

## **BILL ANALYSIS**

Senate Research Center  
83R19705 EAH-F

H.B. 885  
By: Murphy et al. (Patrick)  
Education  
5/10/2013  
Engrossed

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

Interested parties contend that recent legislation allowing open-enrollment charter schools to have bonds guaranteed by the permanent school fund has led to an improvement in their bond ratings through all major investment agencies and a decrease in the amount of interest due over the life of a charter school bond. This recent legislation, however, did not extend access to a permanent school fund guarantee for bond refinancing or refunding. The parties suggest that extending such permanent school fund guarantee to refunding and refinanced bonds issued by or for a charter school will result in lower interest rates for certain charter schools and allow returns funds to be used for instructional purposes in the classroom. Allowing eligible charter schools access to the bond guarantee not just for bond issuances, but for refinancing and refunding as well, will result in significant cost savings for charter schools that can be reinvested into the classroom.

H.B. 885 amends current law relating to the guarantee of refinanced open-enrollment charter school bonds by the permanent school fund.

### **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 12.135(b), Education Code, to authorize a charter district to apply for bonds issued under Chapter 53 (Higher Education Facility Authorities for Public Schools) for the open-enrollment charter school, including refunding and refinanced bonds, to be guaranteed by the permanent school fund as provided by Chapter 45 (School District Funds).

SECTION 2. Amends Section 45.052(a), Education Code, to provide that on approval by the commissioner of education (commissioner), bonds issued under Subchapter A (Tax Bonds and Maintenance Taxes) by a school district or Chapter 53 for a charter district, including refunding and refinanced bonds, are guaranteed by the corpus and income of the permanent school fund.

SECTION 3. Amends Section 45.0532, Education Code, by adding Subsection (a-1), to prohibit the commissioner from approving charter district refunding or refinanced bonds for guarantee under this subchapter in a total amount that exceeds one-half of the total amount available for the guarantee of charter district bonds under Subsection (a) (relating to placing a limitation on the guarantee of charter district bonds).

SECTION 4. Provides that this Act applies only to a bond issued, refunded, or refinanced on or after the effective date of this Act by an open-enrollment charter school designated as a charter district under Section 12.135 (Designation as Charter District for Purposes of Bond Guarantee), Education Code. Provides that a bond issued, refunded, or refinanced before the effective date of this Act by an open-enrollment charter school designated as a charter district is governed by the law in effect immediately before that date, and that law is continued in effect for that purpose.

SECTION 5. Effective date: September 1, 2013.