

BILL ANALYSIS

Senate Research Center
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C.S.H.B. 658
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Finance
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Committee Report (Substituted)

DIGEST AND PURPOSE

Under current law, the governing board of an institution of higher education (institution) is authorized to issue bonds or notes to acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads, and other infrastructure related to the institution. Certain systems and institutions may need more funds to finance these types of projects. C.S.H.B. 658 authorizes the board of regents at certain universities and university systems to issue additional bonds to fund infrastructure projects at the specified 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 Section 51.008, Education Code, by adding Subsection (h), to require that tuition revenue and revenue collected under Section 34.017, Natural Resources Code, to be deposited in the treasury and be treated as designated funds in the general revenue fund. Provides that notwithstanding a pledge of that revenue made or to be made in the proceedings approved by the governing board of an institution of higher education authorizing the issuance or incurrence of bonds, the deposit of the revenue in the treasury to the credit of an account in the general revenue fund does not cause certain actions.

SECTION 2. Amends Section 55.16, Education Code, as follows:

- (a) Makes nonsubstantive changes.
- (b) Provides that unless expressly provided by law that specified money under the control of a board is not considered revenue funds, a provision of this title or another law that limits the purposes for which money under the control of the board may be spent does not impair the board's authority to pledge and use any revenue or money under the board's control to secure or pay obligations of the board under this chapter or other law.
- (c) Requires a board to fix each rental, rate, charge, or fee that the board is authorized by this title to fix in an amount the board determines necessary to pay or provide, for each activity or service for which the rental, rate, charge, or fee is imposed, all associated costs, including associated overhead costs of a system or institution, and prudent reserves. Prohibits this section, except as otherwise provided by Subsection (e), from authorizing a board to impose rental, rate, charge, or fee in an amount that exceeds any applicable limit imposed by another provision of this title.
- (d) Authorizes a governing board, for billing and reporting purposes, to accumulate all mandatory fees or charges authorized by this section or by Chapter 54 as a separate facilities and services charge.

SECTION 3. Amends Chapter 55B, Education Code, by adding Sections 55.1731, 55.1732, 55.1733, 55.1734, 55.1735, 55.17351, 55.1736, 55.1737, 55.1738, 55.1739, 55.17391, and 55.17392 as follows:

Sec. 55.1731. THE TEXAS A&M UNIVERSITY SYSTEM; ADDITIONAL BONDS. (a) Authorizes board of regents of The Texas A&M University System (board), that, in addition to the other authority granted by this subchapter, the to issue in accordance with this subchapter and in accordance with a systemwide revenue financing program adopted by the board bonds for specified institutions not to exceed specified aggregate principal amounts to finance projects specified.

(b) Authorizes the board to pledge irrevocably to the payment of those bonds all or any part of the revenue funds of an institution, branch, or entity of The Texas A&M University System, including student tuition charges. Prohibits the amount of a pledge made under this subsection from being reduced or abrogated while the bonds for which the pledge is made, or bonds issued to refund those bonds, are outstanding.

(c) Authorizes the board, if sufficient funds are not available to the board to meet its obligations under this section, to transfer funds among institutions, branches, and entities of The Texas A&M University System to ensure the most equitable and efficient allocation of available resources for each institution, branch, or entity to carry out its duties and purposes.

(d) Authorizes any portion of the proceeds of bonds authorized by this section for one or more specified projects at an institution that is not required for the specified projects to be used to renovate existing structures and facilities at the institution.

(e) Prohibits the bonds authorized by Subsection (a)(1)(D) for Prairie View A&M University from being issued before March 1, 2003.

Sec. 55.1732. THE UNIVERSITY OF TEXAS SYSTEM; ADDITIONAL BONDS. (a) Authorizes the board of regents of The University of Texas System (board), in addition to the other authority granted by this subchapter, to issue in accordance with this subchapter and in accordance with a systemwide revenue financing program adopted by the board bonds for specified institutions not to exceed aggregate principal amounts to finance projects specified.

(b) Authorizes the board to pledge irrevocably to the payment of those bonds all or any part of the revenue funds of an institution, branch, or entity of The University of Texas System, including student tuition charges. Prohibits the amount of a pledge made under this subsection from being reduced or abrogated while the bonds for which the pledge is made, or bonds issued to refund those bonds, are outstanding.

(c) Authorizes the board, if sufficient funds are not available to the board to meet its obligations under this section, to transfer funds among institutions, branches, and entities of The University of Texas System to ensure the most equitable and efficient allocation of available resources for each institution, branch, or entity to carry out its duties and purposes.

(d) Authorizes any portion of the proceeds of bonds authorized by this section for one or more specified projects at an institution that is not required for the specified projects to be used to renovate existing structures and facilities at the institution.

Sec. 55.1733. THE UNIVERSITY OF HOUSTON SYSTEM; ADDITIONAL BONDS.

(a) Authorizes the board of regents of the University of Houston System (board), in addition to the other authority granted by this subchapter, to issue in accordance with this subchapter and in accordance with a systemwide revenue financing program adopted by the board bonds for specified institutions not to exceed specified aggregate principal amounts to finance projects specified.

(b) Authorizes the board to pledge irrevocably to the payment of those bonds all or any part of the revenue funds of an institution, branch, or entity of the University of Houston System, including student tuition charges. Prohibits the amount of a pledge made under this subsection from being reduced or abrogated while the bonds for which the pledge is made, or bonds issued to refund those bonds, are outstanding.

(c) Authorizes the board, if sufficient funds are not available to the board to meet its obligations under this section, to transfer funds among institutions, branches, and entities of the University of Houston System to ensure the most equitable and efficient allocation of available resources for each institution, branch, or entity to carry out its duties and purposes.

(d) Authorizes any portion of the proceeds of bonds authorized by this section for one or more specified projects at an institution that is not required for the specified projects to be used to renovate existing structures and facilities at the institution.

Sec. 55.1734. TEXAS STATE UNIVERSITY SYSTEM; ADDITIONAL BONDS. (a) Authorizes the board of regents of the Texas State University System (board) in addition to the other authority granted by this subchapter, to issue in accordance with this subchapter and in accordance with a systemwide revenue financing program adopted by the board bonds for the following specified institutions not to exceed the following specified aggregate principal amounts to finance projects specified.

(b) Authorizes the board to pledge irrevocably to the payment of those bonds all or any part of the revenue funds of an institution, branch, or entity of the Texas State University System, including student tuition charges. Prohibits the amount of a pledge made under this subsection from being reduced or abrogated while the bonds for which the pledge is made, or bonds issued to refund those bonds, are outstanding.

(c) Authorizes the board, if sufficient funds are not available to the board to meet its obligations under this section, to transfer funds among institutions, branches, and entities of the Texas State University System to ensure the most equitable and efficient allocation of available resources for each institution, branch, or entity to carry out its duties and purposes.

(d) Authorizes that any portion of the proceeds of bonds authorized by this section for one or more specified projects at an institution that is not required for the specified projects to be used to renovate existing structures and facilities at the institution.

Sec. 55.1735. UNIVERSITY OF NORTH TEXAS SYSTEM; ADDITIONAL BONDS.

(a) Authorizes the board of regents of the University of North Texas System (board), in addition to the other authority granted by this subchapter, to issue in accordance with this subchapter and in accordance with a systemwide revenue financing program adopted by the board bonds for the following specified institutions not to exceed the following specified aggregate principal amounts to finance projects specified.

(b) Authorizes the board to pledge irrevocably to the payment of those bonds all or any part of the revenue funds of the University of North Texas or the University of North Texas Health Science Center at Fort Worth, including student tuition charges.

Prohibits the amount of a pledge made under this subsection from being reduced or abrogated while the bonds for which the pledge is made, or bonds issued to refund those bonds, are outstanding.

(c) Authorizes that if sufficient funds are not available to the board to meet its obligations under this section, the board may transfer funds between the University of North Texas and the University of North Texas Health Science Center at Fort Worth to ensure the most equitable and efficient allocation of available resources for the University of North Texas and the University of North Texas Health Science Center at Fort Worth to carry out their duties and purposes.

(d) Authorizes any portion of the proceeds of bonds authorized by this section for one or more specified projects at an institution that is not required for the specified projects to be used to renovate existing structures and facilities at the institution.

Sec. 55.17351. UNIVERSITY OF NORTH TEXAS AT DALLAS. (a) Authorizes the board of regents of the University of North Texas, not earlier than September 1, 2003, to acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads, or related infrastructure for the University of North Texas at Dallas that would be financed by the issuance of bonds in accordance with this subchapter in the aggregate principal amount not to exceed \$27 million for the University of North Texas as Dallas, with the proceeds of the bonds to be used in a manner consistent with Chapter 105I.

(b) Authorizes the board to pledge irrevocably to the payment of those bonds all or any part of the revenue funds the University of North Texas at Dallas, including student tuition charges. Prohibits the amount of a pledge made under this subsection from being reduced or abrogated while the bonds for which the pledge is made, or bonds issued to refund those bonds, are outstanding.

(c) Authorizes the board, if sufficient funds are not available to the board to meet its obligations under this section, to transfer funds between the University of North Texas, University of North Texas at Dallas, and the University of North Texas Health Science Center at Fort Worth to ensure the most equitable and efficient allocation of available resources for the University of North Texas, the University of North Texas at Dallas, and the University of North Texas Health Science Center at Fort Worth to carry out their duties and purposes.

Sec. 55.1736. TEXAS WOMAN'S UNIVERSITY. (a) Authorizes the board of regents of Texas Woman's University (board) in addition to the other authority granted by this subchapter, to issue bonds in accordance with this subchapter in the aggregate principal amount not to exceed \$27,315,000 to finance the renovation of academic and administrative buildings at Texas Woman's University.

(b) Authorizes the board to pledge irrevocably to the payment of those bonds all or any part of the revenue funds of Texas Woman's University, including student tuition charges. Prohibits the amount of a pledge made under this subsection from being reduced or abrogated while the bonds for which the pledge is made, or bonds issued to refund those bonds, are outstanding.

(c) Authorizes any portion of the proceeds of bonds authorized by this section for one or more specified projects that is not required for the specified projects to be used to renovate existing structures and facilities at the institution.

Sec. 55.1737. MIDWESTERN STATE UNIVERSITY; ADDITIONAL BONDS. (a) Authorizes the board of regents of Midwestern State University (board), in addition to the other authority granted by this subchapter, to issue in accordance with this subchapter bonds not to exceed specified aggregate principal amounts to finance specified projects at Midwestern State University.

(b) Authorizes the board to pledge irrevocably to the payment of those bonds all or any part of the revenue funds of Midwestern State University, including student tuition charges. Prohibits the amount of a pledge made under this subsection from being reduced or abrogated while the bonds for which the pledge is made, or bonds issued to refund those bonds, are outstanding.

(c) Authorizes any portion of the proceeds of bonds authorized by this section for one or more specified projects that is not required for the specified projects to be used to renovate existing structures and facilities at the institution.

Sec. 55.1738. STEPHEN F. AUSTIN STATE UNIVERSITY. (a) Authorizes the board of regents of Stephen F. Austin State University (board), in addition to the other authority granted by this subchapter, to issue in accordance with this subchapter bonds not to exceed specified aggregate principal amounts to finance specified projects at Stephen F. Austin State University.

(b) Authorizes the board to pledge irrevocably to the payment of those bonds all or any part of the revenue funds of Stephen F. Austin State University, including student tuition charges. Prohibits the amount of a pledge made under this subsection from being reduced or abrogated while the bonds for which the pledge is made, or bonds issued to refund those bonds, are outstanding.

(c) Authorizes any portion of the proceeds of bonds authorized by this section for one or more specified projects that is not required for the specified projects may be used to renovate existing structures and facilities at the institution.

Sec. 55.1739. TEXAS TECH UNIVERSITY SYSTEM; ADDITIONAL BONDS. (a) Authorizes the board of regents of the Texas Tech University System (board), in addition to the other authority granted by this subchapter, to issue in accordance with this subchapter and in accordance with a systemwide revenue financing program adopted by the board bonds for specified institutions not to exceed specified aggregate principal amounts for projects specified.

(b) Authorizes the board to pledge irrevocably to the payment of those bonds all or any part of the revenue funds of Texas Tech University or the Texas Tech University Health Sciences Center, including student tuition charges. Prohibits the amount of a pledge made under this subsection from being reduced or abrogated while the bonds for which the pledge is made, or bonds issued to refund those bonds, are outstanding.

(c) Authorizes that, if sufficient funds are not available to the board to meet its obligations under this section, the board to transfer funds between Texas Tech University and the Texas Tech University Health Sciences Center to ensure the most equitable and efficient allocation of available resources for Texas Tech University and the Texas Tech University Health Sciences Center to carry out their duties and purposes.

(d) Authorizes any portion of the proceeds of bonds authorized by this section for one or more specified projects at an institution that is not required for the specified projects to be used to renovate existing structures and facilities at the institution.

Sec. 55.17391. TEXAS SOUTHERN UNIVERSITY; ADDITIONAL BONDS. (a) Authorizes the board of regents of Texas Southern University (board), in addition to other authority granted by this subchapter, to issue in accordance with this subchapter bonds not to exceed the following specified aggregate principal amounts to finance specified projects at Texas Southern University.

(b) Authorizes the board to pledge irrevocably to the payment of those bonds all or any part of the revenue funds of Texas Southern University, including student tuition charges required or authorized by law to be imposed on students enrolled at the university. Prohibits the amount of a pledge made under this subsection from being reduced or abrogated while the bonds for which the pledge is made, or bonds issued to refund those bonds, are outstanding.

(c) Authorizes any portion of the proceeds of bonds authorized by this section for one or more specified projects that is not required for the specified projects to be used to renovate existing structures and facilities at the institution.

(d) Prohibits the bonds authorized by Subsections (a)(4) from being issued before March 1, 2003.

(e) Prohibits the bonds authorized by Subsection (a)(5) from being issued before March 1, 2002.

Sec. 55.17392. TEXAS STATE TECHNICAL COLLEGE SYSTEM. (a) Authorizes the board of regents of the Texas State Technical College System to issue in accordance with this subchapter and in accordance with a systemwide revenue financing program adopted by the board bonds for specified institutions not to exceed specified aggregate principal amounts for projects specified.

(b) Authorizes the board to pledge irrevocably to the payment of those bonds all or any part of the revenue funds of an institution, branch, or entity of the Texas State Technical College System, including student tuition charges. Prohibits the amount of a pledge made under this subsection from being reduced or abrogated while the bonds for which the pledge is made, or bonds issued to refund those bonds, are outstanding.

(c) Authorizes that if sufficient funds are not available to the board to meet its obligations under this section, the board to transfer funds among institutions, branches, and entities of the Texas State Technical College System to ensure the most equitable and efficient allocation of available resources for each institution, branch, or entity to carry out its duties and purposes.

(d) Authorizes any portion of the proceeds of bonds authorized by this section for one or more specified projects at an institution that is not required for the specified projects to be used to renovate existing structures and facilities at the institution.

SECTION 4. (a) Provides that all acts and proceedings of each governing board of an institution of higher education relating to the establishment and collection of rates, rentals, charges, and fees are validated as of the date the act or proceeding occurred.

(b) Provides that this section does not apply to an act or proceeding that on the effective date of this Act meets certain criteria.

(c) Defines “governing board” and “institution of higher education.”

SECTION 5. Effective date: upon passage or September 1, 2001.