

BILL ANALYSIS

Senate Research Center

C.S.S.B. 652
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Property Tax
4/13/2019
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Local debt has increased dramatically in recent years, driving property taxes to levels that are putting Texas taxpayers under immense financial pressure to continue to afford their homes.

While much of this debt is derived from voter-approved bond issuance, we're beginning to see subdivisions of Texas circumvent the will of voters by issuing certificates of obligation in lieu of bond propositions, and in cases where voters previously rejected bond propositions for the same project within a very short period of time.

The most notable and recent example illustrating the need for change was when, in 2018, the Travis County Commissioner's approved \$328.5 million in certificates of obligation for a new courthouse after voters rejected the same project with a \$287 million price tag at the ballot box just 3 years prior.

Current law allows for political subdivisions to issue certificates of obligation for the same purpose as was proposed and rejected in a bond election during the preceding three years. S.B. 652 would increase this timeline to six years to more accurately represent the will of the voters.

C.S.S.B. 652 amends current law relating to procedures and requirements for the issuance of certificates of obligation.

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 271.047(d), Local Government Code, to prohibit the governing body of an issuer, except as provided by this subsection, from authorizing a certificate to pay a contractual obligation to be incurred if a bond proposition to authorize the issuance of bonds for the same purpose was submitted to the voters during the preceding 6, rather than three, years and failed to be approved.

SECTION 2. Amends Section 271.049, Local Government Code, by amending Subsection (a) and adding Subsection (e), as follows:

(a) Requires the issuer's required notice of intent to be published once a week for two consecutive weeks in a newspaper, as defined by Subchapter C (Notice by Publication in Newspaper), Chapter 2051 (Government Documents, Publications, and Notices), Government Code, that is of general circulation in the area of the issuer, with the date of the first publication to be before the 30th day before the date tentatively set for the passage of the order or ordinance authorizing the issuance of the certificates and published continuously on the issuer's Internet website for at least 30 days before the date tentatively set for the passage of the order or ordinance authorizing the issuance of the certificates. Makes nonsubstantive changes.

(e) Requires an issuer to maintain an Internet website to comply with this section (Notice of Intention to Issue Certificates; Petition and Election).

SECTION 3. Makes application of Section 271.049, Local Government Code, as amended by this Act, prospective.

SECTION 4. Effective date: September 1, 2019.