

A BILL TO BE ENTITLED

AN ACT

relating to bonds issued by and the dissolution of municipal management districts.

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

SECTION 1. Subchapter M, Chapter 375, Local Government Code, is amended by adding Section 375.2621 to read as follows:

Sec. 375.2621. PROHIBITION ON ISSUANCE OF BONDS AFTER PETITION. If a petition for dissolution under Section 375.262 is filed with the board, the board must consider the petition not later than the 60th day after the date the petition is filed. The district may not issue bonds secured by assessments after the date the board confirms that the petition is valid and complete under Section 375.262.

SECTION 2. Section 375.264, Local Government Code, is amended to read as follows:

Sec. 375.264. LIMITATIONS [~~LIMITATION~~] ON DISSOLUTION BY BOARD OF DISTRICT WITH DEBT. (a) A district may not be dissolved by its board under Section 375.261 or after a petition is filed under Section 375.262 if the district has [~~any~~] outstanding bonded indebtedness until that bonded indebtedness has been repaid or defeased in accordance with the order or resolution authorizing the issuance of the bonds.

(b) If a petition for dissolution is filed under Section 375.262 with the board of a district and the district has

1 outstanding bonded indebtedness secured by assessments:

2 (1) the district shall remain in existence solely for
3 the purpose of discharging its bonded indebtedness; and

4 (2) the board shall use all district money that is
5 available for the purpose to repay or defease the bonded
6 indebtedness as soon as practicable in accordance with the order or
7 resolution authorizing the issuance of the bonds.

8 (c) Subsection (b) does not apply to a district that has
9 outstanding bonded indebtedness secured by a source other than
10 assessments on the date the petition is filed with the board.

11 SECTION 3. The changes in law made by this Act apply only to
12 a municipal management district that is the subject of a petition
13 described by Section 375.262, Local Government Code, filed with the
14 board on or after the effective date of this Act. A district that is
15 the subject of such a petition filed with the board before the
16 effective date of this Act is governed by the law in effect on the
17 date the petition was filed, and the former law is continued in
18 effect for that purpose.

19 SECTION 4. The changes in law made by this Act may not be
20 construed to impair an obligation under a contract entered into
21 before the effective date of this Act. A political subdivision may
22 fulfill the subdivision's obligations under a contract entered into
23 before that date but may not extend such a contract beyond the
24 contract's original term.

25 SECTION 5. This Act takes effect September 1, 2021.