



Power of Partnerships

Private Activity Bond Bill

SB 1474

Legislative Process Overview

- Statute revisions must go through both the Senate and House
- Starts with a bill sponsor
- Must go through a committee
- Floor approval in both chambers then Governor's signature
- 86th Session
 - 7,324 bills filed
 - Only 1,373 passed (19%)
 - 5 conflicting bills relating to 1372 were filed from various issuers

Private Activity Bonds – Tax Exempt

- **Senate Bill 1474** - Texas Government Code 1372 (Private Activity Bonds)
- Tax exempt bonds have a lower interest rate
- Over \$3 billion allocated to the state (based on population)
- \$1.1 billion is reserved prior to the collapse
- Only 3 out of 6 sub-ceilings had reservations
- \$1.9 billion is reserved during the collapse
- Main issue is the current project limits, for many issuers, are too low to request an allocation through the normal channel(sub-ceiling)
- Demand for tax exempt bonds has increased dramatically

How Did We Get to SB 1474?

- 86th Legislative session:
 - 5 different bills were filed for 5 different entities
 - Bills conflicted with each other
 - Hearings convened
 - Testimony heard from various stakeholders
 - Senator Lucio's charter – to update and improve the PAB program
 - Bill development – several iterations
 - Reviewed proposals with various offices (incl Gov Office) prior to final hearing

Partnership & Collaboration

Workgroup formed (10+ separate entities)

- Senator Lucio's office
- Texas Association of Local Housing Finance Agencies (TALHFA)
- Bond Review Board
- Texas Higher Education Coordinating Board
- Texas Department of Housing and Community Affairs
- Texas State Affordable Housing Corporation
- Texas Association of Builders
- Texas Affiliation of Affordable Housing Providers (TAAHP)
- Brazos Higher Education Authority
- North Texas Higher Education Authority

Benefits to TGC 1372 from SB1474

- Redistributes unutilized sub-ceiling to meet the increased demand in the other categories
- Removes categories which are no longer relevant
- Increases the per project amounts across all issuers
 - Allows projects to be funded earlier in the year to remove the bottleneck in August
 - Provides for a floor (minimum) and an index that will automatically adjust the project limits each year proportionally to the overall increase in the statewide ceiling
 - Enhances financing efficiency by allowing for better timing of funding for projects throughout the year to lower costs
- Continues to allow for the reallocation of unused sub-ceilings in August of each year
 - Ensures maximum utilization of the statewide PAB allotment

Results of a Successful Partnership

- We all learned the importance of this funding for all entities
- We all had similar interests and goals
- SB 1474 passed UNANIMOUSLY in both the Senate and House
 - Workgroup attended several committee hearings in favor of the bill
 - Workgroup canvassed many offices to educate them on this bill
 - Worked hard to get different opinions to a common solution
 - Learned a lot of lessons – results could not have been done individually