

1-1 By: Lucio S.B. No. 1474  
1-2 (In the Senate - Filed March 4, 2019; March 14, 2019, read  
1-3 first time and referred to Committee on Intergovernmental  
1-4 Relations; April 11, 2019, reported adversely, with favorable  
1-5 Committee Substitute by the following vote: Yeas 7, Nays 0;  
1-6 April 11, 2019, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			

1-16 COMMITTEE SUBSTITUTE FOR S.B. No. 1474 By: Lucio

1-17 A BILL TO BE ENTITLED  
1-18 AN ACT

1-19 relating to private activity bonds.

1-20 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-21 SECTION 1. Sections 1372.001(1) and (2), Government Code,  
1-22 are amended to read as follows:

1-23 (1) "Additional state ceiling" means authorization  
1-24 under federal law for the issuance of bonds that are tax-exempt  
1-25 private activity bonds subject to the limits imposed by Section  
1-26 146, Internal Revenue Code (26 U.S.C. Section 146), in an amount in  
1-27 addition to the state ceiling~~[, including the additional tax-exempt~~  
1-28 ~~private activity bonds authorized by Section 3021 of the Housing~~  
1-29 ~~and Economic Recovery Act of 2008 (Pub. L. No. 110-289)].~~

1-30 (2) "Bonds" means all obligations, including bonds,  
1-31 certificates, or notes, that are:

1-32 (A) authorized to be issued by:

1-33 (i) the constitution or a statute of this  
1-34 state; or

1-35 (ii) the charter of a home-rule  
1-36 municipality; and

1-37 (B) either:

1-38 (i) subject to the limitations of Section  
1-39 146, Internal Revenue Code (26 U.S.C. Section 146); or

1-40 (ii) with respect to Subchapter D,  
1-41 otherwise entitled to a federal subsidy only if designated for the  
1-42 exemption, credit, or other subsidy, or allocated a portion of a  
1-43 limited amount of obligations for which the exemption, credit, or  
1-44 other subsidy is authorized, by this state or an applicable  
1-45 official or by an issuer to which this state or the applicable  
1-46 official has made an allocation, including exemptions, credits, and  
1-47 other subsidies authorized by~~[-~~

1-48 ~~[(a) the Heartland Disaster Tax~~  
1-49 ~~Relief Act of 2008 (Pub. L. No. 110-343), regarding Hurricane Ike~~  
1-50 ~~disaster area bonds;~~

1-51 ~~[(b) the American Recovery and~~  
1-52 ~~Reinvestment Act of 2009 (Pub. L. No. 111-5); or~~

1-53 ~~[(c)] any [other] federal law~~  
1-54 authorizing a federal subsidy.

1-55 SECTION 2. Sections 1372.002(a) and (c), Government Code,  
1-56 are amended to read as follows:

1-57 (a) For purposes of this chapter, a project is:

1-58 (1) an eligible facility or facilities that are  
1-59 proposed to be financed, in whole or in part, by an issue of  
1-60 qualified residential rental project bonds;

2-1 (2) in connection with an issue of qualified mortgage  
2-2 bonds ~~[or qualified student loan bonds]~~, the providing of financial  
2-3 assistance to qualified mortgagors ~~[or students]~~ located in all or  
2-4 any part of the jurisdiction of the issuer; ~~[or]~~

2-5 (3) in connection with an issue of qualified student  
2-6 loan bonds:

2-7 (A) if the issuer is the Texas Higher Education  
2-8 Coordinating Board, the provision of financial assistance to  
2-9 students; or

2-10 (B) if an issuer is authorized by Section 53B.47,  
2-11 Education Code, the provision of guaranteed student loans or  
2-12 alternative education loans that satisfy the requirements of  
2-13 Section 53B.47(b), Education Code; or

2-14 (4) an eligible facility or facilities that are  
2-15 proposed to be financed, in whole or in part, by an issue of bonds  
2-16 other than bonds described by Subdivision (1), ~~[or]~~ (2), or (3).

2-17 (c) For purposes of Subsection (a)(1), an application under  
2-18 this chapter may include either the rehabilitation or new  
2-19 construction, or both the rehabilitation and new construction, of  
2-20 qualified residential rental facilities located at multiple sites  
2-21 and with respect to which 51 percent or more of the residential  
2-22 units are located:

2-23 (1) in a county with a population of less than 100,000  
2-24 [75,000]; or

2-25 (2) in a county in which the median income is less than  
2-26 the median income for the state, provided that the units are located  
2-27 in that portion of the county that is not included in a metropolitan  
2-28 statistical area containing one or more projects that are proposed  
2-29 to be financed, in whole or in part, by an issuance of bonds.

2-30 SECTION 3. Section 1372.006(a), Government Code, is amended  
2-31 to read as follows:

2-32 (a) An application for a reservation under Subchapter B or a  
2-33 carryforward designation under Subchapter C must be accompanied by  
2-34 a nonrefundable fee in the amount of \$500, except that:

2-35 (1) for projects that include multiple facilities  
2-36 authorized under Section 1372.002(e), the application must be  
2-37 accompanied by a nonrefundable fee in an amount of \$500 for each  
2-38 facility included in the application for the project;

2-39 (2) for issuers of qualified residential rental  
2-40 project bonds the application must be accompanied by a  
2-41 nonrefundable fee of \$5,000, of which the board shall retain \$1,000  
2-42 to offset the costs of the private activity bond allocation program  
2-43 and the administration of that program and of which the board shall  
2-44 transfer \$4,000 through an interagency agreement to the Texas  
2-45 Department of Housing and Community Affairs for use in the  
2-46 affordable housing research and information program as provided by  
2-47 Section 2306.259; and

2-48 (3) for a ~~[combined]~~ project that includes multiple  
2-49 qualified residential rental projects authorized under Section  
2-50 1372.002(f), the application must be accompanied by a nonrefundable  
2-51 fee in an amount of \$5,000 for each qualified residential rental  
2-52 project included in the application for the ~~[combined]~~ project,  
2-53 with a maximum total fee of \$25,000. The ~~[the total amount of which~~  
2-54 ~~the]~~ board shall retain 20 percent to offset the costs of the  
2-55 private activity bond allocation program and the administration of  
2-56 that program. ~~The [and of which the]~~ board shall transfer 80  
2-57 percent through an interagency agreement to the Texas Department of  
2-58 Housing and Community Affairs for use in the affordable housing  
2-59 research and information program as provided by Section 2306.259.

2-60 SECTION 4. Section 1372.022(a), Government Code, is amended  
2-61 to read as follows:

2-62 (a) If the state ceiling is computed on the basis of \$75 per  
2-63 capita or a greater amount, before August 15 of each year:

2-64 (1) 32.25 ~~[28.0]~~ percent of the state ceiling is  
2-65 available exclusively for reservations by issuers of qualified  
2-66 mortgage bonds;

2-67 (2) 10.0 ~~[8]~~ percent of the state ceiling is available  
2-68 exclusively for reservations by issuers of state-voted issues;

2-69 (3) 2.0 percent of the state ceiling is available

3-1 exclusively for reservations by issuers of qualified small issue  
 3-2 bonds and enterprise zone facility bonds;

3-3 (4) 26.25 [~~22.0~~] percent of the state ceiling is  
 3-4 available exclusively for reservations by issuers of qualified  
 3-5 residential rental project bonds; and

3-6 (5) [~~10.5 percent of the state ceiling is available~~  
 3-7 ~~exclusively for reservations by issuers of qualified student loan~~  
 3-8 ~~bonds authorized by Section 53B.47, Education Code, that are~~  
 3-9 ~~nonprofit corporations able to issue a qualified scholarship~~  
 3-10 ~~funding bond as defined by Section 150(d)(2), Internal Revenue Code~~  
 3-11 ~~(26 U.S.C. Section 150(d)(2))]; and~~

3-12 [~~6~~] 29.5 percent of the state ceiling is available  
 3-13 exclusively for reservations by any other issuer of bonds that  
 3-14 require an allocation.

3-15 SECTION 5. Section 1372.0231(b), Government Code, as  
 3-16 amended by Chapters 1329 (S.B. 1664) and 330 (S.B. 264), Acts of the  
 3-17 78th Legislature, Regular Session, 2003, is reenacted and amended  
 3-18 to read as follows:

3-19 (b) With respect to the amount of the state ceiling set  
 3-20 aside under Subsection (a)(1), the board shall grant reservations  
 3-21 at the direction of the Texas Department of Housing and Community  
 3-22 Affairs as provided by Section 2306.359 and in a manner that ensures  
 3-23 that[+]

3-24 [~~1~~] the set-aside amount is used for proposed  
 3-25 projects that are located throughout the state[+, and

3-26 [~~2~~] ~~not more than 50 percent of the set-aside amount~~  
 3-27 ~~is used for proposed projects that are located in qualified census~~  
 3-28 ~~tracts as defined by Section 143(j), Internal Revenue Code of~~  
 3-29 ~~1986].~~

3-30 SECTION 6. Sections 1372.0231(d), (g), and (i), Government  
 3-31 Code, are amended to read as follows:

3-32 (d) Except as provided by Subsection (i), before March [~~May~~]  
 3-33 1, the board shall apportion the amount of the state ceiling set  
 3-34 aside under Subsection (a)(2) among the uniform state service  
 3-35 regions according to the percentage of the state's population that  
 3-36 resides in each of those regions.

3-37 (g) On or after March [~~May~~] 1, the board may not grant  
 3-38 available reservations to housing finance corporations described  
 3-39 by Subsection (a) based on uniform state service regions or any  
 3-40 segments of those regions.

3-41 (i) Before March [~~May~~] 1, the board shall apportion the  
 3-42 amount of the state ceiling set aside under Subsection (a)(2) only  
 3-43 among uniform state service regions with respect to which an issuer  
 3-44 has submitted an application for a reservation of the state ceiling  
 3-45 [~~on or~~] before March 1.

3-46 SECTION 7. Sections 1372.024(a) and (b), Government Code,  
 3-47 are amended to read as follows:

3-48 (a) If, before January 2, applications received for  
 3-49 reservations for state-voted issues total more than 10 [~~eight~~]  
 3-50 percent of the available state ceiling for that program year, the  
 3-51 percentage of state-voted ceiling requested that is more than 10  
 3-52 [~~eight~~] percent of the state ceiling:

3-53 (1) is removed from the state ceiling available to  
 3-54 other issuers on January 2; and

3-55 (2) is available for those applications for  
 3-56 reservations for state-voted issues.

3-57 (b) The amount removed under Subsection (a) may not exceed  
 3-58 10 [~~eight~~] percent of the state ceiling.

3-59 SECTION 8. Section 1372.026(b), Government Code, is amended  
 3-60 to read as follows:

3-61 (b) A housing finance corporation may not receive an  
 3-62 allocation for the issuance of qualified mortgage bonds in an  
 3-63 amount that exceeds the greater of:

3-64 (1) \$50 [~~\$40~~] million; or

3-65 (2) 1.70 percent of the state ceiling.

3-66 SECTION 9. Sections 1372.0261(d) and (g), Government Code,  
 3-67 are amended to read as follows:

3-68 (d) A housing finance corporation may not be penalized under  
 3-69 Subsection (c) if:

- 4-1 (1) the corporation fails to use:
- 4-2 (A) bond proceeds recycled from previous
- 4-3 allocations of the state ceiling; or
- 4-4 (B) taxable bond proceeds; ~~or~~
- 4-5 (2) as the result of an issuance of bonds, the
- 4-6 corporation's utilization percentage is 80 percent or greater; or
- 4-7 (3) the application is received after July 14.

4-8 (g) An issuer that has carryforward available from the  
 4-9 additional state ceiling [created by the Housing and Economic  
 4-10 Recovery Act of 2008 (Pub. L. No. 110-289)] is not restricted by  
 4-11 project limits for the state ceiling. An issuer who uses the  
 4-12 carryforward to issue qualified mortgage bonds or mortgage credit  
 4-13 certificates is not subject to the utilization percentage  
 4-14 calculation in determining the amount of the issuer's reservation  
 4-15 request.

4-16 SECTION 10. Section 1372.0281, Government Code, is amended  
 4-17 to read as follows:

4-18 Sec. 1372.0281. INFORMATION REQUIRED OF ISSUERS OF CERTAIN  
 4-19 QUALIFIED STUDENT LOAN BONDS. (a) An issuer of qualified student  
 4-20 loan bonds authorized by Section 53B.47 ~~[53.47]~~, Education Code,  
 4-21 shall provide to the board together with its application for a  
 4-22 reservation information required by board rule.

4-23 (b) The board may require an issuer described by Subsection  
 4-24 (a) to provide information with its application, or to supplement  
 4-25 the application with information, that includes:

- 4-26 (1) financial statements;
- 4-27 (2) portfolio amounts;
- 4-28 (3) default rates;
- 4-29 (4) descriptions of how bond proceeds ~~[student loans]~~
- 4-30 are being used or spent; and
- 4-31 (5) other information required by the board ~~[about the~~
- 4-32 ~~issuer's client agencies]~~.

4-33 SECTION 11. Sections 1372.031(a) and (b), Government Code,  
 4-34 are amended to read as follows:

4-35 (a) Except as provided by Subsection (b) and subject to  
 4-36 Sections 1372.0321, 1372.0231, and 1372.035(c), if, on or before  
 4-37 October 20, more than one issuer in a category described by Section  
 4-38 1372.022(a)(2), (3), (4), or (5) ~~[(6)]~~ applies for a reservation of  
 4-39 the state ceiling for the next program year, the board shall grant  
 4-40 reservations in that category in the order determined by the board  
 4-41 by lot.

4-42 (b) Until August 1 of the program year, within the category  
 4-43 described by Section 1372.022(a)(5) ~~[1372.022(a)(6)]~~, the board  
 4-44 shall grant priority to the Texas Economic Development Bank for  
 4-45 projects that the Texas Economic Development and Tourism Office  
 4-46 determines meet the governor's criteria for funding from the Texas  
 4-47 Enterprise Fund. Notwithstanding the priority, the Texas Economic  
 4-48 Development Bank may not receive an amount greater than one-sixth  
 4-49 of the portion of the state ceiling available under Section  
 4-50 1372.022(a)(5) ~~[1372.022(a)(6)]~~ on January 1 of the program year.

4-51 SECTION 12. Sections 1372.033(a), (d), and (g), Government  
 4-52 Code, are amended to read as follows:

4-53 (a) In this section, "qualified nonprofit corporation" ~~[+~~  
 4-54 ~~](1) "Qualified nonprofit corporation"]~~ has the  
 4-55 meaning assigned by Section 53B.02(11), Education Code.

4-56 ~~](2) "Student loan bond allocation" means the total~~  
 4-57 ~~amount of the allocation for private activity bonds under Section~~  
 4-58 ~~1372.022(a)(5) for a program year divided by the number of~~  
 4-59 ~~qualified nonprofit corporation applicants that comply with all~~  
 4-60 ~~applicable application requirements for that year.]~~

4-61 (d) Each qualified nonprofit corporation that applies for a  
 4-62 student loan bond allocation in compliance with all applicable  
 4-63 application requirements for a program year is entitled to receive  
 4-64 a student loan bond allocation prioritized in the order that the  
 4-65 application was received by the board for that year.

4-66 (g) A qualified nonprofit corporation that receives a  
 4-67 student loan bond allocation may not:

- 4-68 (1) transfer the allocation to another entity; or
- 4-69 (2) loan to another entity, other than a qualified

5-1 borrower, [student] proceeds of bonds issued under the allocation.  
 5-2 SECTION 13. Section 1372.037(a), Government Code, is  
 5-3 amended to read as follows:

5-4 (a) Before [~~Except as provided by Subsection (b), before~~]  
 5-5 August 15 the board may not grant for any single project a  
 5-6 reservation for that year that is greater than:

5-7 (1) [~~\$40 million,~~] if the issuer is an issuer of  
 5-8 qualified mortgage bonds, other than the Texas Department of  
 5-9 Housing and Community Affairs or the Texas State Affordable Housing  
 5-10 Corporation, the greater of:

5-11 (A) \$50 million; or  
 5-12 (B) 1.70 percent of the available state ceiling;

5-13 (2) [~~\$50 million,~~] if the issuer is an issuer of a  
 5-14 state-voted issue, other than the Texas Higher Education  
 5-15 Coordinating Board, the greater of:

5-16 (A) \$100 million; or  
 5-17 (B) 3.40 percent of the available state ceiling;

5-18 (3) [~~or \$75 million,~~] if the issuer of a state-voted  
 5-19 issue is the Texas Higher Education Coordinating Board, the greater  
 5-20 of:

5-21 (A) \$200 million; or  
 5-22 (B) 6.80 percent of the available state ceiling;

5-23 (4) if the issuer is an issuer of qualified small issue  
 5-24 bonds and enterprise zone facility bonds, [(3)] the amount to  
 5-25 which the Internal Revenue Code limits issuers of [~~qualified small~~  
 5-26 ~~issue bonds and enterprise zone facility bonds, if the issuer is an~~  
 5-27 ~~issuer of]~~ those bonds;

5-28 (5) [~~(4) the lesser of \$20 million or 15 percent of~~  
 5-29 ~~the amount set aside for reservation by issuers of qualified~~  
 5-30 ~~residential rental project bonds,~~] if the issuer is an issuer of  
 5-31 qualified residential rental project [those] bonds, the greater of:

5-32 (A) \$50 million; or  
 5-33 (B) 1.70 percent of the available state ceiling;

5-34 [~~(5) the amount as prescribed in Sections 1372.033(d),~~  
 5-35 ~~(e), and (f), if the issuer is an issuer authorized by Section~~  
 5-36 ~~53B.47, Education Code, to issue qualified student loan bonds,~~] or

5-37 (6) [~~\$50 million,~~] if the issuer is any other issuer of  
 5-38 bonds that require an allocation, the greater of:

5-39 (A) \$100 million; or  
 5-40 (B) 3.40 percent of the available state ceiling.

5-41 SECTION 14. Sections 1372.042(a), (a-1), (b), and (c),  
 5-42 Government Code, are amended to read as follows:

5-43 (a) An issuer other than an issuer of qualified residential  
 5-44 rental project bonds, an issuer of state-voted issues, a qualified  
 5-45 nonprofit corporation issuer of qualified student loan bonds, or an  
 5-46 issuer of qualified mortgage bonds shall close on the bonds for  
 5-47 which the reservation was granted not later than the 150th [~~120th~~]  
 5-48 day after the reservation date.

5-49 (a-1) An issuer of qualified residential rental project  
 5-50 bonds shall close on the bonds for which the reservation was granted  
 5-51 not later than the 180th [~~150th~~] day after the reservation date. If  
 5-52 an issuer of qualified residential rental project bonds fails to  
 5-53 close on the bonds for which a reservation was granted, the issuer  
 5-54 shall pay the full closing fee provided by Section 1372.006(b) if  
 5-55 the application is not withdrawn before the 150th [~~120th~~] day after  
 5-56 the reservation date.

5-57 (b) An issuer of state-voted issues, a qualified nonprofit  
 5-58 corporation issuer of qualified student loan bonds, or an issuer of  
 5-59 qualified mortgage revenue bonds shall close on the bonds for which  
 5-60 the reservation was granted not later than the 210th [~~180th~~] day  
 5-61 after the reservation date.

5-62 (c) Notwithstanding Subsections (a), (a-1), and (b), if the  
 5-63 150-day [~~120-day~~] period, the 180-day [~~150-day~~] period, or the  
 5-64 210-day [~~180-day~~] period, as applicable, expires on or after  
 5-65 December 24 of the year in which the reservation was granted, the  
 5-66 issuer shall close on the bonds before December 24, except that if  
 5-67 the applicable period expires after December 31 of that year, the  
 5-68 issuer may notify the board in writing before December 24 of the  
 5-69 issuer's election to carry forward the reservation and of the

6-1 issuer's expected bond closing date. In compliance with the  
 6-2 requirements of Section 146(f), Internal Revenue Code of 1986, the  
 6-3 board shall file in a timely manner a carryforward election with  
 6-4 respect to any bonds expected to close after December 31 to permit  
 6-5 the bonds to close by the expected date, except that the board may  
 6-6 not file the carryforward election after February 15 of the year  
 6-7 following the year in which the reservation was granted. The grant  
 6-8 of the reservation for the balance of the 150-day [~~120-day~~] period,  
 6-9 the 180-day [~~150-day~~] period, or the 210-day [~~180-day~~] period, as  
 6-10 applicable, is automatically and immediately reinstated on the  
 6-11 board's filing of a carryforward election with respect to the  
 6-12 reservation.

6-13 SECTION 15. Section 1372.043, Government Code, is amended  
 6-14 to read as follows:

6-15 Sec. 1372.043. CANCELLATION OF RESERVATION ON ISSUER'S  
 6-16 FAILURE TO TIMELY CLOSE ON BONDS. If an issuer does not close on the  
 6-17 issuer's bonds as required by Section 1372.042:

- 6-18 (1) the reservation for the issue is canceled; and
- 6-19 (2) for the period beginning on the reservation date  
 6-20 and ending on the 150th day, the 180th day, or the 210th day after  
 6-21 the reservation date, as applicable under Section 1372.042, or on  
 6-22 the 210th day after the reservation date if the issuer is an issuer  
 6-23 of qualified mortgage bonds:

6-24 (A) no issuer may submit an application for a  
 6-25 reservation for the same project; and

6-26 (B) the issuer is eligible for a carryforward  
 6-27 designation for the project only as provided by Subchapter C.

6-28 SECTION 16. Section 1372.069, Government Code, is amended  
 6-29 by amending Subsection (c) and adding Subsection (e) to read as  
 6-30 follows:

6-31 (c) An issuer may [~~not~~] apply for the carryforward  
 6-32 designation of an amount that is not more [~~greater~~] than the greater  
 6-33 of:

- 6-34 (1) \$50 million; or
- 6-35 (2) 1.70 percent of the available state ceiling.

6-36 (e) A carryforward designation granted under this section  
 6-37 must comply with the Internal Revenue Code of 1986.

6-38 SECTION 17. Section 1372.073, Government Code, is amended  
 6-39 to read as follows:

6-40 Sec. 1372.073. DESIGNATION BY BOARD OF UNENCUMBERED STATE  
 6-41 CEILING. Notwithstanding any other provision of this chapter, the  
 6-42 board on the last business day of the year may assign as  
 6-43 carryforward to a state agency or to an issuer that was created to  
 6-44 act on behalf of this state [~~agencies~~] at the [~~their~~] request of the  
 6-45 issuer and in the order received any state ceiling that is not  
 6-46 reserved or designated as carryforward and for which no application  
 6-47 for carryforward is pending.

6-48 SECTION 18. Subchapter C, Chapter 1372, Government Code, is  
 6-49 amended by adding Section 1372.074 to read as follows:

6-50 Sec. 1372.074. REASSIGNMENT OF CARRYFORWARD DESIGNATION.

6-51 (a) After one year from the initial carryforward designation, an  
 6-52 issuer may elect to reassign all or part of the carryforward  
 6-53 designation to a new project if the issuer provides:

- 6-54 (1) the designation on a form described by Section  
 6-55 1372.070;
- 6-56 (2) a written request signed by an authorized  
 6-57 representative of the issuer;
- 6-58 (3) the issuing board resolution authorizing the  
 6-59 carryforward designation reassignment with an original signature  
 6-60 by an officer of the issuer;
- 6-61 (4) applicable fees under Section 1372.006;
- 6-62 (5) an opinion of legal counsel stating that the  
 6-63 carryforward designation reassignment does not conflict with  
 6-64 Section 146, Internal Revenue Code of 1986; and
- 6-65 (6) any other information required by the board.

6-66 (b) A new project that is reassigned a carryforward  
 6-67 designation under this section must close within the time period  
 6-68 allowed by the Internal Revenue Code of 1986.

6-69 (c) An unutilized carryforward designation available after

7-1 a project closes on a carryforward designation under Section  
 7-2 1372.069 may be used by the issuer for other projects subject to  
 7-3 Subsection (b) and Section 1372.061(b).

7-4 SECTION 19. Sections 53B.02(2) and (7), Education Code, are  
 7-5 amended to read as follows:

7-6 (2) "Alternative education loan" means a loan other  
 7-7 than a guaranteed student loan that is made to a student, a former  
 7-8 student, or any other person [or] for the benefit of the [a] student  
 7-9 or former student for the purpose of financing or refinancing all or  
 7-10 part of the student's or former student's cost of attendance at an  
 7-11 accredited institution. The term includes:

7-12 (A) indebtedness that meets the definition of a  
 7-13 qualified education loan under Section 221(d)(1), Internal Revenue  
 7-14 Code of 1986; and

7-15 (B) indebtedness used to refinance indebtedness  
 7-16 that meets the definition of a qualified education loan under  
 7-17 Section 221(d)(1), Internal Revenue Code of 1986.

7-18 (7) "Cost of attendance" means all costs of a student  
 7-19 or former student incurred in connection with that student's or  
 7-20 former student's [a] program of study at an accredited institution,  
 7-21 as determined by the institution, including tuition and  
 7-22 instructional fees, the cost of room and board, books, computers,  
 7-23 and supplies, and other related fees, charges, and expenses.

7-24 SECTION 20. Sections 53B.47(b), (d), and (h), Education  
 7-25 Code, are amended to read as follows:

7-26 (b) An authority may cause money to be expended to make or  
 7-27 purchase for its account guaranteed student loans that are  
 7-28 guaranteed by the Texas Guaranteed Student Loan Corporation, other  
 7-29 guaranteed student loans, or alternative education loans that are  
 7-30 executed by or on behalf of students or former students who:

7-31 (1) are residents of this state; or

7-32 (2) have been admitted to attend or who attended an  
 7-33 accredited institution within this state.

7-34 (d) The authority, as a municipal corporation of the state,  
 7-35 is charged with a portion of the responsibility of the state to  
 7-36 provide educational opportunities in keeping with all applicable  
 7-37 state and federal laws. This [Nothing in this] section may not  
 7-38 [shall] be construed as a prohibition against establishing policies  
 7-39 to limit the purchase of guaranteed student loans or alternative  
 7-40 education loans executed by or on behalf of students or former  
 7-41 students who are attending or who attended [attending] school in a  
 7-42 certain geographical area or by or on behalf of students or former  
 7-43 students who are residents of the area.

7-44 (h) An alternative education loan may be made under this  
 7-45 section only by or on behalf of a qualified alternative education  
 7-46 loan lender. An alternative education loan may not be in an amount  
 7-47 that exceeds the amount permitted under Section 144(b)(1)(B),  
 7-48 Internal Revenue Code of 1986 [in excess of the difference between  
 7-49 the cost of attendance and the amount of other student assistance to  
 7-50 the student, other than loans under Section 428B(a)(1), Higher  
 7-51 Education Act of 1965 (20 U.S.C. Section 1078-2) (relating to  
 7-52 parent loans), for which the student borrower may be eligible]. An  
 7-53 alternative education loan covered by this subsection is subject to  
 7-54 Chapter 342, Finance Code, as applicable, except that:

7-55 (1) the maximum interest rate on the loan may not  
 7-56 exceed the rate permitted under Subchapter A, Chapter 303, Finance  
 7-57 Code; and

7-58 (2) application and origination fees may be agreed to  
 7-59 by the parties and assessed at the inception of the loan, provided  
 7-60 that if any such fees constitute additional interest under  
 7-61 applicable law, the effective rate of interest agreed to over the  
 7-62 stated term of the loan may not exceed the rate allowed by  
 7-63 Subchapter A, Chapter 303, Finance Code, and accrued unpaid  
 7-64 interest may be added to unpaid principal at the beginning of the  
 7-65 agreed repayment period at the borrower's option and in accordance  
 7-66 with the terms of the agreement for purposes of determining the  
 7-67 total principal amount due at the inception of the repayment  
 7-68 period.

7-69 SECTION 21. The following provisions of the Government Code

8-1 are repealed:

8-2 (1) Section 1372.001(18);

8-3 (2) Sections 1372.0231(c) and (e); and

8-4 (3) Section 1372.037(b).

8-5 SECTION 22. The change in law made by this Act to Chapter  
8-6 1372, Government Code, applies to the allocation of the available  
8-7 state ceiling under that chapter beginning with the 2020 program  
8-8 year.

8-9 SECTION 23. This Act takes effect September 1, 2019.

8-10

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