

BILL ANALYSIS

Senate Research Center
81R16356 JAM-D

H.J.R. 116
By: Corte (Van de Putte)
Veteran Affairs & Military Installations
5/11/2009
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Veterans Land Board of the State of Texas (VLB) and the Veterans Land Fund were created by the Texas Legislature in 1946 to make low-interest rate loans to returning World War II veterans. The Veterans Housing Assistance Program (VHAP) was added in 1983. Loans in VHAP were initially funded through the issuance of tax-exempt qualified veterans mortgage bonds (QVMBs). However, the Tax Reform Act of 1986 significantly restricted the use of QVMB proceeds to fund loans in VHAP until 2008, when the 110th Congress approved H.R. 6081, the Heroes Earnings Assistance Relief Tax Act, which removed the main restrictions on the use of QVMB proceeds to fund these loans.

Currently, VLB has approximately \$80 million of unused general obligation bonding authority, which can be used by either VHAP or the Veterans Land Program (VLP). VLB expects the remaining authorization to last through the end of 2009; from that point forward VLB will need new bonding authority to continue to issue QVMBs to fund loans in VHAP (and to issue new VLP bonds, if necessary).

H.J.R. 116 proposes a constitutional amendment to effectively “reauthorize” or “evergreen” all previously authorized general obligation bonding authority in the Veterans’ Housing Assistance Fund, the Veterans’ Housing Assistance Fund II, and the Veterans’ Land Fund. Current federal tax law limits VLB to the issuance of no more than \$250 million of QVMBs per year; therefore, the proposed constitutional amendment should provide a sufficient amount of general obligation bonding authority to VLB to continue funding of these programs for approximately eight to 10 years.

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 49-b(w), Article III, Texas Constitution, to authorize the Veterans' Land Board (VLB) to provide for, issue, and sell general obligation bonds of the state for the purpose of selling land to veterans of the state or providing home or land mortgage loans to veterans of the state in a principal amount of outstanding bonds that is required at all times to be equal to or less than the aggregate principal amount of state general obligation bonds previously authorized for those purposes by prior constitutional amendments. Prohibits bonds and other obligations issued or executed under the authority of this subsection from being included in the computation required by Section 49-j of this article. Requires that the bond proceeds be deposited in or used to benefit and augment the Veteran's Land Fund, the Veterans' Housing Assistance Fund, or the Veterans' Housing Assistance Fund II, as determined appropriate by VLB, and be administered and invested as provided by law. Requires that payments of principal and interest on the bonds, including payments under a bond enhancement agreement with respect to principal of or interest on the bonds, be made from the sources and in the manner provided by this section for general obligation bonds issued for the benefit of the applicable fund, rather than the Veterans' Housing Assistance Fund II. Deletes text authorizing VLB, in addition to the general obligation bonds authorized to be issued and to be sold by VLB by the previous constitutional amendments, to provide for, issue, and sell general obligation bonds of the state to provide home mortgage loans to veterans of the state, and prohibiting the

principal amount of outstanding bonds authorized by this subsection from at any one time exceeding \$500 million.

SECTION 2. Requires that the proposed constitutional amendment be submitted to the voters at an election to be held November 3, 2009. Sets forth the required language of the ballot.