

GOVERNMENT CODE

TITLE 9. PUBLIC SECURITIES

SUBTITLE G. SPECIFIC AUTHORITY FOR STATE GOVERNMENT TO ISSUE
SECURITIES

CHAPTER 1401. BONDS FOR CERTAIN CRIMINAL JUSTICE, MENTAL HEALTH, OR
INTELLECTUAL DISABILITY FACILITIES

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 1401.001. DEFINITIONS. In this chapter:

(1) "Authority" means the Texas Public Finance Authority.

(2) "Board" means the board of directors of the authority.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1401.002. BOND REVIEW BOARD MEMBER IMMUNITY. A Bond Review Board member is not liable for damages that result from performing a function of the member under this chapter.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1401.003. LEGISLATIVE AUTHORITY. The authority may not issue or sell a bond under this chapter for a project unless the legislature has authorized the specific project by:

- (1) this chapter;
- (2) the General Appropriations Act; or
- (3) Chapter [1232](#).

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

SUBCHAPTER B. BOND REVIEW BOARD OVERSIGHT

Sec. 1401.021. BOND REVIEW BOARD APPROVAL OF BOND ISSUANCE. The authority may not issue a bond under this chapter unless the Bond Review Board has reviewed and approved the issuance.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1401.022. BOND REVIEW BOARD APPROVAL OF PROJECT. The

proceeds of a bond issued under this chapter may not be used to finance a project unless the Bond Review Board has reviewed and approved the project.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

SUBCHAPTER C. GENERAL OBLIGATION BONDS AND PROCEEDS

Sec. 1401.041. GENERAL OBLIGATION BONDS. (a) As provided by Section 49-h(a), Article III, Texas Constitution, as that section existed September 1, 1999, the authority may:

(1) issue general obligation bonds in an amount not to exceed \$500 million; and

(2) distribute the bond proceeds as provided by that section.

(b) As provided by Section 49-h(c), Article III, Texas Constitution, as that section existed September 1, 1999, the authority may:

(1) issue general obligation bonds in an amount not to exceed \$400 million; and

(2) distribute the bond proceeds to any appropriate agency to:

(A) acquire, construct, or equip a new facility;
or

(B) make a major repair of or renovate a facility, corrections institution, youth corrections institution, mental health institution, or intellectual disability institution.

(c) As provided by Section 49-h(d), Article III, Texas Constitution, as that section existed September 1, 1999, the authority may:

(1) issue general obligation bonds in an amount not to exceed \$1.055 billion and distribute the bond proceeds to any appropriate agency to:

(A) acquire, construct, or equip a:
(i) new prison or substance abuse felony punishment facility to confine criminals; or

(ii) youth corrections institution;

(B) make a major repair of or renovate a prison

facility or youth corrections institution; or

(C) acquire, make a major repair of, or renovate a facility for use as a state prison, a substance abuse felony punishment facility, or a facility in which a pilot program established as provided by Section 614.011, Health and Safety Code, is conducted;

(2) issue general obligation bonds in an amount not to exceed \$45 million and distribute the bond proceeds to any appropriate agency to:

(A) acquire, construct, or equip a new mental health facility or intellectual disability facility, including a community-based mental health facility or community-based intellectual disability facility; or

(B) make a major repair of or renovate a mental health facility or intellectual disability facility; and

(3) issue general obligation bonds in an amount not to exceed \$50 million and distribute the bond proceeds to any appropriate agency to:

(A) acquire, construct, or equip a new youth corrections facility; or

(B) make a major repair of or renovate a youth corrections facility.

(d) As provided by Section [49-h\(e\)](#), Article III, Texas Constitution, as that section existed September 1, 1999, the authority may:

(1) issue general obligation bonds in an amount not to exceed \$1 billion; and

(2) distribute the bond proceeds as provided by that section.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Amended by Acts 2001, 77th Leg., ch. 1420, Sec. 8.017, eff. Sept. 1, 2001.

Amended by:

Acts 2023, 88th Leg., R.S., Ch. 30 (H.B. [446](#)), Sec. 5.22, eff. September 1, 2023.

Sec. 1401.042. REFUNDING BONDS. The authority may issue a

general obligation bond authorized under Section 1401.041 to refund a revenue bond issued under Subchapter D.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1401.043. REFINANCING CERTAIN OBLIGATIONS. (a) The proceeds of a bond issued under Section 1401.041(a), (b), (c)(1), or (d) may be used to refinance an existing obligation for a purpose described by those subsections.

(b) The proceeds of a bond issued under Section 1401.041(c)(2) may be used to refinance an existing obligation for a purpose described by that subdivision.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1401.044. DISTRIBUTION OF PROCEEDS. The authority by rule shall establish guidelines, criteria, and procedures for distributions of general obligation bond proceeds.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1401.045. INTEREST AND SINKING FUND BALANCE REPORT. (a) The authority shall report to the Legislative Budget Board and the Governor's Office of Budget and Planning an accurate estimate of interest and sinking fund balances available for payment of debt service on general obligation bonds.

(b) The report must be made not later than January 1 of each odd-numbered year.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

SUBCHAPTER D. REVENUE BONDS AND PROCEEDS

Sec. 1401.061. REVENUE BONDS. (a) The authority may:

- (1) issue revenue bonds; and
- (2) distribute the bond proceeds to any appropriate agency to:
 - (A) acquire, construct, or equip a new facility;

or

- (B) make a major repair of or renovate a:
 - (i) facility;

(ii) corrections institution, including a facility authorized by Section [495.001\(a\)](#) or [495.021\(a\)](#);

(iii) criminal justice facility for the Texas Department of Criminal Justice;

(iv) youth corrections institution; or

(v) mental health institution or intellectual disability institution.

(b) The bond proceeds may be used to refinance an existing obligation for a purpose described by Subsection (a).

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Amended by:

Acts 2023, 88th Leg., R.S., Ch. 30 (H.B. [446](#)), Sec. 5.23, eff. September 1, 2023.

Sec. 1401.062. REVENUE BOND PROCEEDS. On issuing bonds under Section [1401.061](#), the board shall:

(1) certify to the appropriate agency and to the comptroller that the funds are available; and

(2) deposit the bond proceeds in the state treasury to the account of the appropriate agency.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1401.063. INVESTMENT OF PROCEEDS. (a) With the board's concurrence, the comptroller shall invest the unexpended revenue bond proceeds and the investment income of those unexpended proceeds in investments approved by law for the investment of state funds.

(b) The investment income required for project costs, and not required to be rebated to the federal government or used for debt service, as determined by the board, shall be credited to the appropriate agency. The investment income not required for project costs, not required to be rebated to the federal government, and not required for debt service shall be allocated as provided by Section [404.071](#).

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1401.064. PAYMENT OF PRINCIPAL OR INTEREST. The board

may provide that the principal of and interest on revenue bonds issued under this subchapter be paid from any source of funds lawfully available to the board.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1401.065. BOND REQUIREMENTS. Revenue bonds issued under this subchapter are subject to Sections [1232.117](#) and [1232.118](#).

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

SUBCHAPTER E. REVENUE BOND PROJECTS

Sec. 1401.081. CONDITIONS FOR BEGINNING PROJECT. The appropriate agency may begin an approved project financed under Subchapter D after:

(1) the authority has certified that the authority has authorized obligations in an amount sufficient to pay the construction or purchase price of the project under an interim construction finance agreement established by the authority in accordance with Chapter [1371](#); or

(2) the following conditions are met:

(A) the revenue bond proceeds are deposited;

(B) the comptroller has certified that the funds are available;

(C) any reserve funds or capitalized interest certified to be reasonably required by the authority has been transferred; and

(D) according to the authority's statement that specifies those costs, the costs of issuance of the bonds have been paid.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1401.082. REVENUE BOND REPAYMENT AND LEASE AGREEMENT.

(a) In accordance with a lease agreement, the appropriate agency, with money appropriated for the purpose, shall pay to the board an amount the board determines to be sufficient to:

(1) pay the principal of and interest on the bonds

issued under Section 1401.061;

(2) maintain a reserve fund necessary to service the debt; and

(3) reimburse the authority for other costs and expenses relating to:

(A) a project; or

(B) the outstanding bonds.

(b) For purposes of this section, a state agency may enter into a lease agreement in the name of and on behalf of the state.

(c) A state agency shall include in its biennial appropriation request an amount sufficient to pay the principal of and interest on outstanding bonds issued under Section 1401.061 for the agency.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1401.083. RIGHTS TO FINANCED PROPERTY. (a) Property financed by the authority under Subchapter D does not become part of other property to which it is attached or affixed or into which it is incorporated, regardless of whether the other property is real or personal.

(b) A state agency has the rights of a lessee in property financed by the authority under Subchapter D. A person who claims under or through the agency may not acquire any greater rights with respect to the property.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

SUBCHAPTER F. FINANCIAL PROVISIONS

Sec. 1401.101. EXEMPTION FROM TAXATION. A bond issued under this chapter, any transaction related to the bond, and profits made in the sale of the bond are exempt from taxation by this state, a state agency, or a municipality or other political subdivision of this state.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

SUBCHAPTER G. MISCELLANEOUS PROVISIONS

Sec. 1401.121. TEXAS DEPARTMENT OF CRIMINAL JUSTICE MASTER PLAN. (a) Unless the Texas Department of Criminal Justice has submitted to the Bond Review Board a master plan for the construction of corrections facilities, the proceeds of bonds issued under this chapter may not be:

- (1) distributed to the department; or
- (2) used to finance a project of the correctional institutions division of the department.

(b) The master plan must:

- (1) be in the form, contain the information, and cover the period prescribed by the Bond Review Board; and
- (2) be revised annually.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 25.086, eff. September 1, 2009.