

By: Lucio

S.B. No. 461

A BILL TO BE ENTITLED

AN ACT

relating to the notice required before the issuance of certain debt obligations by political subdivisions.

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

SECTION 1. Section 52.072(e), Election Code, is amended to read as follows:

(e) In addition to any other requirement imposed by law for a proposition, including a provision prescribing the proposition language, a proposition submitted to the voters for approval of ~~[the issuance of bonds or]~~ the imposition, increase, or reduction of a tax shall specifically state, as applicable:

(1) ~~[with respect to a proposition seeking voter approval of the issuance of bonds.]~~

~~[(A) the total principal amount of the bonds to be authorized, if approved, and~~

~~[(B) a general description of the purposes for which the bonds are to be authorized, if approved,~~

~~[(2)]~~ with respect to a proposition that only seeks voter approval of the imposition or increase of a tax, the amount of or maximum tax rate of the tax or tax increase for which approval is sought; or

(2) ~~[(3)]~~ with respect to a proposition that only seeks voter approval of the reduction of a tax, the amount of tax rate reduction or the tax rate for which approval is sought.

SECTION 2. Chapter 1251, Government Code, is amended by designating Sections 1251.001, 1251.003, 1251.004, 1251.005, and 1251.006 as Subchapter A and adding a subchapter heading to read as follows:

SUBCHAPTER A. PROVISIONS RELATING GENERALLY TO BOND ELECTIONS

SECTION 3. Chapter 1251, Government Code, is amended by adding Subchapter B to read as follows:

SUBCHAPTER B. BALLOT PROPOSITION FOR BONDS ISSUED BY POLITICAL

SUBDIVISION

Sec. 1251.051. APPLICABILITY. This subchapter applies to bonds issued by any political subdivision, including a municipality, county, school district, or special taxing district.

Sec. 1251.052. FORM. (a) A proposition seeking voter approval of the issuance of bonds shall specifically state:

(1) a general description of the purposes for which the bonds are to be authorized;

(2) the total principal amount of the bonds;

(3) the rate of interest;

(4) the imposition of taxes sufficient to pay the annual interest on the bonds and to provide a sinking fund to redeem the bonds at maturity; and

(5) the maturity date of the bonds or that the bonds may be issued to mature serially over a specified number of years not to exceed 40.

(b) In addition to the requirements of Subsection (a) and any other requirement imposed by law for a proposition, including a provision prescribing the proposition language, a proposition

1 submitted to the voters for approval of the issuance of bonds shall
2 specifically state:

3 (1) the total amount of the political subdivision's
4 debt secured by ad valorem taxes currently outstanding;

5 (2) the total amount of debt secured by ad valorem
6 taxes, including principal and interest, to be authorized;

7 (3) the amount of taxes required to be imposed on a
8 homestead with a value of \$100,000 in the political subdivision, as
9 computed by the appraisal district, to repay the political
10 subdivision's current debt obligations secured by ad valorem taxes;

11 (4) the increase in the amount of taxes that would be
12 imposed on a homestead with a value of \$100,000 in the political
13 subdivision, as computed by the appraisal district, to repay the
14 bonds to be authorized, if approved; and

15 (5) the maturity date of the bonds to be authorized.

16 (c) A political subdivision that maintains a website shall
17 provide the information described by Subsection (b) on its website
18 in an easily accessible manner.

19 SECTION 4. Section 271.049, Local Government Code, is
20 amended by amending Subsections (a) and (b) and adding Subsection
21 (e) to read as follows:

22 (a) Regardless of the sources of payment of certificates,
23 certificates may not be issued unless the issuer publishes notice
24 of its intention to issue the certificates. The notice must be
25 published:

26 (1) once a week for two consecutive weeks in a
27 newspaper, as defined by Subchapter C, Chapter 2051, Government

Code, that is of general circulation in the area of the issuer, with the date of the first publication to be before the 45th ~~[30th]~~ day before the date tentatively set for the passage of the order or ordinance authorizing the issuance of the certificates; and

(2) if the issuer maintains a website, continuously on the issuer's website for at least 45 days before the date tentatively set for the passage of the order or ordinance authorizing the issuance of the certificates.

(b) The notice must state:

(1) the time and place tentatively set for the passage of the order or ordinance authorizing the issuance of the certificates;

(2) the ~~[maximum amount and]~~ purpose of the certificates to be authorized; ~~[and]~~

(3) the manner in which the certificates will be paid for, whether by taxes, revenues, or a combination of the two;

(4) the following, stated as a total amount and as a per capita amount:

(A) the then-current principal of all outstanding debt obligations of the issuer;

(B) the then-current combined principal and interest required to pay all outstanding debt obligations of the issuer on time and in full;

(C) the principal of the certificates to be authorized; and

(D) the estimated combined principal and interest required to pay the certificates to be authorized on time

1 and in full;

2 (5) the estimated rate of interest for the
3 certificates to be authorized; and

4 (6) the maturity date of the certificates to be
5 authorized.

6 (e) In this section, "debt obligation" means an issued
7 public security, as defined by Section 1201.002, Government Code.

8 SECTION 5. Section 1251.002, Government Code, is repealed.

9 SECTION 6. (a) The changes in law made by this Act to
10 Chapter 1251, Government Code, apply only to a ballot for an
11 election ordered on or after the effective date of this Act. An
12 election ordered before the effective date of this Act is governed
13 by the law in effect when the election was ordered, and the former
14 law is continued in effect for that purpose.

15 (b) The changes in law made by this Act to Section 271.049,
16 Local Government Code, apply only to a certificate of obligation
17 for which the first notice of intention to issue the certificate is
18 made on or after the effective date of this Act. A certificate of
19 obligation for which the first notice of intention to issue the
20 certificate is made before the effective date of this Act is
21 governed by the law in effect when the notice of intention is made,
22 and the former law is continued in effect for that purpose.

23 SECTION 7. This Act takes effect September 1, 2017.