

## **BILL ANALYSIS**

Senate Research Center  
76R5979 ESH-F

S.B. 1091  
By: Duncan  
Education  
4/12/1999  
As Filed

### **DIGEST**

Currently, at least ten school and college districts have adjustable rate tax bonds outstanding for a small portion of their total debt. Districts currently lack statutory authority to enter into lines or letters of credit with liquidity providers and instead must utilize stand-by bond purchase agreements for liquidity on their outstanding variable rate bonds. S.B. 1091 would establish provisions regarding the issuance and sale of bonds and time warrants by school districts and the issuance of obligations and execution of credit agreements by school districts and junior college districts.

### **PURPOSE**

As proposed, S.B. 1091 establishes provisions regarding the issuance and sale of bonds and time warrants by school districts and the issuance of obligations and execution of credit agreements by school districts and junior college districts.

### **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 Section 45.001, Education Code, to authorize certain school districts and entities to issue negotiable coupon bonds for the acquisition of school buildings in the district; and the acquisition of property regardless of whether payment obligations under the contract are due in the current year or a future year. Authorizes bonds to be sold at public or private sale as determined by the governing board of the district. Deletes text requiring all bonds to be sold to the highest bidder. Makes conforming changes.

SECTION 2. Amends Chapter 45A, Education Code, by adding Section 45.0011, as follows:

Sec. 45.001. CREDIT AGREEMENTS IN CERTAIN SCHOOL DISTRICTS. Provides that this section applies only to an independent school district that fulfills certain conditions at the time of the issuance of obligations and execution of credit agreements. Authorizes a district, in the issuance of bonds, to exercise the powers granted to the governing body of an issuer with regard to the issuance of obligations and execution of certain credit agreements. Requires a proposition to issue bonds to which this section applies to include the question of whether the governing board or commissioners court may levy, pledge, assess, and collect annual ad valorem taxes on all taxable property sufficient to pay the principal of and interest on the bonds and costs of any credit agreement. Provides that Article 717q, V.T.C.S., governs approval by the attorney general of obligations issued under the authority of this section.

SECTION 3. Amends Sections 45.103(a) and (b), Education Code, to provide that any school district in need of funds to construct, purchase, equip, or improve school buildings and facilities, and that is financially unable out of available funds to do so, the school district may issue interest-bearing time warrants, in amounts sufficient to construct, purchase, equip, or improve school buildings and facilities, or pay certain compensation. Deletes text regarding the making of repairs or renovations, and improvements. Makes conforming changes.

SECTION 4. Amends Chapter 130G, Education Code, by adding Section 130.1221, as follows:

Sec. 130.1221. CREDIT AGREEMENTS IN CERTAIN JUNIOR COLLEGE DISTRICTS.

Provides that this section applies only to a junior college district that fulfills certain conditions at the time of the issuance of obligations and execution of credit agreements. Authorizes a district, in the issuance of bonds, to exercise the powers granted to the governing body of an issuer with regard to the issuance of obligations and execution of credit agreements. Requires a proposition to issue bonds to include the question of whether the governing board may levy, pledge, assess, and collect annual ad valorem taxes sufficient to pay the principal of and interest on the bonds and the costs of any credit agreements executed in connection with the bonds. Provides that Article 717q, V.T.C.S., governs approval by the attorney general of obligations issued under the authority of this section.

SECTION 5. Emergency clause.

Effective date: upon passage.