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H.B. No. 1869

A BILL TO BE ENTITLED

AN ACT

relating to the definition of debt for the purposes of calculating
certain ad valorem tax rates of a taxing unit.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 26.012, Tax Code, is amended by amending
Subdivision (7) and adding Subdivisions (9), (18-a), and (18-b) to
read as follows:

(7) "Debt" means:

(A) a bond, warrant, certificate of obligation,
or other evidence of indebtedness owed by a taxing unit that:

(i) is payable [~~solely~~] from property taxes
in installments over a period of more than one year, not budgeted
for payment from maintenance and operations funds, and secured by a
pledge of property taxes; and

(ii) meets one of the following
requirements:

(a) has been approved at an election;

(b) includes self-supporting debt;

(c) evidences a loan under a state or
federal financial assistance program;

(d) is issued for designated
infrastructure;

(e) is a refunding bond;

(f) is issued in response to an

1 emergency under Section 1431.015, Government Code;

2 (g) is issued for renovating,
3 improving, or equipping existing buildings or facilities;

4 (h) is issued for vehicles or
5 equipment; or

6 (i) is issued for a project under
7 Chapter 311, Tax Code, or Chapter 222, Transportation Code, that is
8 located in a reinvestment zone created under one of those
9 chapters; [r] or

10 (B) a payment made under contract to secure
11 indebtedness of a similar nature issued by another political
12 subdivision on behalf of the taxing unit.

13 (9) "Designated infrastructure" means:

14 (A) infrastructure, including a facility,
15 equipment, rights-of-way, or land, for the following purposes:

16 (i) streets, roads, highways, bridges,
17 sidewalks, parks, landfills, parking structures, or airports;

18 (ii) telecommunications, wireless
19 communications, information technology systems, applications,
20 hardware, or software;

21 (iii) cybersecurity;

22 (iv) as part of any utility system, water
23 supply project, water plant, wastewater plant, water and wastewater
24 distribution or conveyance facility, wharf, dock, or flood control
25 and drainage project;

26 (v) police stations, fire stations, or
27 other public safety facilities, jails, juvenile detention

1 facilities, or judicial facilities, and any facilities that are
2 physically attached to the facilities described by this
3 subparagraph;

4 (vi) as part of any school district; or

5 (vii) as part of any hospital district
6 created by general or special law that includes a teaching
7 hospital;

8 (B) emergency vehicles for police, fire, or
9 emergency medical services;

10 (C) maintenance vehicles; or

11 (D) heavy equipment or machinery.

12 (18-a) "Refunding bond" means a bond or other
13 obligation issued for refunding or refinancing purposes under
14 Chapter 1207 or 1371, Government Code.

15 (18-b) "Self-supporting debt" means the portion of a
16 bond, warrant, certificate of obligation, or other evidence of
17 indebtedness described by Subdivision (7)(A)(i) designated by the
18 governing body of a political subdivision as being repaid from a
19 source other than property taxes.

20 SECTION 2. Chapter 26, Tax Code, is amended by adding
21 Section 26.014 to read as follows:

22 Sec. 26.014. DEBT FOR CERTAIN TAXING UNITS. (a) This
23 section applies only to:

24 (1) a county with a population of at least 1.7 million
25 that contains a municipality in which at least 75 percent of the
26 county's population resides;

27 (2) a county with a population of more than one million

1 and less than 1.5 million;

2 (3) a county with a population of more than 800,000 and
3 less than 1 million;

4 (4) a county with a population of more than 64,750 and
5 less than 65,000;

6 (5) a county with a population of more than 40,000 and
7 less than 41,000;

8 (6) a county with a population of more than 30,500 and
9 less than 32,250;

10 (7) a county with a population of more than 320,000 and
11 less than 400,000 that:

12 (A) does not border the United Mexican States;
13 and

14 (B) in which a port authority is authorized to
15 issue permits for oversize or overweight vehicles under Chapter
16 623, Transportation Code;

17 (8) a municipality with a population of more than
18 150,000 and less than 200,000 that is partially located in a county
19 with a population of 1.8 million or more; and

20 (9) a taxing unit any part of which is located in a
21 county to which this section applies.

22 (b) In this chapter, "debt" means a bond, warrant,
23 certificate of obligation, or other evidence of indebtedness owed
24 by a taxing unit that is payable solely from property taxes in
25 installments over a period of more than one year, not budgeted for
26 payment from maintenance and operations funds, and secured by a
27 pledge of property taxes, or a payment made under contract to secure

1 indebtedness of a similar nature issued by another political
2 subdivision on behalf of the taxing unit.

3 SECTION 3. The changes in law made by this Act apply only to
4 a bond, warrant, certificate of obligation, or other evidence of
5 indebtedness for which the ordinance, order, or resolution
6 authorizing the issuance is adopted by the governing body of a
7 taxing unit on or after the effective date of this Act and for which
8 the taxing unit has not entered into a binding agreement before the
9 effective date of this Act that contemplates the issuance of the
10 debt. The changes in law made by this Act do not apply to a bond,
11 warrant, certificate of obligation, or other evidence of
12 indebtedness for which the ordinance, order, or resolution
13 authorizing the issuance was adopted by the governing body of a
14 taxing unit before the effective date of this Act or for which the
15 taxing unit has entered into a binding agreement before the
16 effective date of this Act that contemplates the issuance of such
17 debt, and the former law is continued in effect for that purpose.
18 For the purposes of this section, "binding agreement" includes a
19 development agreement, ordinance, order, or resolution that
20 authorizes or delegates to an appropriate officer of a taxing unit
21 the execution of a binding agreement at a later date.

22 SECTION 4. This Act takes effect September 1, 2021.