Sec. 1233.001. SHORT TITLE. This chapter may be cited as the College Opportunity Act.
Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1233.002. DEFINITIONS. In this chapter:
(1) "Board" means the Bond Review Board.
(2) "Committee" means the College Opportunity Act committee.
(3) "College savings bond" means a general obligation bond or another instrument authorized to be designated as a college savings bond under this chapter.
(4) "Issuer" means:
(A) the Veterans' Land Board;
(B) the Texas Water Development Board;
(C) the Texas Higher Education Coordinating Board; or
(D) another state agency authorized under this chapter to designate part or all of its general obligation bonds as college savings bonds.
(5) "Postsecondary educational institution" includes an institution of higher education, as that term is defined by Section 61.003, Education Code, and a private, nonprofit institution of higher education that is accredited by a recognized accrediting agency, as that term is defined by Section 61.003, Education Code, and that is located and authorized to operate in this state. The term does not include a private institution of higher education operated exclusively for sectarian purposes, religious teaching or worship, or the training of professionals in the field of religion.
Sec. 1233.003. EFFECT ON OTHER LAW. To the extent of any conflict between this chapter and other law in regard to college savings bonds, this chapter controls.

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

SUBCHAPTER B. ADMINISTRATIVE PROVISIONS

Sec. 1233.051. COLLEGE OPPORTUNITY ACT COMMITTEE. (a) The College Opportunity Act committee consists of:

(1) the following ex officio members:

(A) the commissioner of the General Land Office;

(B) the commissioner of higher education;

(C) the executive administrator of the Texas Water Development Board;

(D) the comptroller;

(E) the executive director of the board; and

(F) the chief executive officer of a state agency authorized by the board under Section 1233.155 to designate any part of its general obligation bonds as college savings bonds; and

(2) three public members appointed by the governor with the advice and consent of the senate.

(b) A public member must have knowledge, skill, and experience in an academic, business, or financial field.

(c) Public members serve staggered, six-year terms, with the term of one member expiring February 1 of each odd-numbered year.

(d) A vacancy in the office of a public member shall be filled by appointment for the unexpired term.

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

Sec. 1233.052. PRESIDING OFFICER; PROCEDURES. (a) The committee shall designate a member of the committee to serve as presiding officer.

(b) The committee shall establish procedures for the conduct of its business.
Sec. 1233.053. DEPUTIES. An ex officio member of the committee may appoint a deputy to serve as a voting member of the committee in the member's absence.

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

SUBCHAPTER C. BENEFITS OF COLLEGE OPPORTUNITY BONDS

Sec. 1233.101. FINANCIAL INCENTIVES AND BONUSES. (a) The committee may authorize financial incentives for a holder of a college savings bond to encourage the enrollment of students at postsecondary educational institutions. The committee shall establish procedures necessary to implement this section.

(b) A bonus payment may be paid under this subsection to the holder of a college savings bond at maturity only if the holder owned the college savings bond for the five years preceding the bond's maturity date.

(c) The bonus payment may be paid to the holder of any college savings bond at maturity in a form that may be applied only to tuition costs at a postsecondary educational institution.

(d) The amount of the bonus payment for each year must be at least equal to four-tenths of one percent of the college savings bond's face amount, applied to each full year from the date of purchase to the earlier of the date of redemption or the date of maturity. Subject to Subsection (e), the committee may increase the amount of the payment at the time the committee authorizes the college savings bond.

(e) The amount of financial incentives provided under this section during a state fiscal biennium may not exceed an amount equal to one-half of one percent of the total amount of college savings bonds maturing during that biennium.

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

Sec. 1233.102. EFFECT ON OTHER FINANCIAL AID. In determining a student's eligibility for monetary assistance, including a scholarship or grant, awarded by a state agency or the
amount of financial assistance to provide the student, an amount of
$10,000 or less in proceeds from college savings bonds, including
principal and accumulated interest, may not be considered:

(1) a financial resource of the student; or
(2) a form of financial aid or assistance to the
student.

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

SUBCHAPTER D. ELIGIBILITY REQUIREMENTS AND PROCEDURES FOR
DESIGNATION AS COLLEGE SAVINGS BOND

Sec. 1233.151. BONDS ELIGIBLE FOR DESIGNATION AS COLLEGE
SAVINGS BONDS. All or part of the following bonds are eligible to
be designated as college savings bonds:

(1) veterans' land and housing bonds authorized under
Sections 49-b and 49-b-1, Article III, Texas Constitution, issued
by the Veterans' Land Board;

(2) farm and ranch loan bonds authorized under Section
49-f, Article III, Texas Constitution;

(3) water development bonds authorized by Sections
49-c, 49-d, 49-d-1, 49-d-2, 49-d-4, 49-d-6, and 50-d, Article III,
Texas Constitution, issued by the Texas Water Development Board;

(4) college student loan bonds authorized by Sections
50b and 50b-1, Article III, Texas Constitution, issued by the Texas
Higher Education Coordinating Board; or

(5) bonds issued by an issuer to refund bonds
described by Subdivisions (1)-(4).

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

Sec. 1233.152. APPLICATION FOR DESIGNATION. To have a bond
designated as a college savings bond, the issuer must:

(1) apply for approval in the manner prescribed by the
committee; and

(2) submit with the application any other information
the committee requires.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.
Sec. 1233.153. COMMITTEE REVIEW AND DETERMINATION. (a) The committee shall examine an application and other information submitted by an issuer under Section 1233.152.

(b) The committee shall recommend to the board that all or part of the bonds be approved for designation as college savings bonds if the committee determines that the designation:

1. is advisable; and
2. is of economic benefit to the bondholders and to this state.

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

Sec. 1233.154. CONSIDERATION BY BOARD; DESIGNATION. (a) The board shall consider the application and other information submitted by an issuer and shall approve the designation of part or all of the bonds as college savings bonds if, after examining the application and other information, the board determines that the designation as college savings bonds is advisable.

(b) The bonds shall be designated as college savings bonds in any manner that:

1. the resolution providing for the issuance of the bonds specifies; and
2. the board considers appropriate.

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

Sec. 1233.155. CONSIDERATION AND DESIGNATION OF ADDITIONAL BONDS. (a) A state agency, including a state agency listed under Section 1233.151, that issues general obligation bonds not specified by that section may apply to the committee to issue those general obligation bonds as college savings bonds.

(b) The committee shall consider the application as provided by Section 1233.153 and may recommend to the board that the state agency be granted authority to designate all or part of the general obligation bonds issued by the state agency as college savings bonds if the committee determines that the authorization:

1. is advisable;
2. is consistent with the purposes of this chapter; and
(3) is of economic benefit to the bondholders and to this state.

(c) The board shall consider the state agency's application and shall approve the designation of all or part of the bonds as college savings bonds if the board determines that the designation of the bonds as college savings bonds is advisable.

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

Sec. 1233.156. APPROVAL BY ATTORNEY GENERAL. The attorney general may not approve the issuance as a college savings bond of a bond that requires the attorney general's approval before issuance unless the bond is issued in accordance with this chapter.

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

SUBCHAPTER E. ISSUANCE, SALE, AND MARKETING

Sec. 1233.201. TYPE AND DENOMINATION OF BOND. A college savings bond:

(1) must be a:

(A) zero coupon bond;
(B) capital appreciation bond;
(C) compound interest bond;
(D) municipal multiplier bond;
(E) capital accumulator bond; or
(F) similar type of bond that will encourage the purchaser to hold the bond until maturity; and

(2) must be issued in small denominations, in accordance with guidelines established by the committee to make the bonds attractive for financing the costs of higher education.

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

Sec. 1233.202. REDEMPTION PRICE. A college savings bond may not be callable before maturity at a price less than its stated value at maturity except:

(1) under a mandatory redemption or call provision of the resolution authorizing the bond; or

(2) as otherwise authorized by law.
Sec. 1233.203. AGGREGATE PRINCIPAL AMOUNT. For the purpose of determining the amount of bonds that an issuer may issue under the Texas Constitution and designate as college savings bonds under this chapter, the aggregate principal amount is the aggregate of the initial offering prices, excluding accrued interest, at which the bonds are offered for sale to the public, including a private or negotiated sale, without a reduction for an underwriter's discount or the fee of a placement agent or other intermediary.

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

Sec. 1233.204. PRIVATE OR NEGOTIATED SALE. (a) A series of bonds that includes college savings bonds may be sold at a private or negotiated sale if the committee determines that a private or negotiated sale will result in a more efficient and economic sale of the bonds or greater access to the bonds by investors who are residents of this state.

(b) If college savings bonds are sold at a private or negotiated sale, the underwriter to whom the bonds are sold must have, in the committee's judgment, sufficient capability to broadly distribute the bonds to investors who are residents of this state.

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

Sec. 1233.205. MARKETING AND DISTRIBUTION. (a) The committee shall coordinate the marketing and distribution of college savings bonds.

(b) The committee may delegate to the board responsibility for disseminating information about and advertising the college savings bonds. The board may use its staff to assist in, or may contract with another entity for services to carry out, a duty delegated to the board under this subsection.

(c) The committee may contract for the services of financial advisors and for legal services to assist the committee in marketing and distributing and in disseminating information about college savings bonds.

(d) In coordinating the marketing of college savings bonds,
the committee shall emphasize the use of college savings bonds to finance the costs of higher education. For this purpose, the committee shall provide information about the college savings bonds to institutions of higher education, other education-related organizations, the financial services community, and the public.

(e) The committee may not publish information purporting to describe the details or terms of or the security for a particular issue of college savings bonds unless the issuer of the college savings bonds approves publication of that information.

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

Sec. 1233.206. USE OF PHRASE "COLLEGE SAVINGS BOND" RESTRICTED. A public legal entity, including a state agency or a municipality or other political subdivision, may not, unless the board has designated a bond or note as a college savings bond under this chapter:

(1) use the phrase "college savings bond" in connection with the issuance, sale, or marketing of a bond or note by the entity; or

(2) authorize a broker or dealer in municipal bonds or notes to use the phrase "college savings bonds" in connection with the sale, resale, marketing, or distribution of a bond or note.

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