

CHAPTER 1078

S.B. No. 1027

AN ACT

relating to approval of the issuance of state bonds.

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

SECTION 1. DEFINITIONS. In this Act:

- (1) "Board" means the bond review board.
- (2) "Office" means the bond finance office.
- (3) "State bond" means:
 - (A) a bond or other obligation issued by:
 - (i) a state agency;
 - (ii) an entity expressly created by statute and having statewide jurisdiction; or
 - (iii) any other entity issuing a bond or other obligation on behalf of the state or on behalf of an entity listed in Paragraph (i) or (ii) of this subdivision; or
 - (B) an installment sale or lease-purchase obligation issued by or on behalf of an entity listed in Paragraph (i), (ii), or (iii) of this subdivision that has a stated term of longer than five years or has an initial principal amount of greater than \$250,000.

SECTION 2. BOND REVIEW BOARD. (a) The bond review board is composed of:

- (1) the governor;
 - (2) the lieutenant governor;
 - (3) the speaker of the house of representatives;
 - (4) the state treasurer; and
 - (5) the comptroller of public accounts.
- (b) A member of the board may designate another person to act on the member's behalf.
- (c) The governor is chairman of the board.
- (d) If the speaker of the house of representatives is not permitted by the Texas Constitution to serve as a voting member of the board, the speaker of the house of representatives serves as a nonvoting member of the board.

SECTION 3. BOARD DETERMINATION. (a) Except as provided by Subsection (c) of this section, an issuer may not issue state bonds unless the issuance has been approved by the board. The issuer shall apply for approval in the manner prescribed by the board and shall submit with the application any documents or other information required by the board.

(b) If, on examination of the application and other documents and information submitted, the board determines that the issuance is advisable, the board shall approve the issuance of the state bonds.

(c) The board may adopt rules exempting certain bonds from this Act if the board finds that review of the bonds by the board is unnecessary or impractical.

(d) The board may adopt rules governing application for review, the review process, and reporting requirements.

(e) The board by rule may delegate to the director of the office the authority to approve state bonds on behalf of the board.

SECTION 4. BOND FINANCE OFFICE. The bond finance office is managed by a director appointed by the bond review board and a staff selected by the director. Whenever practical, the office shall make use of the resources of the Legislative Budget Board and the offices of the governor, comptroller, and treasurer.

SECTION 5. ANNUAL REPORT OF OFFICE. Not later than 90 days after the end of each state fiscal year, the office shall publish a report that lists the amount of state bonds outstanding, applicable repayment schedules, and other information the office considers relevant.

SECTION 6. STATE AUDITOR REPORT. On request of the board, the state auditor shall review the disposition of the proceeds of state bonds. The state auditor shall prepare a report of the review and file a copy of it with each officer with whom an audit report is required to be filed under Subsection (c), Section 321.015, Government Code.

SECTION 7. EFFECT LIMITED. (a) This Act does not affect bonds issued by a local government or any other bonds that are not state bonds, except that the office may provide data for inclusion in a prospectus related to any bond issued under authority of state law or municipal ordinance.

(b) This Act does not affect the right of an issuer of state bonds to select its own bond counsel, underwriter, financial advisor, or other provider of service in connection with issuance of state bonds.

(c) This Act does not affect a duty or right of the attorney general to review bonds under another law.

SECTION 8. EFFECTIVE DATE. This Act takes effect September 1, 1987.

SECTION 9. EMERGENCY. 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 the Senate on May 11, 1987, by a viva-voce vote. Passed the House on May 29, 1987, by a non-record vote.

Approved June 20, 1987.

Effective Sept. 1, 1987.