

## **BILL ANALYSIS**

Senate Research Center

S.B. 46  
By: Zaffirini  
S/C on Capital Funding for Higher Education  
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As Filed

### **AUTHOR'S/SPONSOR'S STATEMENT OF INTENT**

Currently, institutions of higher education are limited because they do not have the revenue needed to issue bonds on their own. Tuition revenue bonds (TRBs) provide a vehicle for these institutions to issue bonds to pay for needed facilities.

As proposed, S.B. 46 provides for the issuance of TRBs for institutions in the University of Houston System, the University of Texas System, the Texas A&M University System, the Texas Tech University System, the Texas State University System, the University of North Texas System, and for Texas Woman's University, Midwestern State University, Stephen F. Austin State University, Texas State Technical College System, and Texas Southern University.

### **RULEMAKING AUTHORITY**

Rulemaking authority previously granted to the Texas Higher Education Coordinating Board is modified in SECTION 3 (Section 61.058, Education Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Subchapter B, Chapter 55, Education Code, by adding Sections 55.1751, 55.1752, 55.1753, 55.1754, 55.1755, 55.1756, 55.1757, 55.1758, 55.1759, 55.17591, and 55.17592, as follows:

Sec. 55.1751. THE TEXAS A&M UNIVERSITY SYSTEM; ADDITIONAL BONDS.

(a) Authorizes the board of regents (TAMU board) of The Texas A&M University System, in addition to the other authority granted by this subchapter, to acquire, purchase, construct, improve, renovate, enlarge, or equip facilities, including roads and related infrastructure, for projects to be financed through the issuance of bonds in accordance with this subchapter and in accordance with a systemwide revenue financing program adopted by the TAMU board for certain institutions and facilities not to exceed certain aggregate principal amounts for certain projects as specified in this section.

(b) Authorizes the TAMU board to pledge irrevocably to the payment of bonds authorized by this section 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 TAMU 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.

Sec. 55.1752. THE UNIVERSITY OF TEXAS SYSTEM; ADDITIONAL BONDS. (a) Authorizes the board of regents of The University of Texas System (UT board), in addition to the other authority granted by this subchapter, to acquire, purchase, construct, improve, renovate, enlarge, or equip facilities, including roads and related infrastructure, for projects to be financed through the issuance of bonds in accordance with this

subchapter and in accordance with a systemwide revenue financing program adopted by the UT board for certain institutions not to exceed the certain aggregate principal amounts for certain projects as specified in this section.

(b) Authorizes the UT board to pledge irrevocably to the payment of bonds authorized by this section 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 UT board, if sufficient funds are not available to the UT 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.

Sec. 55.1753. UNIVERSITY OF HOUSTON SYSTEM; ADDITIONAL BONDS. (a) Authorizes the board of regents of the University of Houston System (UH board), in addition to the other authority granted by this subchapter, to acquire, purchase, construct, improve, renovate, enlarge, or equip facilities, including roads and related infrastructure, for certain institutions, to be financed through the issuance of bonds in accordance with this subchapter and in accordance with a systemwide revenue financing program adopted by the UH board, in aggregate principal amounts not to exceed certain amounts as specified in this section.

(b) Authorizes the UH board to pledge irrevocably to the payment of bonds authorized by this section 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 UH board, if sufficient funds are not available to the UH 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.

Sec. 55.1754. TEXAS STATE UNIVERSITY SYSTEM; ADDITIONAL BONDS. (a) Authorizes the board of regents of the Texas State University System (TSUS board), in addition to the other authority granted by this subchapter, to acquire, purchase, construct, improve, renovate, enlarge, or equip facilities, including roads and related infrastructure, for projects to be financed through the issuance of bonds in accordance with this subchapter and in accordance with a systemwide revenue financing program adopted by the TSUS board for certain institutions not to exceed the aggregate principal amounts for the projects as specified in this section.

(b) Authorizes the TSUS board to pledge irrevocably to the payment of bonds authorized by this section 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 TSUS board, if sufficient funds are not available to the TSUS 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.

Sec. 55.1755. UNIVERSITY OF NORTH TEXAS SYSTEM; ADDITIONAL BONDS. (a) Authorizes the board of regents of the University of North Texas System (UNTS board), in addition to the other authority granted by this subchapter, to acquire, purchase, construct, improve, renovate, enlarge, or equip facilities, including roads and related infrastructure, for projects to be financed through the issuance of bonds in accordance with this subchapter and in accordance with a systemwide revenue financing program adopted by the UNTS board for certain institutions and facilities in the aggregate principal amounts for the projects as specified in this section.

(b) Authorizes the UNTS board to pledge irrevocably to the payment of bonds authorized by this section all or any part of the revenue funds of an institution, branch, or entity of the University of North 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 UNTS board, if sufficient funds are not available to the UNTS board to meet its obligations under this section, to transfer funds among institutions, branches, and entities of the University of North 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.

Sec. 55.1756. TEXAS WOMAN'S UNIVERSITY. (a) Authorizes the board of regents of Texas Woman's University (TWU board), in addition to the other authority granted by this subchapter, to acquire, purchase, construct, improve, renovate, enlarge, or equip facilities, including roads and related infrastructure, for renovations and additions to the science building on the Denton campus of Texas Woman's University, to be financed through the issuance of bonds in accordance with this subchapter in an aggregate principal amount not to exceed \$24,155,235.

(b) Authorizes the TWU board to pledge irrevocably to the payment of bonds authorized by this section 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.

Sec. 55.1757. MIDWESTERN STATE UNIVERSITY; ADDITIONAL BONDS. (a) Authorizes the board of regents of Midwestern State University (MSU board), in addition to the other authority granted by this subchapter, to acquire, purchase, construct, improve, renovate, enlarge, or equip facilities, including roads and related infrastructure, for certain projects at Midwestern State University, to be financed through the issuance of bonds in accordance with this subchapter not to exceed certain aggregate principal amounts for the projects as specified in this section.

(b) Authorizes the MSU board to pledge irrevocably to the payment of bonds authorized by this section 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.

Sec. 55.1758. STEPHEN F. AUSTIN STATE UNIVERSITY. (a) Authorizes the board of regents of Stephen F. Austin State University (SFASU board), in addition to the other authority granted by this subchapter, to acquire, purchase, construct, improve, renovate, enlarge, or equip facilities, including roads and related infrastructure, for certain projects at Stephen F. Austin University, to be financed through the issuance of bonds in accordance with this subchapter not to exceed certain aggregate principal amounts for the projects as specified in this section.

(b) Authorizes the SFASU board to pledge irrevocably to the payment of bonds authorized by this section 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.

Sec. 55.1759. TEXAS TECH UNIVERSITY SYSTEM; ADDITIONAL BONDS. (a) Authorizes the board of regents of the Texas Tech University System (TTUS board), in addition to the other authority granted by this subchapter, to acquire, purchase, construct, improve, renovate, enlarge, or equip facilities, including roads and related infrastructure, for certain projects to be financed through the issuance of bonds in accordance with this subchapter and in accordance with a systemwide revenue financing program adopted by the TTUS board not to exceed certain aggregate principal amounts for the projects as specified in this section.

(b) Authorizes the TTUS board to pledge irrevocably to the payment of bonds authorized by this section all or any part of the revenue funds of an institution, branch, or entity of the Texas Tech 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 TTUS board, if sufficient funds are not available to the TTUS board to meet its obligations under this section, to transfer funds among institutions, branches, and entities of the Texas Tech 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.

Sec. 55.17591. TEXAS SOUTHERN UNIVERSITY; ADDITIONAL BONDS. (a) Authorizes the board of regents of Texas Southern University (TSU board), in addition to the other authority granted by this subchapter, to acquire, purchase, construct, improve, renovate, enlarge, or equip facilities, including roads and related infrastructure, for certain projects at Texas Southern University, to be financed through the issuance of bonds in accordance with this subchapter not to exceed certain aggregate principal amounts for the projects as specified in this section.

(b) Authorizes the TSU board to pledge irrevocably to the payment of bonds authorized by this section all or any part of the revenue funds of Texas Southern 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.

Sec. 55.17592. TEXAS STATE TECHNICAL COLLEGE SYSTEM. (a) Authorizes the board of regents of the Texas State Technical College System (TSTC board), in addition to the other authority granted by this subchapter, to acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads, or related infrastructure for certain projects to be financed by the issuance of bonds in accordance with this subchapter and in accordance with a systemwide revenue financing program adopted by the TSTC board for certain institutions not to exceed certain aggregate principal amounts for the projects as specified in this section.

(b) Authorizes the TSTC 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 the TSTC 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 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.

SECTION 2. Amends Section 61.0572(e), Education Code, to provide that approval of the Texas Higher Education Coordinating Board (THECB) is not required to acquire real property that is financed by bonds issued under Sections 55.17(e)(3) or (4), 55.1713-55.1718, 55.1721-55.1728, 55.1735(a)(1), 55.174, 55.1742, 55.1743, 55.1744, or 55.1751-55.17592, except that THECB is required to review all real property to be financed by bonds issued under those sections to determine whether the property meets the standards adopted by THECB for cost, efficiency, and space use. Requires THECB, if the property does not meet those standards, to notify the governor, the lieutenant governor, the speaker of the house of representatives, and the Legislative Budget Board.

SECTION 3. Amends Section 61.058(b), Education Code, to provide that this section does not apply to construction, repair, or rehabilitation financed by bonds issued under Sections 55.17(e)(3) or (4), 55.1713-55.1718, 55.1721-55.1728, 55.174, 55.1742, 55.1743, 55.1744, or 55.1751-55.17592, except that THECB is required review all construction, repair, or rehabilitation to be financed by bonds issued under those sections to determine whether the construction, rehabilitation, or repair meets the standards adopted by board rule for cost, efficiency, and space use. Requires THECB, if the construction, rehabilitation, or repair does not meet those standards, to notify the governor, the lieutenant governor, the speaker of the house of representatives, and the Legislative Budget Board.

SECTION 4. Amends Section 1371.001(4), Government Code, to redefine "issuer."

SECTION 5. Appropriates to the respective institutions of higher education \$108,000,000 in General Revenue for the 2006-07 biennium for the purpose of paying debt service on the bonds authorized by this Act. Requires the debt service appropriations to be transferred to affected institutions of higher education based on a plan developed by THECB and approved by the Legislative Budget Board.

SECTION 6. Provides that this Act does not affect any authority or restriction regarding the activities that a public institution of higher education is authorized to conduct in connection with a facility financed by bonds authorized by this Act.

SECTION 7. Effective date: upon passage or on the 91st day after adjournment.