

CHAPTER 803

H.B. No. 2058

AN ACT

relating to bonds issued by certain public institutions of higher education in this state.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Section 55.01, Education Code, is amended by adding Subdivision (3) to read as follows:

(3) "Revenue funds" means the revenues, incomes, receipts, rentals, rates, charges, fees, and tuition levied or collected by an institution of higher education, including interest or other income from those funds.

SECTION 2. Subchapter A, Chapter 55, Education Code, is amended by adding Sections 55.02, 55.03, and 55.04 to read as follows:

Sec. 55.02. **SYSTEMWIDE REVENUE FINANCING PROGRAM.** (a) *The governing board of a university system may establish a systemwide revenue financing program to provide funds to acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads, or related infrastructure at an institution, branch, or entity of the university system.*

(b) *The governing board may issue bonds or notes in accordance with this chapter for any purpose authorized by law as part of the systemwide revenue financing program.*

(c) *The governing board may pledge to the payment of any bonds or notes issued as part of the systemwide revenue financing program all or any part of the revenue funds of an institution, branch, or entity of the university system.*

(d) *In this section, "university system" has the meaning assigned by Section 61.003 of this code.*

Sec. 55.03. **MINORITY-OWNED AND WOMEN-OWNED BUSINESSES.** (a) *The board of regents of each institution of higher education shall make a good-faith effort to award to minority-owned and women-owned businesses:*

(1) *contracts relating to the issuance of bonds by the board under this chapter in the amount of at least 25 percent of the total costs of issuing those bonds; and*

(2) *contracts for the items to be financed by bonds issued by the board in the amount of at least 25 percent of the proceeds of those bonds.*

(b) *Not later than October 31 of each academic year, the board of regents shall file with the governor and each house of the legislature a written report containing the following information for the previous academic year for all businesses, minority-owned businesses and women-owned businesses, classified by gender and minority group status:*

(1) *the total number of contracts relating to the issuance of bonds by the board under this chapter and to the items to be financed by those bonds;*

(2) *the total dollar amount the board of regents must pay under each contract described by Subdivision (1) of this subsection; and*

(3) *the total number of businesses submitting bids or proposals relating to the issuance of bonds by the board under this chapter and to the items to be financed by those bonds.*

(c) *In this section:*

(1) *"Minority-owned business" means a business entity at least 51 percent of which is owned by members of a minority group or, in the case of a corporation, at least 51 percent of the shares of which are owned by members of a minority group, and that is managed and controlled by members of a minority group in its daily operations.*

(2) *"Minority group" includes:*

(A) *African Americans;*

(B) American Indians;

(C) Asian Americans; and

(D) Mexican Americans and other Americans of Hispanic origin.

(3) "Women-owned business" means a business entity at least 51 percent of which is owned by women or, in the case of a corporation, at least 51 percent of the shares of which are owned by women, and that is managed and controlled by women in its daily operations.

Sec. 55.04. CUMULATIVE EFFECT. (a) The authority to issue bonds under this chapter is cumulative of all other authority to issue bonds. The governing board of an institution of higher education may issue bonds under that other authority or may issue bonds under the authority of this chapter.

(b) This chapter is sufficient authority for a governing board of an institution of higher education to issue bonds under this chapter and to perform all other acts and procedures authorized by this chapter.

SECTION 3. Section 55.17(e), Education Code, is amended to read as follows:

(e)(1) The board of regents of Texas Tech University, acting separately and independently for and on behalf of Texas Tech University and separately and independently for and on behalf of the Texas Tech University Health Sciences Center [~~School of Medicine at Lubbock~~], is hereby granted full and final authority and responsibility to acquire, purchase, construct, improve, renovate, enlarge, or [~~and/or~~] equip property, buildings, structures, [~~and/or~~] facilities, roads, or related infrastructure for Texas Tech University and the Texas Tech University Health Sciences Center [~~School of Medicine at Lubbock~~].

(2) The board of regents of Texas Tech University, acting separately and independently for and on behalf of Texas Tech University and separately and independently for and on behalf of the Texas Tech University Health Sciences Center [~~School of Medicine at Lubbock~~], may pledge irrevocably to the payment of its revenue bonds all or any part of the aggregate amount of student tuition charges required or authorized by law to be imposed on students enrolled at Texas Tech University and/or at the Texas Tech University Health Sciences Center [~~School of Medicine at Lubbock~~]; and the amount of any pledge so made shall never be reduced or abrogated while such bonds are outstanding; provided, however, that such tuition charges shall not be pledged pursuant to the authority granted by this Subsection (e)(2) except to the payment of bonds issued in an aggregate principal amount of not to exceed \$35 million for the purpose of providing funds to acquire, purchase, construct, improve, renovate, enlarge, or [~~and/or~~] equip property, buildings, structures, [~~and~~] facilities, roads, or related infrastructure for the Texas Tech University Health Sciences Center [~~School of Medicine at Lubbock~~].

(3) In addition to the authority granted by Sections 55.13, 55.14, 55.17, and 55.19 of this code, the board of regents of Texas Tech University and the Texas Tech University Health Sciences Center may issue bonds in accordance with this subchapter and in accordance with a systemwide revenue financing program adopted by the board in an additional aggregate principal amount not to exceed \$25 million to finance the items listed under Subdivision (1) of this subsection. The board may pledge irrevocably to the payment of those bonds all or any part of the revenue funds of Texas Tech University or Texas Tech University Health Sciences Center, including student tuition charges required or authorized by law to be imposed on students enrolled at Texas Tech University or at the Texas Tech University Health Sciences Center. The amount of a pledge made under this subdivision may not be reduced or abrogated while the bonds for which the pledge is made, or bonds issued to refund those bonds, are outstanding.

SECTION 4. Subchapter B, Chapter 55, Education Code, is amended by adding Sections 55.1713–55.1718 to read as follows:

Sec. 55.1713. THE TEXAS A&M UNIVERSITY SYSTEM. (a) In addition to the authority granted by Sections 55.13, 55.14, 55.17, 55.171, 55.1711, 55.1712, and 55.19 of this code, the board of regents of The Texas A&M University System may acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads, or related infrastructure for the following institutions to be financed by the issuance of bonds in accordance with this subchapter and in accordance with a systemwide revenue

financing program adopted by the board in aggregate principal amounts not to exceed the following amounts:

- (1) Texas A&M University—Corpus Christi, \$22 million;
- (2) Texas A&M International University, \$36 million; and
- (3) Texas A&M University—Kingsville, \$17 million.

(b) The board may pledge irrevocably to the payment of those bonds all or any part of the revenue funds of an institution, branch, or entity of The Texas A&M University System, including student tuition charges required or authorized by law to be imposed on students enrolled at an institution, branch, or entity of The Texas A&M University System. The amount of a pledge made under this subsection may not be reduced or abrogated while the bonds for which the pledge is made, or bonds issued to refund those bonds, are outstanding.

(c) If sufficient funds are not available to the board to meet its obligations under this section, the board may transfer funds among institutions, branches, and entities of The Texas A&M University System to ensure the most equitable and efficient allocation of available resources for each institution, branch, or entity to carry out its constitutional and statutory duties and purposes.

Sec. 55.1714. **THE UNIVERSITY OF TEXAS SYSTEM.** (a) In addition to the authority granted by Sections 55.13, 55.14, 55.17, 55.172, and 55.19 of this code, the board of regents of The University of Texas System may acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads, or related infrastructure for the following institutions to be financed by the issuance of bonds in accordance with this subchapter, including bonds issued in accordance with its systemwide revenue financing program and secured as provided by that program, in aggregate principal amounts not to exceed the following amounts:

- (1) The University of Texas at Brownsville, \$23.5 million;
- (2) The University of Texas at El Paso, \$23 million;
- (3) The University of Texas—Pan American, \$26 million;
- (4) The University of Texas at San Antonio, \$63.5 million;
- (5) The University of Texas Health Science Center at San Antonio, \$25 million; and
- (6) The University of Texas at Austin, \$2 million.

(b) The board may pledge irrevocably to the payment of those bonds all or any part of the revenue funds of an institution, branch, or entity of The University of Texas System, including student tuition charges required or authorized by law to be imposed on students enrolled at an institution, branch, or entity of The University of Texas System. The amount of a pledge made under this subsection may not be reduced or abrogated while the bonds for which the pledge is made, or bonds issued to refund those bonds, are outstanding.

(c) Of the proceeds of bonds issued under this section for The University of Texas at San Antonio, \$20 million may be used only to acquire, purchase, construct, improve, renovate, enlarge, or equip a downtown campus for that university. Proceeds of bonds issued under this section for The University of Texas at Austin may be used only to acquire, purchase, construct, renovate, enlarge, or equip the McDonald Observatory.

(d) If sufficient funds are not available to the board to meet its obligations under this section, the board may transfer funds among institutions, branches, and entities of The University of Texas System to ensure the most equitable and efficient allocation of available resources for each institution, branch, or entity to carry out its constitutional and statutory duties and purposes.

Sec. 55.1715. **THE UNIVERSITY OF HOUSTON SYSTEM.** (a) In addition to the authority granted by Sections 55.13, 55.14, 55.17, 55.171, and 55.19 of this code, the board of regents of the University of Houston System may acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads, or related infrastructure for the University of Houston—Downtown to be financed by the issuance of bonds in accordance with this subchapter and in accordance with a systemwide revenue financing program adopted by the board in an aggregate principal amount not to exceed \$22.4 million.

(b) *The board may pledge irrevocably to the payment of those bonds all or any part of the revenue funds of an institution, branch, or entity of the University of Houston System, including student tuition charges required or authorized by law to be imposed on students enrolled at an institution, branch, or entity of the University of Houston System. The amount of a pledge made under this subsection may not be reduced or abrogated while the bonds for which the pledge is made, or bonds issued to refund those bonds, are outstanding.*

(c) *If sufficient funds are not available to the board to meet its obligations under this section, the board may transfer funds among institutions, branches, and entities of the University of Houston System to ensure the most equitable and efficient allocation of available resources for each institution, branch, or entity to carry out its duties and purposes.*

Sec. 55.1716. TEXAS STATE UNIVERSITY SYSTEM. (a) *In addition to the authority granted by Sections 55.13, 55.14, 55.17, and 55.19 of this code, the board of regents of the Texas State University System may acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads, or related infrastructure for an institution, branch, or entity of the system to be financed by the issuance of bonds in accordance with this subchapter and in accordance with a systemwide revenue financing program adopted by the board in the aggregate principal amount of \$27 million.*

(b) *The board may pledge irrevocably to the payment of those bonds all or any part of the revenue funds of an institution, branch, or entity of the Texas State University System, including student tuition charges required or authorized by law to be imposed on students enrolled at an institution, branch, or entity of the Texas State University System. The amount of a pledge made under this subsection may not be reduced or abrogated while the bonds for which the pledge is made, or bonds issued to refund those bonds, are outstanding.*

(c) *If sufficient funds are not available to the board to meet its obligations under this section, the board may transfer funds among institutions, branches, and entities of the Texas State University System to ensure the most equitable and efficient allocation of available resources for each institution, branch, or entity to carry out its duties and purposes.*

Sec. 55.1717. UNIVERSITY OF NORTH TEXAS AND TEXAS COLLEGE OF OSTEOPATHIC MEDICINE. (a) *The board of regents of the University of North Texas may acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads, or related infrastructure for the University of North Texas or the Texas College of Osteopathic Medicine to be financed by the issuance of bonds in accordance with this subchapter in the aggregate principal amounts not to exceed \$25 million for the University of North Texas and \$10 million for the Texas College of Osteopathic Medicine.*

(b) *The board may pledge irrevocably to the payment of those bonds all or any part of the revenue funds of the University of North Texas or the Texas College of Osteopathic Medicine, including student tuition charges required or authorized by law to be imposed on students enrolled at the University of North Texas or the Texas College of Osteopathic Medicine. The amount of a pledge made under this subsection may not be reduced or abrogated while the bonds for which the pledge is made, or bonds issued to refund those bonds, are outstanding.*

(c) *If sufficient funds are not available to the board to meet its obligations under this section, the board may transfer funds between the University of North Texas and the Texas College of Osteopathic Medicine to ensure the most equitable and efficient allocation of available resources for the University of North Texas and the Texas College of Osteopathic Medicine to carry out their duties and purposes.*

Sec. 55.1718. TEXAS WOMAN'S UNIVERSITY. (a) *The board of regents of Texas Woman's University may acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads, or related infrastructure for Texas Woman's University to be financed by the issuance of bonds in accordance with this subchapter in the aggregate principal amount of \$5 million.*

(b) *The board may pledge irrevocably to the payment of those bonds all or any part of the revenue funds of Texas Woman's University, including student tuition charges required or authorized by law to be imposed on students enrolled at Texas Woman's University. The amount of a pledge made under this subsection may not be reduced or abrogated while the bonds for which the pledge is made, or bonds issued to refund those bonds, are outstanding.*

SECTION 5. Section 61.0572, Education Code, is amended by adding Subsection (e) to read as follows:

(e) Approval of the board is not required to acquire real property that is financed by bonds issued under Section 55.17(e)(3) or 55.1713–55.1718 of this code, except that the board shall review all real property to be financed by bonds issued under those sections to determine whether the property meets the standards adopted by the board for cost, efficiency, and space use. If the property does not meet those standards, the board shall notify the governor, the lieutenant governor, the speaker of the house of representatives, and the Legislative Budget Board.

SECTION 6. Section 61.058, Education Code, is amended to read as follows:

Sec. 61.058. NEW CONSTRUCTION AND REPAIR AND REHABILITATION PROJECTS. *(a) Except as provided by Subsection (b) of this section, the [The] board shall approve or disapprove all new construction and repair and rehabilitation of all buildings and facilities at institutions of higher education financed from any source provided that:*

(A) the board's consideration and determination shall be limited to the purpose for which the new or remodeled buildings are to be used to assure conformity with approved space utilization standards and the institution's approved programs and role and mission if the cost of the project is not more than \$600,000, but the board may consider cost factors and the financial implications of the project to the state if the total cost is in excess of \$600,000;

(B) the requirement of approval for new construction applies only to projects the total cost of which is in excess of \$300,000;

(C) the requirement of approval for major repair and rehabilitation of buildings and facilities applies only to a project the total cost of which is more than \$600,000;

(D) the requirement of approval or disapproval by the board does not apply to any new construction or major repair and rehabilitation project that is specifically approved by the legislature;

(E) the requirement of approval by the board does not apply to a junior college's construction, repair, or rehabilitation financed entirely with funds from a source other than the state, including funds from ad valorem tax receipts of the college, gifts, grants, and donations to the college, and student fees; and

(F) the requirement of approval by the board does not apply to construction, repair, or rehabilitation of privately owned buildings and facilities located on land leased from an institution of higher education if the construction, repair, or rehabilitation is financed entirely from funds not under the control of the institution, and provided further that:

(i) the buildings and facilities are to be used exclusively for auxiliary enterprises; and

(ii) the buildings and facilities will not require appropriations from the legislature for operation, maintenance, or repair unless approval by the board has been obtained.

(b) This section does not apply to construction, repair, or rehabilitation financed by bonds issued under Section 55.17(e)(3) or 55.1713–55.1718 of this code, except that the board shall review all construction, repair, or rehabilitation to be financed by bonds issued under those sections to determine whether the construction, rehabilitation, or repair meets the standards adopted by board rule for cost, efficiency, and space use. If the construction, rehabilitation, or repair does not meet those standards, the board shall notify the governor, the lieutenant governor, the speaker of the house of representatives, and the Legislative Budget Board.

SECTION 7. Section 55.03, Education Code, as added by this Act, applies only to contracts relating to bonds that are issued on or after the effective date of this Act.

SECTION 8. In addition to the amounts pledged for repayment of bonds as provided by Sections 55.17(e)(3) and 55.1713–55.1718, Education Code, as added by this Act, the difference between the amounts that would have been appropriated by S.B. No. 5, 73rd Legislature, Regular Session, 1993, as introduced, and the amounts actually appropriated by S.B. No. 5, Acts of the 73rd Legislature, Regular Session, 1993, that is attributable to Section 61.059(l), Education Code, as added by S.B. No. 380, 73rd Legislature, Regular Session, 1993, is dedicated for the fiscal biennium beginning September 1, 1993, for the purpose of repaying those bonds. If S.B. No. 380 does not become law, this section has no effect.

SECTION 9. This Act takes effect September 1, 1993.

SECTION 10. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended.

Passed by the House on April 20, 1993, by a non-record vote; the House refused to concur in Senate amendments on May 18, 1993, and requested the appointment of a conference committee to consider the differences between the two houses; the House adopted the conference committee report on May 24, 1993, by a non-record vote; passed by the Senate, with amendments, on May 13, 1993, by a viva-voce vote; at the request of the House, the Senate appointed a conference committee to consider the differences between the two houses; the Senate adopted the conference committee report on May 25, 1993, by a viva-voce vote.

Approved June 18, 1993.

Effective Sept. 1, 1993.