

BILL ANALYSIS

Senate Research Center
76R10046 ESH-D

H.B. 2685
By: Coleman (Brown)
Education
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Engrossed

DIGEST

A municipality of a county may issue notes with notes a maximum maturity of seven years. These notes may be used to finance, among other things, equipment, machinery, professional services, and operating expenses. In addition, a municipality or a county may issue short-term obligations such as commercial paper as another method of finance. Under current law, an independent school district may not issue either form of obligation. H.B. 2685 would set forth requirements for the execution of credit agreements and issuance of anticipation notes by certain school districts.

PURPOSE

As proposed, H.B. 2685 sets forth requirements for the execution of credit agreements and issuance of anticipation notes by certain school districts.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 1(1), Article 717q, V.T.C.S., to redefine “issuer.”

SECTION 2. Amend Section 1, Article 717w, V.T.C.S., by amending Subdivisions (6) and (7) and adding Subdivision (8), to define “eligible school district” and redefine “issuer.” Makes conforming changes.

SECTION 3. Amends Section 3, Article 717w, V.T.C.S., to authorize the governing body of an eligible school district to authorize anticipation notes for a purpose described by Section (a)(2), (3), (4), or (5) or this section.

SECTION 4. Amends Section 4(a), Article 717w, V.T.C.S., to provide that this section applies to an eligible school district. Makes a conforming change.

SECTION 5. Amends Section 5, Article 717w, V.T.C.S., to make a conforming change.

SECTION 6. Amends Section 6(e)-(h), Article 717w, V.T.C.S., to prohibit anticipation issued by an eligible school district under Section 3(a)(4) of this article from exceeding 75 percent of the income of the district for the fiscal year preceding the fiscal year in which the attorney general approves the note. Makes conforming changes.

SECTION 7. Effective date: September 1, 1999.

SECTION 6. Emergency clause.