

**BILL ANALYSIS**

Senate Research Center  
80R7726 KSD-D

H.B. 3291  
By: Otto (Averitt)  
S/C on Higher Education  
5/16/2007  
Engrossed

**AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Currently, when an appointment to the board of regents of a public institution of higher education is made, training is provided to the appointee. During the training an appointee is made aware that the Texas Higher Education Coordinating Board is required to approve significant capital expenditures, such as construction of a new building. Financial markets offer certain leasing contracts that could make it easier to finance the building of a new structure which involve making lease payments to a third party.

H.B. 3291 prohibits such financing contracts from being entered into without the approval of the Texas Higher Education Coordinating Board.

**RULEMAKING AUTHORITY**

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

**SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Subchapter T, Chapter 51, Education Code, by adding Section 51.785, as follows:

Sec. 51.785. CERTAIN CONTRACTS PROHIBITED. Prohibits the governing body of an institution of higher education from entering into a contract with a person relating to a permanent improvement project at the institution under which the institution makes contractual payments to the person that are not reflected on the institution's financial statement unless the governing body is specifically authorized to enter into the contract by other law or receives prior approval by the Texas Higher Education Coordinating Board.

SECTION 2. Provides that Section 51.785, Education Code, as added by this Act, applies only to a contract entered into on or after the effective date of this Act.

SECTION 3. Effective date: upon passage or September 1, 2007.