

## **BILL ANALYSIS**

Senate Research Center  
77R4616 BDH-F

S.B. 827  
By: Duncan  
Natural Resources  
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As Filed

### **DIGEST AND PURPOSE**

Currently, cities and counties must issue municipal bonds for even small loan amounts, and the bond issuance process creates expenses for the political subdivision and requires review by the Texas attorney general. S.B. 827 authorizes rural municipalities and counties to issue anticipation notes to the Texas Agriculture Finance Authority (TAFA) to finance public purpose projects that will promote economic development or facilitate the infrastructure necessary for local economic growth. Allowing TAFA to serve as a small loan bond bank will reduce expenses and requirements for rural area needing to finance small dollar amount projects.

### **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 Chapter 1431, Government Code, by adding Section 1431.014, as follows:

Sec. 1431.014. CERTAIN NOTES FOR RURAL ECONOMIC DEVELOPMENT. (a) Authorizes an issuer participating in a rural economic development program established by the Texas Agricultural Finance Authority (authority) to sell to the authority an anticipation note issued for a purpose described by Section 1431.004(a)(1), provided that the note matures before the 30th anniversary of the date the note is issued, and notwithstanding any other provision of this chapter.

(b) Provides that anticipation notes issued by a single issuer under this section in an aggregate original principal amount of not more than \$500,000 are not subject to the approval requirements of Section 1431.011 or Chapter 1202.

(c) Authorizes an issuer to issue anticipation notes under this section for the same purpose note more than once in any 12-month period.

SECTION 2. Effective date: upon passage or September 1, 2001.