

BILL ANALYSIS

Senate Research Center
83R7963 TJB-F

S.B. 636
By: Paxton
Open Government
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Texas Constitution grants political subdivisions of the state with debt authority with specific limitations. The public finance division of the Office of the Attorney General is responsible for collecting information on public securities issued by a political subdivision. The Texas Bond Review Board (BRB) does not approve the public debt of political subdivisions, but does provide information to local public officials to assist in the issuance, financing, and management of debt. BRB also publishes local outstanding debt at the end of each fiscal year on its public website.

As proposed, S.B. 636 amends current law relating to public information regarding bonds and other obligations issued by the state and local governments.

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 Section 1202.008, Government Code, as follows:

Sec. 1202.008. New heading: COLLECTION AND REPORT OF INFORMATION ON LOCAL SECURITIES. (a) Defines " local security."

(b) Creates this subsection from existing text. Requires the attorney general to collect, in the form required by the Bond Review Board (BRB), information on each local security in reviewing local securities under this chapter. Deletes existing text authorizing the attorney general to collect, in the form required by BRB, information on public securities issued by a municipal corporation or political subdivision of this state, in reviewing public securities under this chapter.

(c) Redesignates existing Subsection (b) as Subsection (c). Requires that the information include the terms of each local security, the debt service payable on each local security, and other information required by BRB. Deletes existing text requiring the information to include the terms of the public securities and the debt service payable on the public securities. Makes a nonsubstantive change.

(d) Redesignates existing Subsection (c) as Subsection (d). Requires the attorney general to send the information to BRB for inclusion in the reports required by Sections 1231.104 and 1231.105, in addition to Section 1231.062.

(e) Prohibits the attorney general from approving a local security under Section 1202.003 (Review and Approval of Public Securities) until the attorney general receives written notification from BRB that BRB has received the information required by Subsection (c), or has agreed to a later date for the submission of the information.

SECTION 2. Amends the heading to Subtitle B, Title 9, Government Code, to read as follows:

SUBTITLE B. PROVISIONS APPLICABLE TO PUBLIC SECURITIES

SECTION 3. Amends Section 1231.001, Government Code, by adding Subdivision (4), to define "local security."

SECTION 4. Amends Subchapter B, Chapter 1231, Government Code, by adding Section 1231.024, as follows:

Sec. 1231.024. SEARCHABLE DATABASE FOR BOND AND DEBT OBLIGATIONS. (a) Requires BRB to develop and maintain a computerized database that lists the bond and other debt obligations issued by the state and each local government granted debt authority by the Texas Constitution and is searchable by each local government within a zip code.

(b) Requires that the database include:

(1) specific debt issued by the state and each local government and the principal, interest, and payments on the debt;

(2) total principal, interest, and payments on all debt issued by the state and each local government; and

(3) total principal, interest, and payments on all debt issued by local governments in each zip code.

(c) Requires BRB to make the database described by Subsection (a) available to the public on BRB's Internet website.

(d) Requires the comptroller of public accounts of the State of Texas (comptroller) to provide, on the comptroller's website, a link to the database made available by BRB under Subsection (c).

SECTION 5. Amends Sections 1231.062(a), (b), and (c), Government Code, as follows:

(a) Requires BRB to submit to the legislature a statistical report, not later than December 31 of each even-numbered year, relating to:

(1) state securities, including a state security issued by an institution of higher education; and

(2) local securities, rather than bonds and other debt obligations issued by local governments.

(b) Requires that the statistical report include:

(1) total debt service as a percentage of total expenditures;

(2) total debt per capita;

(3) tax-supported debt per capita;

(4) total debt and tax-supported debt as a percentage of real property valuations;

(5) principal scheduled to be repaid in five years, 10 years, and 20 years;

(6) recent issuances of short-term notes;

(7) recent trends in issuance costs;

(8) savings from recent refundings;

(9) debt outstanding; and

(10) other information BRB considers relevant.

Deletes existing text requiring the report to include bonds and other debt obligations issued by local governments, tax-supported debt service as a percentage of general revenue expenditure, per capita total debt, per capita tax-supported debt, total debt and tax-supported debt as a percentage of personal income, total personal income per capita, total debt per capita as a percentage of total income, total debt and tax-supported debt as a percentage of annual revenues and expenditures, principal required to be repaid in five years and principal required to be repaid in 10 years, growth rates of total debt per capital and total debt per dollar of personal debt, recent trends in the issuance of short-term notes, recent trends in capitalized interest use, and debt service coverage ratios, if applicable.

(c) Requires the attorney general, each state agency, and each local government to provide annually to BRB, and at other times required by BRB, information that BRB determines is necessary to prepare the statistical report. Makes nonsubstantive changes.

SECTION 6. Amends the heading to Section 1231.102, Government Code, to read as follows:

Sec. 1231.102. STATE SECURITIES ANNUAL REPORT.

SECTION 7. Amends Subchapter F, Chapter 1231, Government Code, by adding Sections 1231.104, 1231.105, and 1231.106, as follows:

Sec. 1231.104. LOCAL SECURITIES ANNUAL REPORT. Requires the bond finance office to publish a report listing the amount of local securities outstanding, applicable repayment schedules, and other information the office considers relevant, not later than the 180th day after the end of each state fiscal year.

Sec. 1231.105. ONLINE ANNUAL LOCAL DEBT STATISTICS REPORT. Requires the bond finance office to publish on the office's Internet website a report that includes the statistical information listed in Section 1231.062(b) for all local securities for the preceding fiscal year, not later than the 150th day after the end of each state fiscal year.

Sec. 1231.106. REQUIRED INFORMATION. (a) Requires an issuer of a local security to provide annually to the bond finance office, and at other times required by the office, information that the office determines necessary to administer the powers or duties of BRB or the office, including the preparation of any report.

(b) Requires the bond finance office to develop a standardized format to simplify the submission of information by an issuer under this section.

SECTION 8. Requires BRB to make available on its Internet website the database described by Section 1231.024, Government Code, as added by this Act, not later than September 1, 2014.

SECTION 9. Effective date: January 1, 2014.