

BILL ANALYSIS

Senate Research Center

S.B. 1701
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Higher Education
4/2/2021
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Tuition revenue bonds (TRBs) are financial instruments that institutions of higher education secure with pledged future revenue, such as tuition and fees, to fund capital projects. Despite the name, TRB debt service is not generally paid from tuition and fees. In fact, the Texas legislature has historically appropriated general revenue to cover the annual cost of TRB debt service. Since it is regular practice for the legislature to cover TRB debt service rather than tuition revenue, renaming the TRB would prevent misunderstandings and create more continuity.

Though statute states TRBs can be financed through tuition, it has become regular practice for the legislature to pay the TRB debt in full through general revenue appropriations. The current TRB name does not reflect this practice as precisely as it could. Renaming the TRB would create a more accurate portrayal of how these bonds are financed in practice. S.B. 1701 adds a new definition to Section 55.111, Education Code, to designate these TRBs as "Capital Improvement Bonds."

As proposed, S.B. 1701 amends current law relating to certain bonds issued by public institutions of higher education in this state to acquire, purchase, construct, improve, renovate, enlarge, or equip the property, buildings, structures, or facilities of or the related infrastructure for those institutions.

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 B, Chapter 55, Education Code, by adding Section 55.111, as follows:

Sec. 55.111. DESIGNATION OF BONDS. Authorizes bonds issued by a governing board of an institution of higher education for purposes described by Section 55.13(a) (relating to the authority of a governing board to issue revenue bonds for certain purposes) and secured with revenue funds in accordance with Subchapter B (Revenue Bonds and Facilities), for purposes of the appropriation of general revenue to institutions of higher education under the General Appropriations Act or other Act of the legislature making an appropriation, to be designated as "Capital Improvement Bonds."

SECTION 2. Effective date: upon passage or September 1, 2021.