

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 1701
By: Creighton
Higher Education
4/14/2021
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Tuition revenue bonds (TRBs) are financial instruments that institutions of higher education secure with pledged future revenue, such as tuition and fees, to fund capital projects. Despite the name, TRB debt service is not generally paid from tuition and fees. In fact, the Texas legislature has historically appropriated general revenue to cover the annual cost of TRB debt service. Since it is regular practice for the legislature to cover TRB debt service rather than tuition revenue, renaming the TRB would prevent misunderstandings and create more continuity.

Though statute states TRBs can be financed through tuition, it has become regular practice for the legislature to pay the TRB debt in full through general revenue appropriations. The current TRB name does not reflect this practice as precisely as it could. Renaming the TRB would create a more accurate portrayal of how these bonds are financed in practice. S.B. 1701 adds a new definition to Section 55.111, Education Code, to designate these TRBs as "Capital Improvement Bonds."

(Original Author's/Sponsor's Statement of Intent)

The committee substitute changes "Higher Education Improvement Bonds" to "Capital Improvement Debt Assistance". This change was made to define the appropriation of general revenue to an institution of higher education to supplement the cost of debt service for these capital construction projects.

C.S.S.B. 1701 amends current law relating to the allocation of certain appropriated funds to public institutions of higher education in this state.

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 Subchapter B, Chapter 55, Education Code, by adding Section 55.111, as follows:

Sec. 55.111. CERTAIN ALLOCATED FUNDS TO BE DESIGNATED AS CAPITAL IMPROVEMENT DEBT ASSISTANCE. Authorizes funds allocated from the appropriation of general revenue to an institution of higher education to supplement revenue funds of the institution described by Section 55.13(a) (relating to the authority of a governing board to issue revenue bonds for certain purposes), for purposes of Subchapter B (Revenue Bonds and Facilities), to be designated as "Capital Improvement Debt Assistance."

SECTION 2. Effective date: upon passage or September 1, 2021.