

BILL ANALYSIS

Senate Research Center
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S.B. 461
By: Lucio
Intergovernmental Relations
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Political subdivisions in Texas have fairly broad discretion to issue new debt in the form of bonds, following the approval of voters, and to issue certificates of obligation, following notice and a public hearing. Statute should ensure that taxpayers, in both instances, are given all the relevant information necessary to make an informed decision on the implications future debt issuances have on tax rates and the impact on the average homeowner. S.B. 461 provides additional information on ballot propositions in regards to the issuance of new bond debt, including current and future total bond debt secured by ad valorem taxes, as well as the impact the approval of new debt will have based on a standardized valuation. S.B. 461 also provides additional information and notice to taxpayers prior to the issuance of a certificate of obligation by including per capita information on current and future principal and interest on all existing debt, as well as the date any certificates issued will mature. In addition, S.B. 461 requires political subdivisions to provide all ballot elements on the subdivision's website, if one is maintained.

As proposed, S.B. 461 amends current law relating to the notice required before the issuance of certain debt obligations by political subdivisions.

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 52.072(e), Election Code, as follows:

(e) Requires a proposition submitted to the voters for approval of the imposition, increase, or reduction of a tax, rather than for approval of the issuance of bonds or the imposition, increase, or reduction of a tax, in addition to any other requirement imposed by law for a proposition, including a provision prescribing the proposition language, to specifically state, as applicable:

(1) Deletes existing text and redesignates Subsection (2) as Subsection (1).

(2) Redesignates Subsection (3) as Subsection (2).

SECTION 2. Amends Chapter 1251, Government Code, by designating Sections 1251.001, 1251.003, 1251.004, 1251.005, and 1251.006 as Subchapter A and adding a subchapter heading, to read as follows:

SUBCHAPTER A. PROVISIONS RELATING GENERALLY TO BOND ELECTIONS

SECTION 3. Amends Chapter 1251, Government Code, by adding Subchapter B, as follows:

SUBCHAPTER B. BALLOT PROPOSITION FOR BONDS ISSUED BY POLITICAL SUBDIVISION

Sec. 1251.051. APPLICABILITY. Provides that this subchapter applies to bonds issued by any political subdivision, including a municipality, county, school district, or special taxing district.

Sec. 1251.052. FORM. (a) Requires a proposition seeking voter approval of the issuance of bonds to specifically state certain information.

(b) Requires a proposition submitted to the voters for approval of the issuance of bonds, in addition to the requirements of Subsection (a) and any other requirement imposed by law for a proposition, including a provision prescribing the proposition language, to specifically state certain information.

(c) Requires a political subdivision that maintains a website to provide the information described by Subsection (b) on its website in an easily accessible manner.

SECTION 4. Amends Section 271.049, Local Government Code, by amending Subsections (a) and (b) and adding Subsection (e), as follows:

(a) Requires a notice of an issuer's intention to issue the certificates to be published with the date of the first publication before the 45th, rather than 30th, day before the date tentatively set for the passage of the order or ordinance authorizing the issuance of the certificates, and if the issuer maintains a website, continuously on the issuer's website for at least 45 days before the date tentatively set for the passage of the order or ordinance authorizing the issuance of certificates.

(b) Deletes existing text requiring the notice to state the maximum amount of the certificates to be authorized. Requires the notice to state certain information as a total amount and as a per capita amount, the estimated rate of interest for the certificates to be authorized, and the maturity date of the certificates to be authorized.

(e) Defines "debt obligation" for this section.

SECTION 5. Repealer: Section 1251.002 (Contents of Proposition), Government Code.

SECTION 6. (a) Makes application of Chapter 1251, Government Code, as amended by this Act, prospective.

(b) Makes application of Section 271.049, Local Government Code, as amended by this Act, prospective.

SECTION 7. Effective date: September 1, 2017.