

SUBJECT: Establishing ballot requirements for school district bond elections

COMMITTEE: Public Education — committee substitute recommended

VOTE: 8 ayes — Huberty, Allison, K. Bell, Dutton, M. González, Meyer, Sanford, Talarico

3 nays — Allen, K. King, VanDeaver

1 absent — Ashby

1 present not voting — Bernal

WITNESSES: For — James Quintero, Texas Public Policy Foundation;
(*Registered, but did not testify*: Bill Kelberlau; Todd Key; Crystal Main; Ronda McCauley)

Against — (*Registered, but did not testify*: David Anderson, Arlington ISD Board of Trustees; Matias Segura, Austin ISD; Jesus Chavez, South Texas Association of Schools; Dwight Harris, Texas American Federation of Teachers; Barry Haenisch, Texas Association of Community Schools; Grover Campbell, Texas Association of School Boards; Dee Carney, Texas School Alliance)

On — (*Registered, but did not testify*: Eric Marin and David Marx, Texas Education Agency)

DIGEST: CSHB 3204 would establish requirements for ballot language, voter information, and notice for tax-supported school district bond proposals.

Ballot language. The bill would prohibit more than two propositions on a ballot for an election to authorize the issuance of school bonds. A ballot could include:

- a proposition to issue bonds for new infrastructure projects that provided for voting for or against authorizing the issuance of bonds

to support all new infrastructure projects listed in the proposition;
and

- a proposition to issue bonds for replacements and upgrades projects that provided for voting for or against authorizing the issuance of bonds to support all replacements and upgrades projects listed in the proposition.

The bill would define "new infrastructure project" to mean the construction, acquisition, purchase, or financing of new facilities, sites for school buildings, or school buses. It would define "replacements and upgrades project" to mean a project other than a new infrastructure project related to replacing or upgrading existing facilities, sites for school buildings, other property, or school buses.

Voter information. A governing board or commissioners court that called a school bond and tax election would have to prepare a voter information document for each proposition being voted on at the election. The document would have to be posted as required by Election Code sec. 4.003(f) and would have to distinctly state:

- the language that would appear on the ballot;
- information in table form that included the principal of the bonds to be authorized, the estimated interest, the estimated combined principal and interest required to pay the bonds on time, and, as of the date the governing board adopted the election order, the principal of the district's outstanding debt obligations, the estimated remaining interest on the outstanding debt, and the estimated combined principal and interest; and
- the estimated maximum annual increase in the amount of taxes that would be imposed on a residence homestead with an appraised value of \$100,00 to repay the debt obligations to be authorized.

In connection with the estimated maximum annual tax increase, the statement would have to include:

- the amortization of the district's debt obligations, including

outstanding debt obligations and the debt obligations for the proposed bonds;

- changes in estimated future appraised values within the district; and
- the assumed interest rate on the proposed bonds.

The voter information document also would have to state certain information as specified in the bill for each proposed project and any other information that the governing board or commissioners court considered relevant or necessary to explain the required information.

A district would have to provide the information on its website beginning not later than the 21st day before election day and ending on the day after the election.

Notice requirements. The bill would add notice requirements relating to a school district's issuance of certificates of obligation on tax-supported bonds. The notice would have to be published on the district's website for at least 45 days before the date tentatively set for passage of the resolution or order authorizing the certificates and state:

- the then-current principal of all outstanding debt of the district;
- the then-current combined principal and interest required to pay all outstanding debt on time and in full, which could be based on the district's expectations relative to the interest due on any variable rate debt;
- the maximum principal amount of the certificates to be authorized;
- the estimated combined principal and interest required to pay the certificates on time and in full;
- the estimated interest rate for the certificates or that the maximum interest rate for the certificates could not exceed the maximum legal interest rate; and
- the maximum maturity date of the certificates.

Other provisions. To the extent of a conflict between the ballot proposition language and voter information document requirements of CSHB 3204 and another applicable law, CSHB 3204 would control.

An official or employee of a government board who provided the information required by the bill in a voter information document would not be in violation of certain Election Code provisions prohibiting conduct constituting an unlawful use of public funds for political advertising.

The bill would take effect September 1, 2019, and would apply to a ballot for an election ordered on or after that date and a certificate of obligation for which the first notice was made on or after that date.

**SUPPORTERS
SAY:**

CSHB 3204 would increase transparency of school district bond elections by limiting the number of projects that could be included on a ballot and requiring detailed disclosure of the spending proposals and tax ramifications of bond propositions.

The bill would address a practice of school districts seeking to approve bonds that contain multiple projects with little description, leaving voters with an incomplete understanding of the contents of the bond package. By requiring districts to offer two separate ballot propositions, categorized as either new infrastructure or upgrades, voters would be better informed on the propositions that they are being asked to vote upon.

The required voter information document would give taxpayers detailed information about the district's existing debt and the impact of the bond proposal on debt and homeowners' taxes. While some districts may currently provide this type of information to taxpayers, the bill would ensure that all districts placed these details on their websites at least 21 days before the bond election.

**OPPONENTS
SAY:**

CSHB 3204 could disrupt planned construction projects by separating interdependent projects on a bond election ballot. This could cause organizational problems and ultimately increase costs to taxpayers should a new construction proposition pass and a separate, interdependent proposition fail. For instance, a bond package could include funds to construct a new career and technical education center and renovate the space where the program was previously housed. If voters approved the

new construction and not the renovation, the district might not be able to make the most efficient use of its facilities.

The bill would undermine the longstanding role of local school boards and community-based committees that determine facility needs and how various proposals should be packaged to voters. Most districts provide multiple opportunities for the public to learn about their bond proposals, and Texas voters have responded by passing a substantial majority of bond proposals.