

BILL ANALYSIS

Senate Research Center

H.B. 2474
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Higher Education
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Current law authorizes counties and school districts, with voter approval, to levy a junior college district branch campus maintenance tax for the operation, maintenance, and support of a junior college branch campus within their boundaries. In addition to the branch campus maintenance tax, certain counties have issued bonds to finance the construction and acquisition of branch campus facilities for the purpose of leasing them to the junior college district. These county bonds are issued as lease-revenue bonds, secured by and payable from lease payments made by the junior college district to the county.

Interested parties note that current law does not expressly authorize a junior college district to use branch campus maintenance tax proceeds to make and secure its lease payments for a branch campus and that municipal bond rating agencies have expressed an unwillingness to grant a rating on county lease-revenue bonds payable from district lease payments without additional security for the bonds in the form of a trust indenture, deed of trust, or mortgage on the financed property. Counties are not authorized by existing law to grant such additional security on their lease-revenue bonds issued for branch campus facilities.

H.B. 2474 seeks to enable counties to benefit from receiving a rating in the future should they wish to issue debt for the benefit of a junior college district or refinance outstanding lease-revenue bonds by expanding the permissible use of the proceeds from a junior college district branch campus maintenance tax, with the intention of allowing counties and junior college districts to channel the savings into educational programs.

H.B. 2474 amends current law relating to taxes and bonds for a junior college district branch campus.

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 Subchapter E, Chapter 130, Education Code, by adding Section 130.0865, as follows:

Sec. 130.0865. SECURITY FOR REVENUE BONDS ISSUED FOR BRANCH CAMPUS, CENTER, OR EXTENSION FACILITY. Authorizes bonds payable from revenue and issued by the governing body of a county or school district to finance the purchase of land or the construction of a facility to be used for a branch campus, center, or extension facility authorized under Section 130.086 (Branch Campuses) to be secured by a trust indenture, a deed of trust, or a mortgage granting a security interest in the applicable land or facility.

SECTION 2. Amends Section 130.087(k), Education Code, as follows:

(k) Authorizes the proceeds of the junior college district branch campus maintenance tax to be used only as follows:

(1) to operate and maintain a junior college district branch campus and support its programs and services in the area of the political subdivision that levied the tax; and

(2) under an agreement by the applicable junior college district and the political subdivision levying the tax, to make lease payments to the political subdivision for facilities used exclusively by the branch campus that are owned by the political subdivision.

Deletes existing text authorizing the proceeds of the junior college district branch campus maintenance tax to be used only to operate and maintain a junior college district branch campus and to support its programs and services in the area of a jurisdiction that levies a junior college district branch campus maintenance tax to operate, maintain, and support the same junior college district branch campus.

SECTION 3. (a) Provides that the change in law made by this Act in adding Section 130.0865, Education Code, applies only to a bond issued on or after the effective date of this Act. Provides that a bond issued before the effective date of this Act is governed by the law in effect at the time the bond was issued, and the former law is continued in effect for that purpose.

(b) Provides that the change in law made by this Act in amending Section 130.087, Education Code, applies to the proceeds of a junior college district branch campus maintenance tax levied under Section 130.087, Education Code, without regard to whether imposition of the tax was approved by the voters or the proceeds were derived from taxes imposed before, on, or after the effective date of this Act.

SECTION 4. Effective date: upon passage or September 1, 2013.