

BILL ANALYSIS

Senate Research Center

S.B. 1902
By: Carona
Finance
4-4-97
As Filed

DIGEST

Currently, tax-exempt debt is restricted in the private purposes for which it could be issued and the amount of private activity, tax-exempt debt which could be issued in each state, each calendar year. This bill proposes administrative amendments for tax-exempt private activity bonds, such as defining "project," decreasing certain subceilings, allowing single-family set-asides for either single-family or multi-family housing, changing the priority system for single-family housing, and allowing 120 days to complete a bond issue.

PURPOSE

As proposed, S.B. 1902 proposes administrative amendments for tax-exempt private activity bonds, such as defining "project," decreasing certain subceilings, allowing single-family set-asides for either single-family or multi-family housing, changing the priority system for single-family housing, and allowing 120 days to complete a bond issue.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Article 5190.9a, V.T.C.S., to redefine "local population," and to define "project." Makes conforming changes.

SECTION 2. Amends Article 5190.9a, V.T.C.S., to provide that 15.5, rather than 17.5, percent of the state ceiling is available exclusively for certain reservations. Provides that 7, rather than 5, percent of the state ceiling is available exclusively for qualified residential rental project issues. Provides that 15 percent of the state ceiling is available exclusively for reservations by issuers of qualified student loan bonds. Provides that 27, rather than 42, percent, of the state ceiling is available exclusively for all other issuers of bonds. Makes a conforming change.

SECTION 3. Amends Article 5190.9a, V.T.C.S., to require one-third of the state ceiling reserved for qualified mortgage bonds to be made available until August 25 to the Texas Department of Housing and Community Affairs for issuing qualified mortgage and the residential rental project.

SECTION 4. Amends Article 5190.9a, V.T.C.S., to delete a provision relating to second category priorities. Requires second, rather than third category of priority to include those applications for a reservation not included in the first category, rather than the first and second category. Provides that a priority under Subsection(b)(1) of an issuer composed of more than one jurisdiction is not affected by the issuer's loss of a sponsoring governmental unit and that unit's population base if the dollar amount of the amount of the application has not increased. Requires reservations to be granted to mortgage bonds applicable to each housing finance corporation. Sets forth requirements of most recent closings applicable to housing finance corporations. Deletes a provision relating to priority of certain issuers composed of more than one jurisdiction.

SECTION 5. Amends Article 5190.9a, V.T.C.S., to prohibit an issuer prior to September 1, from receiving in excess of \$35 million for higher education authorities authorized by Section 53.47, Education Code, and described by Section 2(b)(5) of this Act; and \$25 million for issuers described

by Section 2(b)(6), rather than Section 2(b)(5), of this Act. Deletes provisions relating to higher education authorities.

SECTION 6. Amends Article 5190.9a, V.T.C.S., to require certain members or officers of the issuer to state that bonds are not being issued for which there exists unexpended proceeds from a prior issue or issues of bonds issued by the same issuer, or based on the issuer's population.

SECTION 7. Amends Article 5190.9a, V.T.C.S., to require an issuer to close on the bonds no later than the 120th, rather than the 90th, day after the reservation date. Provides that the issuer's reservation is cancelled, if the issuer does not timely close on the bonds and that certain actions will take place during the 150-day, rather than 120-day, period beginning on the reservation date of the cancelled reservation.

SECTION 8. Emergency clause.
Effective date: upon passage.