

## **BILL ANALYSIS**

Senate Research Center  
82R6613 ATP-F

H.B. 1263  
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Economic Development  
5/2/2011  
Engrossed

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

Nonprofit organizations like the Boy Scouts of America, the American Heart Association, Ascension Health and others face roadblocks when seeking to raise funds in the bond market.

S.B. 1263 levels the playing field for qualified Texas nonprofits to make bond financing or projects accessible and affordable.

The bill allows Texas nonprofits that meet strict local control guidelines to finance projects through the bond market without obligating tax dollars or state funds. Also, in this time of strained budgets, it benefits local governments by providing an additional source of revenue that can flow into local coffers. Each transaction approved by a local entity can generate tens of thousands of dollars to help pay for additional police, firefighters, and other needed resources.

Finally, this bill levels the playing field between Texas and other states. Currently, Texas nonprofits seeking to finance facilities across the country must go outside the state, denying the business to local Texas professionals and finance corporations. H.B. 1263 brings an end to this practice and is an additional tool in the toolbox of local finance corporations when competing against their out of state counterparts.

H.B. 1263 amends current law relating to the powers, duties, and financing of certain facilities finance corporations.

### **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 2(a), Cultural Education Facilities Finance Corporation Act (Article 1528m, V.T.C.S.), to provide that the legislature finds, among other findings, that qualified nonprofit corporations in this state have invested substantial funds in useful and beneficial cultural facilities and have experienced difficulty in undertaking additional projects because of the inadequacy of their own funds or of funds potentially available from local subscription sources and because of limitations of local financial institutions in providing necessary financing for these facilities. Makes a nonsubstantive change.

SECTION 2. Amends Section 3(5), Cultural Education Facilities Finance Corporation Act (Article 1528m, V.T.C.S.), to redefine "cultural facility."

SECTION 3. Amends Section 4, Cultural Education Facilities Finance Corporation Act (Article 1528m, V.T.C.S.), by amending Subsections (b) and (c) and adding Subsection (e), as follows:

(b) Requires that the cultural education facilities finance corporation (corporation) be created and organized in the same manner as a health facilities development corporation under Chapter 221 (Health Facilities Development Act), Health and Safety Code, and has the same powers, authority, and rights with respect to certain facilities.

(c) Provides that the powers of a corporation under Subsection (b) include the power to acquire, purchase, lease, mortgage, and convey property with respect to a facility; borrow money by issuing bonds, notes, and other obligations; lend money for its corporate purposes; invest and reinvest its funds; and secure its bonds, notes, and obligations by mortgaging, pledging, assigning, or otherwise encumbering its property or assets. Requires that any bonds, notes, or other obligations authorized under this subsection, except as otherwise provided by this Act, be issued in accordance with Chapter 1201 (Public Securities Procedures Act), Government Code.

(e) Authorizes the corporation, regardless of any other provision in Chapter 221, Health and Safety Code, or Chapter 53 (Higher Education Facility Authorities for Public Schools), Education Code, to exercise its powers on behalf of a user outside of this state if the user also conducts lawful activities in this state.

SECTION 4. Effective date: upon passage or September 1, 2011.