

- SUBJECT:** Requiring home-rule municipalities to use bond proceeds as intended
- COMMITTEE:** Investments and Financial Services — favorable, without amendment
- VOTE:** 7 ayes — Parker, Longoria, Capriglione, Flynn, Landgraf, Pickett, Stephenson
- 0 nays
- WITNESSES:** For — Bill Bailey; (*Registered, but did not testify*: Peggy Venable, Americans for Prosperity; Jess Fields, Texas Public Policy Foundation; Joe Palmer)
- Against — None
- On — Clayton Chandler, City of Mansfield; Bill Longley, Texas Municipal League; (*Registered, but did not testify*: Tom Tagliabue, City of Corpus Christi)
- BACKGROUND:** Tex. Const., Art. 11, secs. 4 and 5 designate municipalities as either general-rule or home-rule cities. General rule cities are governed by laws of the state, while home-rule cities are governed by laws and ordinances that they have adopted in their charter. Any city with more than 5,000 residents may choose to adopt a charter and become a home-rule city.
- Government Code, ch. 1332 permits Texas municipalities to use the proceeds of a bond raised for a specific purpose for other reasons if the specific purpose already has been accomplished or abandoned and there is a surplus left over. Before a municipality can spend the surplus for another purpose, it is required to hold an election to approve the proposed use of the unspent proceeds.
- DIGEST:** HB 156 would prohibit the governing body of a home-rule municipality from holding an election to repurpose the unspent proceeds of a bond raised for a specific purpose. The home-rule municipality could use the unspent proceeds of a municipal bond raised for a specific purpose only

for the purpose stated in the bond or to retire the outstanding bonds.

The bill would take effect September 1, 2015, and would apply only to municipal bonds authorized after that date.