

## **BILL ANALYSIS**

Senate Research Center  
84R10063 ATP-F

S.B. 1266  
By: Estes  
Intergovernmental Relations  
4/17/2015  
As Filed

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

Interested parties note that regulations relating to the powers of a public facility corporation have not been updated for some time. In light of that observation, the parties express concern that terms, definitions, and practices have evolved over time, creating a need to update these regulations in order to help public facility corporations operate more efficiently. S.B. 1266 seeks to address this issue.

The bill amends the Local Government Code to modify the definition of a "credit agreement." It also amends the powers of a public facility corporation to include issuing bonds to purchase sponsor obligations and amends the powers of a corporation to grant a pledge of a public facility financed by the corporation under certain circumstances. The bill permits the corporation to exercise any powers that a nonprofit corporation may exercise to the extent necessary to accomplish the purpose of the corporation and permits a public utility corporation to grant leasehold or other possessory interest in a public facility.

As proposed, S.B. 1266 amends current law relating to the powers of a public facility corporation.

### **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 303.003(4), Local Government Code, to redefine "credit agreement."

SECTION 2. Amends Section 303.021(a), Local Government Code, as follows:

(a) Authorizes a sponsor to create one or more nonmember, nonstock, nonprofit public facility corporations to;

(1) issue bonds under this chapter, including bonds to purchase sponsor obligations;

(2) and (3) Makes no change to these subdivisions.

SECTION 3. Amends Section 303.041, Local Government Code, by amending Subsection (a) and adding Subsection (d), as follows:

(a) Provides that, subject to Section 303.045 (Alteration of Corporation or Activities), a corporation has the rights and powers necessary or convenient to accomplish the corporation's purposes, including the power to:

(1) Makes no change to this subdivision;

(2) accept or grant a mortgage or pledge of a public facility financed, refinanced, or provided by the corporation or by sponsor obligations purchased by the corporation and, as security for the payment of any connected bonds or credit agreements that the corporation issues or incurs:

(A) assign the mortgage or pledge and the revenue and receipts from the mortgage or pledge or from the corporation or sponsor obligations and makes a nonsubstantive change; or

(B) Makes no change to this paragraph;

(3) Makes no change to this subdivision;

(4) make a contract, including a credit agreement, incur a liability, and borrow money at interest;

(5) and (6) Makes no change to these subdivisions;

(7) and (8) Makes a nonsubstantive change; and

(9) exercise any powers that a nonprofit corporation may exercise, to the extent necessary or convenient to accomplish the purpose of the corporation.

(d) Provides that the authority granted under Subsection (a)(3) includes the authority to grant a leasehold or other possessory interest in a public facility owned by the corporation.

SECTION 4. Effective date: upon passage or September 1, 2015.