

BILL ANALYSIS

Senate Research Center
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S.B. 1778
By: Ogden
Subcommittee on Higher Education
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As Filed

DIGEST AND PURPOSE

Under current law, public institutions of higher education (IHEs) can issue tax-exempt bonds to build or improve facilities, but private IHEs may not. Chapter 53 (Higher Education Authority), Education Code, provides a mechanism whereby a city may create a higher education authority to issue bonds to benefit private IHEs or a nonprofit corporation to benefit primary, secondary, and charter schools. The facilities are exempt from taxation even if they are located in another city and regardless of whether a university requests or directly benefits from the facilities. As proposed, S.B. 1778 requires facilities under Chapter 53, Education Code, to be located in a city that created the relevant higher education authority, unless the exception set forth in the bill applies.

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:

Sec. 53.33. New heading: FACILITIES: CONSTRUCTION, ACQUISITION, AND IMPROVEMENT. (a) Makes a nonsubstantive change.

(b) Provides that, except as provided by Subsection (c), the facilities must be located within a city that created the authority. Deletes provisions stating that the facilities need not be located within the city limits of the city or cities.

(c) Authorizes an authority to acquire or construct a facility for a private institution of higher education outside the city or cities that created the authority or acquire land for that purpose, or to improve an existing facility located outside the city or cities that created the authority for a private institution of higher education, if certain requirements are met.

(d) Provides that if a city or cities acting under Section 53.35 authorize 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 corporation under the Texas Non-Profit Corporation Act (Article 1396-1.01 et seq., V.T.C.S.), this section controls.

(e) Provides that the change in law made to this section by the 78th Legislature at the 2003 Regular Session relating to the power of an authority to acquire, construct, or improve a facility located outside the city or cities that created the authority does not affect certain powers or past actions.

SECTION 2. Amends Chapter 53C, Education Code, by adding Section 53.332, as follows:

Sec. 53.332. NOTICE TO LOCAL GOVERNMENTS OF FISCAL IMPACT OF AUTHORITY ACTION. (a) Requires an authority to provide notice to each political

subdivision of this state in which the authority proposes to acquire, construct, or improve a facility or to acquire land for the construction of a facility.

(b) Requires the notice to be delivered in writing to the presiding officer of the governing body of each political subdivision by the 30th day after the date the board of the authority takes any official action relating to an action described by Subsection (a).

(c) Requires the notice include certain information.

(d) Requires the notice to include certain information, if the acquisition, construction, or improvement requires the approval of counties, cities, and school district under Section 53.33(c)(2).

(e) Requires the authority to provide to each political subdivision receiving the notice any additional information requested by any of the political subdivisions, by the 30th day after the date of the request, that relates to the political subdivision's efforts to estimate the fiscal impact of the proposed action of the authority on the political subdivision.

SECTION 3. Effective: upon passage or September 1, 2003.