

BILL ANALYSIS

Senate Research Center

C.S.S.B. 1664
By: Averitt/Lindsay
Finance
4/28/2003
Committee Report (Substituted)

DIGEST AND PURPOSE

The Texas Private Activity Bond Program is a federal program administered by the Texas Bond Review Board to assist in financing eligible privately owned public-purpose projects. C.S.S.B. 1664 adjusts the Texas Private Activity Bond Program to meet the state's public needs.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Bond Review Board in SECTION 7 (Section 1372.0281, Government Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 1372.001, Government Code, by adding Subdivision (18), to define "water development issue."

SECTION 2. Amends Sections 1372.006(a) and (b), Government Code, as follows:

(a) Requires an application for a reservation under Subchapter B or a carryforward designation under Subchapter C to be accompanied by a nonrefundable fee in the amount of \$500, except that for issuers of qualified residential rental project bonds the application is required to be accompanied by a nonrefundable fee of \$5,000, \$1,000 of which is required to be retained by TBRB to offset the costs of program and administrations and \$4,000 is required to be transferred, through an inner-agency [sic] agreement, to a certain entity for use in an Affordable Housing Research and Information program as provided in Section 2306.6732(b), Government Code.

(b) Require an issuer, other than an issuer under Section 1372.022(a)(2) to submit to the Texas Bond Review Board (TBRB) a closing fee in an amount that is equal to the greater of \$1,000 or 0.025 percent of the principal amount of the bonds certified as provided by Section 1372.039(a)(1)(A), rather than Section 1372.039(a)(1).

SECTION 3. Reenacts and amends Section 1372.022, Government Code, as amended by Chapters 1367, 1420, and 1468, Acts of the 77th Legislature, Regular Session, 2001, as follows:

(a) Deletes existing text related to the state ceiling available to issuers prior to August 15 of each year prior to September 1, 2003. Redesignates existing Subsection (b) as Subsection (a). Provides that if the state ceiling is computed on the basis of \$75 per capita or a greater amount, before August 15 of each year certain percentages of the state ceiling are available for certain reservations.

(b) Provides that the portion of the state ceiling available for reservations becomes available for all applications for reservations in the order determined by TBRB by lot, subject to Section 1372.0321. Deletes existing language relating to reservations becoming available fo qualified residential rental project issues in a certain manner. Deletes existing Subsection (c) relating to this section expiring September 1, 2003.

SECTION 4. Amends Section 1372.0231, Government Code, by amending Subsections (b), (c), (d), and (e) and adding Subsection (h), as follows:

(b) Requires TBRB to grant reservations in a certain manner, with respect to the amount of the state ceiling set aside under Subsection (a)(1), subject to Sections 1372.0321(a) and (b).

(d) Requires TBRB, before June 1, or March 1 for regions in which no applications for state ceiling were received, to apportion the amount of the state ceiling set aside under Subsection (a)(2) among the uniform state service regions according to the percentage of the state's population that resides in each of those regions.

(e) Requires TBRB to reserve for areas in the region that are located outside a metropolitan statistical area \$15 million of the state ceiling set aside for the region under Subsection (d), until May 15 of each year for each of the uniform state service regions containing certain cities.

(h) Provides that an application by an issuer of qualified residential rental project bonds that is submitted after the deadline for eligibility to participate in the lottery has a priority lower than that of every application submitted before that date.

SECTION 5. Amends Section 1372.024(b), Government Code, to increase the amount prohibited from being removed under Subsection (a) from 4.5 percent of the state ceiling to 8.0 percent.

SECTION 6. Amends Section 1372.028, Government Code, by adding Subsection (e), to authorize the issuer, instead of filing a complete application under Subsection (c), to file a statement stating whether or not there are changes from the application filed the previous year, and if there are changes, stating the changes, if an insurer applied the previous year for a reservation for qualified mortgage bonds and has not received the reservation at the time of application for the lottery. Requires an issuer filing a statement under this subsection to pay the same application fee required of a complete application.

SECTION 7. Amends Subchapter B, Chapter 1372, Government Code, by adding Section 1372.0281, as follows:

Sec. 1372.0281. INFORMATION REQUIRED OF ISSUERS OF CERTAIN QUALIFIED STUDENT LOAN BONDS. (a) Requires an issuer of qualified student loan bonds authorized by Section 53.47, Education Code (Guaranteed Student Loans and Alternate Education Loans; Bonds for the Purchase of Education Loan Notes), to provide to TBRB together with its application for a reservation information required by TBRB rule.

(b) Authorizes TBRB to require an issuer described by Subsection (a) to provide information with its application, or to supplement the application with certain information.

SECTION 8. Amends Section 1372.0321, Government Code, as added by Chapters 1367 and 1420, Acts of the 77th Legislature, Regular Session, 2001, to require TBRB, in granting reservations to issuers of qualified residential rental project issues, to give first priority to certain projects based on certain criteria.

SECTION 9. Amends Section 1372.037, Government Code, as follows:

(a) Prohibits TBRB, before September 1, from granting any single project a reservation for that year that is greater than a certain amount, except as provided by Subsection (b).

(b) Authorizes TBRB to grant to the Texas Water Development Board a reservation for not more than \$150 million of the available state ceiling as an issuer of state-voted issues if at least \$100 million of the proceeds are for a water development issue.

SECTION 10. Amends Section 1372.039 (a), Government Code, as follows:

(a)(1) Requires the issuer, not later than the 35th day after the issuer's reservation date, to submit certain items to TBRB.

(2) Authorizes the issuer, if an issuer does not submit the documents as required by Subdivision (1), to submit the documents not later than the third day after the end of the 35-day period accompanied by evidence of extenuating circumstances that prevented a timely filing. Requires TBRB to review the late filing and, based on the extenuating circumstances, authorizes TBRB to permit the late filing.

SECTION 11. Amends Section 1372.042, Government Code, by amending Subsections (a), (b), and (c) and by adding Subsection (a-1), as follows:

(a) Requires an issuer other than an issuer of qualified residential rental project bonds, an issuer of state-voted issues, or an issuer of qualified mortgage bonds to close on the bonds for which the reservation was granted not later than a certain date after the reservation date.

(a-1) Requires an issuer of qualified residential rental project bonds to close on the bonds for which the reservation was granted not later than a certain date after the reservation date. Requires the issuer to pay the full closing fee provided under Section 1372.006(b) if the application is not withdrawn before a certain date after the reservation date, if an issuer of qualified residential rental project bonds fails to close on the bonds for which a reservation was granted.

(b) and (c) Make conforming changes.

SECTION 12. Amends Section 2306.6732, Government Code, as follows:

(a) Created from existing text.

(b) Requires TBRB, with funds available under Section 1372.006(a), to establish an Affordable Housing Research and Information program to contract with certain persons for certain studies and research.

SECTION 13. Effective date: September 1, 2003.

Makes application of this Act prospective to January 1, 2004.