

## **BILL ANALYSIS**

Senate Research Center  
87R2197 SRA-D

H.B. 1852  
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Business & Commerce  
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Engrossed

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

Private activity bond financing is a critical financing tool for infrastructure, student loans, and residential rental housing in Texas. Partial funding of private activity bonds, a practice allowed in 49 other states, should be allowed in Texas, because interest is paid only on the amount funded. As a result, issuing a loan is less costly and more efficient, allowing more of the bond proceeds to be used for other expenses, such as actual construction costs in a construction project. H.B. 1852 seeks to provide for this partial funding by revising the definition of "closing" for purposes of statutory provisions relating to private activity bonds.

H.B. 1852 amends the Government Code to remove from the definition of "closing," for purposes of provisions relating to certain private activity bonds, the issuance of a bond by an issuer in exchange for the required payment for the bond. H.B. 1852 establishes that the term includes delivery of a bond in exchange for a partial payment for the incremental funding of the bond in accordance with the terms of the bond, provided that the partial payment is not less than 10 percent of the required payment for the bond.

H.B. 1852 amends current law relating to the definition of "closing" for purposes of certain private activity bonds.

### **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 1372.001(3), Government Code, as follows:

(3) Redefines "closing," for purposes of Chapter 1372 (Private Activity Bonds and Certain Other Bonds), to mean the delivery of a bond by an issuer in exchange for the required payment for the bond, rather than the issuance and delivery of a bond by an issuer in exchange for the required payment for the bond. Provides that the term includes delivery of a bond in exchange for a partial payment for the incremental funding of the bond in accordance with the terms of the bond, provided that the partial payment is not less than 10 percent of the required payment for the bond.

SECTION 2. Effective date: September 1, 2021.