

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 purposes of winding up district operations and discharging its
4 bonded indebtedness; and

5 (2) the board shall use all district money that is
6 available to:

7 (A) wind up district operations; and

8 (B) repay or defease the bonded indebtedness as
9 soon as practicable in accordance with the order or resolution
10 authorizing the issuance of the bonds.

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

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

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

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

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 604 passed the Senate on April 19, 2021, by the following vote: Yeas 31, Nays 0; and that the Senate concurred in House amendment on May 29, 2021, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 604 passed the House, with amendment, on May 26, 2021, by the following vote: Yeas 146, Nays 1, two present not voting.

Chief Clerk of the House

Approved:

Date

Governor