying that the bonds and securities may be sold as set forth in their issuance order; expands their maturation time from 15 to 20 years.

(k) Redesignated from (i). Differs from the original by making a technical but nonsubstantive change.

SECTION 2. No changes.