

BILL ANALYSIS

Senate Research Center

S.B. 1952
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Economic Development
9/29/2009
Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

In its current form, Chapter 1434 (County and Municipal Higher Education Improvement Bonds), Government Code, authorizes certain cities and counties to issue public securities, including certificates of obligation to acquire, construct, or improve land, buildings, or other permanent improvements for use by an institution of higher education. The City of Pearland desires to enter into an agreement to issue public securities to finance and construct a building. A portion of the building will be leased to the University of Houston-Clear Lake to create a University of Houston-Pearland campus. The public finance division of the Office of the Attorney General has raised several concerns about the use of Chapter 1434 as authority to finance the campus.

S.B. 1952 amends current law relating to the authorization of certain municipalities and counties to issue public securities for the financing of permanent improvements for use by an institution of higher education.

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 1434.001, Government Code, to provide that Chapter 1434, Government Code, applies only to a home-rule municipality with a population of 25,000 or more that has an institution of higher education, rather than a general academic teaching institution, located within its boundaries or has entered into an agreement with an institution of higher education relating to the provision of services in furtherance of the completion of certificate programs, degree programs, or other higher education programs within the municipality by the institution of higher education.

SECTION 2. Amends Section 1434.002, Government Code, to define "agreement" and to redefine "institution of higher education." Makes nonsubstantive changes.

SECTION 3. Amends Section 1434.003, Government Code, as follows:

Sec. 1434.003. LEGISLATIVE FINDING. Provides that the legislature finds that the assistance provided by counties and municipalities in promoting and providing higher education opportunities for residents of this state will benefit and enhance the general welfare of their residents by providing new and alternative higher education resources and enhanced access to those resources, improving and enhancing the educational opportunities of their residents, and allowing the completion of certificate programs, degree programs, and other higher education programs locally; and that those benefits and enhancements constitute public purposes for counties and municipalities. Deletes existing text relating to the development and diversification of the economy of this state and the elimination of unemployment and underemployment in this state.

SECTION 4. Amends Section 1434.051, Government Code, by adding Subsection (a-1), to authorize a municipality that has entered into an agreement described in Section 1434.001(1) to issue public securities, including certificates of obligation, to acquire, construct, or improve land, buildings, or other permanent improvements for use by an institution of higher education; impose

ad valorem taxes to pay and secure payment of the principal of and interest on those securities and to provide a sinking fund; and pledge those taxes, any portion of the revenues received in connection with the agreement, or any combination of the taxes and revenue to secure payment of any portion of the public securities issued to acquire, construct, or improve the land, buildings, or other permanent improvements for use by the institution of higher education.

SECTION 5. Provides that any notice published by a municipality indicating the intent of the municipality to issue certificates of obligation in accordance with Subchapter C (Certificate of Obligation Act), Chapter 271 (Purchasing and Contracting Authority of Municipalities, Counties, and Certain Other Local Governments), Local Government Code, for a purpose authorized by this Act is effective in accordance with its terms without regard to whether the notice was published before the effective date of this Act.

SECTION 6. Effective date: upon passage or September 1, 2009.