

SENATE JOINT RESOLUTION

proposing a constitutional amendment providing for the issuance of general obligation bonds to finance educational loans to students and for authority to enter into bond enhancement agreements with respect to general obligation bonds issued for that purpose.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Article III, Texas Constitution, is amended by adding Sections 50b-6 and 50b-6A to read as follows:

Sec. 50b-6. (a) The legislature by general law may authorize the Texas Higher Education Coordinating Board or its successor or successors to issue and sell general obligation bonds of the State of Texas in an amount not to exceed \$500 million in order to finance educational loans to students in the manner provided by law. The bonds are in addition to bonds issued under Sections 50b-4 and 50b-5 of this article and under any other provision or former provision of this constitution authorizing similar bonds.

(b) The bonds shall be executed in the form, on the terms, and in the denominations, bear interest, and be issued in installments as prescribed by the Texas Higher Education Coordinating Board or its successor or successors.

(c) The maximum net effective interest rate to be borne by bonds issued under this section may not exceed the maximum rate provided by law.

(d) The legislature may provide for the investment of bond

1 proceeds and may establish and provide for the investment of an
2 interest and sinking fund to pay the bonds. Income from the
3 investment shall be used for the purposes prescribed by the
4 legislature.

5 (e) Notwithstanding any other provision of this article,
6 there is appropriated out of the first money coming into the
7 treasury in each fiscal year, not otherwise appropriated by this
8 constitution, the amount sufficient to pay the principal of and
9 interest on any bonds issued under this section, under Sections
10 50b-4 and 50b-5 of this article, and under any other provision or
11 former provision of this article authorizing similar bonds that
12 mature or become due during the fiscal year, less any amount
13 remaining in an interest and sinking fund established under this
14 section, Section 50b-4 or 50b-5 of this article, or any other
15 provision or former provision of this article authorizing similar
16 bonds at the end of the preceding fiscal year that is pledged to the
17 payment of the bonds or interest.

18 (f) Bonds issued under this section, after approval by the
19 attorney general, registration by the comptroller of public
20 accounts, and delivery to the purchasers, are incontestable.

21 Sec. 50b-6A. The legislature by general law may provide for
22 the Texas Higher Education Coordinating Board or its successor or
23 successors to enter into bond enhancement agreements with
24 appropriate entities with respect to any bonds issued under Section
25 50b-4, 50b-5, or 50b-6 of this article or under any other provision
26 or former provision of this article authorizing similar bonds.
27 Payments due from the coordinating board under a bond enhancement

1 agreement with respect to the principal of or interest on the bonds
2 shall be treated for purposes of this constitution as payments of
3 the principal of and interest on the bonds, and money appropriated
4 for the purpose of paying the principal of and interest on the bonds
5 as they mature or become due may be used to make payments under bond
6 enhancement agreements authorized by this section with respect to
7 the bonds.

8 SECTION 2. This proposed constitutional amendment shall be
9 submitted to the voters at an election to be held on the earlier of
10 the first date on which another election on a constitutional
11 amendment proposed by the 80th Legislature, Regular Session, 2007,
12 is held or November 6, 2007. The ballot shall be printed to permit
13 voting for or against the proposition: "The constitutional
14 amendment providing for the issuance of \$500 million in general
15 obligation bonds to finance educational loans to students and
16 authorizing bond enhancement agreements with respect to general
17 obligation bonds issued for that purpose."

President of the Senate

Speaker of the House

I hereby certify that S.J.R. No. 57 was adopted by the Senate on May 15, 2007, by the following vote: Yeas 30, Nays 0.

Secretary of the Senate

I hereby certify that S.J.R. No. 57 was adopted by the House on May 22, 2007, by the following vote: Yeas 148, Nays 0, one present not voting.

Chief Clerk of the House