

BILL ANALYSIS

Senate Research Center

C.S.S.B. 1243
By: Hegar
Education
4/17/2013
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Under current law school districts are authorized to issue instruments of debt for certain specified capital projects or to employ a tax professional. These debt instruments are known as time warrants and may be issued for periods not to exceed five years. Time warrants may not exceed the anticipated surplus income of the district. Multiple time warrants may be issued, but may not exceed an aggregate total of \$500,000. All time warrants require majority approval by the board of trustees and a resolution must be adopted.

Time warrants were authorized by the legislature in 1995, but the amount has remained capped at \$500,000. Current law does not allow a time warrant to be renegotiated, even if it can be replaced with one financed at a lower interest rate. C.S.S.B. 1243 allows time warrants to be renegotiated, increases the maximum issuance to \$1 million, and increases the maximum term to 10 years.

C.S.S.B. 1243 amends current law relating to the issuance of interest-bearing time warrants and certain notes by school districts.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Sections 45.103, Education Code, by amending Subsections (a) and (c) and adding Subsection (a-1), as follows:

(a) Requires that interest-bearing time warrants, issued in amounts sufficient to construct, purchase, equip, or improve school buildings and facilities or to pay all or part of the compensation of the person to compile taxation data, mature in serial installments of not more than 10 years, rather than not more than five years, from their date of issue.

(a-1) Authorizes a school district to also issue interest-bearing time warrants to refund warrants previously issued under this section if the refunding warrants are coterminous with the refunded obligations.

(c) Prohibits a school district, under this subsection, from having more than \$1 million, rather than \$500,000, of time warrants outstanding at any one time.

SECTION 2. Amends Section 45.108(a), Education Code, to authorize independent or consolidated school districts to borrow money for the purpose of paying maintenance expenses and to evidence those loans with negotiable or nonnegotiable notes, except that the loans are prohibited from exceeding 75 percent of the previous year's income at any time; and to redefine "maintenance expenses" and "maintenance expenditures" as used in this section.

SECTION 3. Amends Section 1202.007(a), Government Code, to include, among certain exemptions from the approval and registration requirements of Chapter 1202 (Examination and Registration of Public Securities), a nonnegotiable note issued under Section 45.108 (Borrowing

Money for Current Maintenance Expenses), Education Code, in a principal amount that does not exceed \$1 million from the approval and registration requirements of this chapter.

SECTION 4. Effective date: September 1, 2013.