

By: Goldman

H.B. No. 3002

A BILL TO BE ENTITLED

AN ACT

relating to the authority of certain political subdivisions to issue certificates of obligation.

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

SECTION 1. Section 791.023, Government Code, is amended to read as follows:

Sec. 791.023. CONTRACTS FOR STATE CRIMINAL JUSTICE FACILITIES. The state or an agency of the state may contract with one or more entities to finance, construct, operate, maintain, or manage a criminal justice facility provided, in the exercise of the governmental power, for the benefit of the state in accordance with this chapter and:

(1) Subchapter A, Chapter 494, Government Code; or

(2) Subchapter D, Chapter 361, Local Government Code[+]

~~or~~

~~[(3) the Certificate of Obligation Act of 1971 (Subchapter C, Chapter 271, Local Government Code)].~~

SECTION 2. Section 791.034(b), Government Code, is amended to read as follows:

(b) The municipality may expend municipal funds and may issue [~~certificates of obligation or~~] bonds to pay for expenses associated with a relief highway route under Subsection (a).

SECTION 3. Section 1202.001(3), Government Code, is amended to read as follows:

1           (3) "Public security" means an instrument, including a  
2 bond, note, [~~certificate of obligation,~~] certificate of  
3 participation or other instrument evidencing a proportionate  
4 interest in payments due to be paid by an issuer, or other type of  
5 obligation that:

6           (A) is issued or incurred by an issuer under the  
7 issuer's borrowing power, without regard to whether it is subject  
8 to annual appropriation; and

9           (B) is represented by an instrument issued in  
10 bearer or registered form or is not represented by an instrument but  
11 the transfer of which is registered on books maintained for that  
12 purpose by or on behalf of the issuer.

13           SECTION 4. Section [1202.007](#)(a), Government Code, is amended  
14 to read as follows:

15           (a) The following are exempt from the approval and  
16 registration requirements of this chapter:

17           (1) a public security that is:

18           (A) not subject to mandatory renewal or renewal  
19 at the option of any person, including the issuer, a holder, or a  
20 bearer; and

21           (B) payable only out of:

22           (i) current revenues or taxes collected in  
23 the year the public security is issued; or

24           (ii) the proceeds of other public  
25 securities;

26           (2) a certificate in evidence of benefit assessments;

27           (3) [~~a certificate of obligation, including a claim or~~

1 ~~account that represents an undivided interest in a certificate of~~  
2 ~~obligation, that under Subchapter C, Chapter 271, Local Government~~  
3 ~~Code, an issuer is authorized to deliver to a contractor,~~

4           ~~(4)~~ a time warrant issued under Chapter 252 or 262,  
5 Local Government Code;

6           (4) ~~(5)~~ a public security authorized by Chapter  
7 1371;

8           (5) ~~(6)~~ a lease, lease-purchase, or installment  
9 sale obligation, except as provided by other law;

10           (6) ~~(7)~~ a public security that by rule the attorney  
11 general exempts because it is not practical to require approval  
12 before the public security's issuance; and

13           (7) ~~(8)~~ a nonnegotiable note issued under Section  
14 45.108, Education Code, in a principal amount that does not exceed  
15 \$1 million.

16           SECTION 5. Section 1203.001(3), Government Code, is amended  
17 to read as follows:

18           (3) "Publicsecurity" means a bond, note, ~~[certificate~~  
19 ~~of obligation,~~ certificate of indebtedness, or other obligation  
20 for the payment of money lawfully issued by an issuer.

21           SECTION 6. Section 1232.003(8), Government Code, is amended  
22 to read as follows:

23           (8) "Obligation" means a bond, note, certificate of  
24 participation, ~~[certificate of obligation,~~ or interest in a  
25 contract.

26           SECTION 7. Section 1303.001, Government Code, is amended to  
27 read as follows:

1           Sec. 1303.001. USE OF BOND PROCEEDS FOR OWNER-CONTROLLED  
2 INSURANCE PROGRAM. A county may use the proceeds of bonds [~~or~~  
3 ~~certificates of obligation~~] issued to pay for a county construction  
4 project to pay for an owner-controlled insurance program under  
5 which the county establishes and administers a consolidated  
6 insurance program for the project if the county's order authorizing  
7 the issuance of the bonds [~~or other certificates of obligation~~]  
8 authorizes the establishment of the program.

9           SECTION 8. Section [1371.059](#)(b), Government Code, is amended  
10 to read as follows:

11           (b) Notwithstanding Subsection (a) and Section [1371.003](#),  
12 and except as provided by this subsection, an obligation authorized  
13 by this chapter is not valid, binding, or enforceable unless the  
14 obligation is approved by the attorney general and registered by  
15 the comptroller in accordance with Chapter [1202](#). The attorney  
16 general's approval and registration by the comptroller is not  
17 required for an obligation:

18           (1) to which Chapter [1202](#) does not apply or that is  
19 exempt from approval and registration as provided by Section  
20 [1202.007](#)(a)(1), (2), (3), (4), or (6) [~~, or (7)~~]; or

21           (2) that matures within one year after the issuer  
22 receives payment for the obligation, regardless of whether the  
23 obligation is evidenced by an instrument with a nominal term of  
24 longer than one year.

25           SECTION 9. Section [1431.012](#)(a), Government Code, is amended  
26 to read as follows:

27           (a) Except as provided by Subsection (b), a county must

1 comply with the competitive bidding requirements of Subchapter C,  
2 Chapter 262 [~~271~~], Local Government Code, in connection with a  
3 contract to be paid from the proceeds of anticipation notes issued  
4 for a purpose described by Section 1431.004(a)(1)(A).

5 SECTION 10. Section 1434.051, Government Code, is amended  
6 to read as follows:

7 Sec. 1434.051. FINANCING OF PERMANENT IMPROVEMENTS BY  
8 COUNTY OR MUNICIPALITY. (a) A county or a municipality may:

9 (1) issue public securities[~~, including certificates~~  
10 ~~of obligation,~~] to acquire, construct, or improve land, buildings,  
11 or other permanent improvements for use by an institution of higher  
12 education located within a county to which this chapter applies;  
13 and

14 (2) impose ad valorem taxes to pay the principal of and  
15 interest on those securities and to provide a sinking fund.

16 (a-1) A municipality that has entered into an agreement  
17 described by Section 1434.001(1) may:

18 (1) issue public securities[~~, including certificates~~  
19 ~~of obligation,~~] to acquire, construct, or improve land, buildings,  
20 or other permanent improvements for use by an institution of higher  
21 education;

22 (2) impose ad valorem taxes to pay and secure payment  
23 of the principal of and interest on those securities and to provide  
24 a sinking fund; and

25 (3) pledge those taxes, any portion of the revenues  
26 received in connection with the agreement, or any combination of  
27 the taxes and revenue to secure payment of any portion of the public

1 securities issued to acquire, construct, or improve the land,  
2 buildings, or other permanent improvements for use by the  
3 institution of higher education.

4 (b) The county or municipality shall~~+~~  
5 [~~1~~] issue any public securities and impose the taxes  
6 in accordance with the applicable provisions of Subtitles A, C, D,  
7 and E~~+~~ and

8 [~~2~~] if the securities are certificates of obligation,  
9 issue any certificates and impose the taxes in accordance with  
10 Subchapter C, Chapter 271, Local Government Code].

11 SECTION 11. Section 1434.053, Government Code, is amended  
12 to read as follows:

13 Sec. 1434.053. LIMIT ON TAXES. The only limits on the  
14 amount of taxes that may be imposed to pay the principal of and  
15 interest on public securities~~[, including certificates of~~  
16 ~~obligation]~~ issued under this chapter are those provided by the  
17 Texas Constitution.

18 SECTION 12. Section 1502.058(a), Government Code, is  
19 amended to read as follows:

20 (a) Except as provided by Subsection (b) or (c) of this  
21 section or~~[~~ by Section 1502.059, ~~[or by Section 271.052, Local~~  
22 ~~Government Code]~~ a municipality may not use the revenue of a  
23 utility system, park, or swimming pool to pay any other debt,  
24 expense, or obligation of the municipality until the debt secured  
25 by the revenue is finally paid.

26 SECTION 13. The heading to Subchapter F, Chapter 281,  
27 Health and Safety Code, is amended to read as follows:

1 SUBCHAPTER F. DISTRICT BONDS [~~AND CERTIFICATES OF OBLIGATION~~]

2 SECTION 14. Sections 281.121(a) and (c), Health and Safety  
3 Code, are amended to read as follows:

4 (a) When the district issues bonds [~~or certificates of~~  
5 ~~obligation~~] payable from and secured by taxes under this chapter,  
6 the commissioners court shall impose a tax for the benefit of the  
7 district on all property subject to district taxation. The  
8 commissioners court may impose the tax for the entire year in which  
9 the district is created in order to finance initial district  
10 operation and to pay bonds assumed by the district.

11 (c) The proceeds of the tax may be used:

12 (1) to pay the interest on and create a sinking fund  
13 for bonds that may be assumed or issued by the district for hospital  
14 purposes in accordance with this chapter;

15 (2) to provide for the operation and maintenance of  
16 the hospital or hospital system; and

17 (3) if requested by the board and approved by the  
18 commissioners court, to make further improvements and additions to  
19 the hospital system, including acquiring necessary sites by  
20 purchase, lease, or condemnation[~~, and~~

21 [~~(4) to pay for certificates of obligation issued~~  
22 ~~under Section 281.106 that are payable from and secured by taxes].~~

23 SECTION 15. Section 361.0855(a)(1), Health and Safety Code,  
24 is amended to read as follows:

25 (1) "Bonds" means financial obligations issued by a  
26 local government, including general obligation bonds and[~~7~~]  
27 revenue bonds[~~, and certificates of obligation].~~

1 SECTION 16. Section 262.023(b), Local Government Code, is  
2 amended to read as follows:

3 (b) The requirements established by Subsection (a) apply to  
4 contracts for which payment will be made from current funds or bond  
5 funds or through anticipation notes authorized by Chapter 1431,  
6 Government Code, or time warrants. [~~Contracts for which payments  
7 will be made through certificates of obligation are governed by The  
8 Certificate of Obligation Act of 1971 (Subchapter C, Chapter 271).~~]

9 SECTION 17. Section 271.091(4), Local Government Code, is  
10 amended to read as follows:

11 (4) "Obligation" means bonds, notes, [~~certificates of  
12 obligation,~~] and other obligations authorized to be issued by the  
13 local government.

14 SECTION 18. Section 303.003(12), Local Government Code, is  
15 amended to read as follows:

16 (12) "Sponsor obligation" means an evidence of  
17 indebtedness or obligation that a sponsor issues or incurs to  
18 finance, refinance, or provide a public facility, including bonds,  
19 notes, warrants, [~~certificates of obligation,~~] leases, and  
20 contracts authorized by Section 303.041 and Subchapter C.

21 SECTION 19. Sections 361.003(b) and (c), Local Government  
22 Code, are amended to read as follows:

23 (b) The municipality and county may specify in the contract  
24 that the money required to meet the costs of providing the center  
25 shall be derived:

26 (1) from current income and funds on hand that are  
27 budgeted by the municipality and county for that purpose;



1 (2) through the issuance of bonds by either or both of  
2 them under the procedures prescribed for the issuance of general  
3 obligation bonds for other public buildings and purposes; or

4 ~~(3) [by the issuance by either or both of them of~~  
5 ~~certificates of obligation under the Certificate of Obligation Act~~  
6 ~~of 1971 (Subchapter C, Chapter 271); or~~

7 ~~[(4)]~~ through a combination of those methods.

8 (c) Instead of or in combination with the use of taxing  
9 power in the payment of bonds [~~or certificates of obligation~~]  
10 issued under Subsection (b), those bonds [~~or certificates~~] may be  
11 payable from and secured by income derived from the facilities of  
12 the criminal justice center, including income from leases and from  
13 the proceeds of parking or other fees.

14 SECTION 20. Section 361.051(5), Local Government Code, is  
15 amended to read as follows:

16 (5) "Obligations" means:

17 (A) [~~certificates of obligation of an entity~~  
18 ~~issued pursuant to this subchapter in the manner prescribed by the~~  
19 ~~Certificate of Obligation Act of 1971 (Subchapter C, Chapter 271);~~

20 ~~[(B)]~~ certificates of participation representing  
21 an undivided interest in a lease obligation;

22 (B) ~~[(C)]~~ revenue bonds of an entity issued  
23 pursuant to this subchapter; or

24 (C) ~~[(D)]~~ contractual obligations incurred by an  
25 entity under a lease agreement, lease-purchase agreement, purchase  
26 on an installment contract, or other agreement providing for the  
27 lease, lease-purchase, installment purchase, or other acquisition

1 of title to an eligible project.

2 SECTION 21. Section 361.052(b), Local Government Code, is  
3 amended to read as follows:

4 (b) Money to be paid pursuant to a lease obligation and  
5 revenues derived by an entity from the operation of an eligible  
6 project constitute revenues to an entity that may be pledged to  
7 secure or pay any obligations, and the entity's obligations may be  
8 made payable from and secured by, in whole or in part, those  
9 revenues. An entity may apply the provisions of Chapter 1371,  
10 Government Code, Section [~~271.052 or~~] 361.053, or any combination  
11 of those laws to the issuance of obligations and the execution of  
12 credit agreements to satisfy the purposes of this subchapter,  
13 except that an entity's obligations may be refunded by the issuance  
14 of public securities, as defined by Section 1201.002, Government  
15 Code, that are payable from a pledge of ad valorem tax receipts only  
16 if the issuance of the public securities is approved by a majority  
17 of votes cast at an election conducted in accordance with the bond  
18 election procedures established by Chapter 1251, Government Code.

19 SECTION 22. Section 373.005(d), Local Government Code, is  
20 amended to read as follows:

21 (d) A municipality may issue notes or other obligations  
22 guaranteed by the secretary of housing and urban development under  
23 Section 108, Housing and Community Development Act of 1974 (42  
24 U.S.C. Section 5308), as amended, for the purpose of providing  
25 financing for those activities described in Section 108, Housing  
26 and Community Development Act (42 U.S.C. Section 5308), as amended,  
27 in furtherance of an approved community development program. [The

1 ~~Section 108 guaranteed notes additionally may be secured by and~~  
2 ~~made payable from the same sources as obligations issued under~~  
3 ~~Subchapter C, Chapter 271, Local Government Code, subject to the~~  
4 ~~notice provisions set forth therein.]~~ The Section 108 guaranteed  
5 notes or other obligations may be issued in such form,  
6 denominations, manner, terms, and conditions, bear interest at such  
7 rates, be interim or permanent notes or obligations, be subject to  
8 transfer, exchange, change, conversion, or replacement, and be sold  
9 in such manner, at such price, and under such terms, all as provided  
10 in the ordinance or resolution authorizing the issuance of such  
11 Section 108 guaranteed notes or obligations.

12 SECTION 23. Section 183.006(a), Natural Resources Code, is  
13 amended to read as follows:

14 (a) In addition to other methods of financing, including the  
15 use of the county's general fund, a county may finance the  
16 acquisition of a conservation easement under this chapter in the  
17 same manner as permitted for that county under[+]

18 [~~(1)~~] Section 331.004, Local Government Code, for the  
19 acquisition or improvement of land, buildings, or historically  
20 significant objects for park purposes or for historic or  
21 prehistoric preservation purposes[+ ~~or~~

22 [~~(2)~~ Section 271.045, Local Government Code, for land  
23 and rights-of-way].

24 SECTION 24. Section 1063.206(a), Special District Local  
25 Laws Code, is amended to read as follows:

26 (a) The district may issue revenue bonds [~~or certificates of~~  
27 ~~obligation~~] or may incur or assume any other debt only if authorized

1 by a majority of the district voters voting in an election held for  
2 that purpose. This subsection does not apply to refunding bonds or  
3 other debt incurred solely to refinance an outstanding debt.

4 SECTION 25. Section 1064.110(b), Special District Local  
5 Laws Code, is amended to read as follows:

6 (b) The successful bidder for a [~~Section 271.059, Local~~  
7 ~~Government Code, relating to performance and payment bonds, applies~~  
8 ~~to~~] construction contract [~~contracts~~] let by the district must  
9 execute a good and sufficient payment bond and performance bond.  
10 The bonds must each be:

- 11 (1) in the full amount of the contract price; and  
12 (2) executed, in accordance with Chapter 2253,  
13 Government Code, with a surety company authorized to do business in  
14 this state.

15 SECTION 26. Section 1064.251, Special District Local Laws  
16 Code, is amended to read as follows:

17 Sec. 1064.251. GENERAL OBLIGATION BONDS [~~, CERTIFICATES OF~~  
18 ~~OBLIGATION,~~] AND OTHER FINANCING. The board may issue and sell  
19 general obligation bonds [~~, certificates of obligation,~~] or any  
20 other type of financing authorized by the laws of this state [~~,~~  
21 ~~including that type of financing authorized by Chapter 271, Local~~  
22 ~~Government Code,~~] in the name and on the faith and credit of the  
23 district for any purpose relating to:

24 (1) the purchase, construction, acquisition, repair,  
25 or renovation of buildings or improvements; and

26 (2) equipping buildings or improvements for hospital  
27 purposes.

1 SECTION 27. Section 1103.207, Special District Local Laws  
2 Code, is amended to read as follows:

3 Sec. 1103.207. ANTICIPATION NOTES [~~AND CERTIFICATES OF~~  
4 ~~OBLIGATION~~]. The board may issue[+]

5 [~~(1)~~] anticipation notes under Chapter 1431,  
6 Government Code [~~, and~~

7 [~~(2) certificates of obligation under Subchapter C,~~  
8 ~~Chapter 271, Local Government Code~~].

9 SECTION 28. Section 3503.101(b), Special District Local  
10 Laws Code, is amended to read as follows:

11 (b) The authority may exercise any power or duty necessary  
12 or appropriate to carry out a project described by Section  
13 3503.003(a)(3) and the purposes of this chapter, including the  
14 power to:

15 (1) sue and be sued, and plead and be impleaded, in its  
16 own name;

17 (2) adopt an official seal;

18 (3) adopt, enforce, and amend rules for the conduct of  
19 its affairs;

20 (4) acquire, hold, own, pledge, and dispose of its  
21 revenue, income, receipts, and money from any source;

22 (5) select its depository;

23 (6) acquire, own, rent, lease, accept, hold, or  
24 dispose of any property, or any interest in property, including  
25 rights or easements, in performing its duties and exercising its  
26 powers under this chapter, by purchase, exchange, gift, assignment,  
27 sale, lease, or other method;

- 1           (7) hold, manage, operate, or improve the property;
- 2           (8) sell, assign, lease, encumber, mortgage, or  
3 otherwise dispose of property, or any interest in property, and  
4 relinquish a property right, title, claim, lien, interest,  
5 easement, or demand, however acquired;
- 6           (9) perform an activity authorized by Subdivision (8)  
7 by public or private sale, with or without public bidding,  
8 notwithstanding any other law;
- 9           (10) lease or rent any land and building, structure,  
10 or facility from or to any person to carry out a chapter purpose;
- 11          (11) request and accept an appropriation, grant,  
12 allocation, subsidy, guarantee, aid, service, labor, material, or  
13 gift, from the federal government, the state, a public agency or  
14 political subdivision, or any other source;
- 15          (12) operate and maintain an office and appoint and  
16 determine the duties, tenure, qualifications, and compensation of  
17 officers, employees, agents, professional advisors and counselors,  
18 including financial consultants, accountants, attorneys,  
19 architects, engineers, appraisers, and financing experts, as  
20 considered necessary or advisable by the board;
- 21          (13) borrow money and issue bonds, payable solely from  
22 all or a portion of any authority revenue, by resolution or order of  
23 the board and without the necessity of an election;
- 24          (14) set and collect rents, rates, fees, and charges  
25 regarding the property and any services provided by the authority;
- 26          (15) exercise the powers Chapters [373](#) and [380](#), Local  
27 Government Code, grant to a municipality for the development of

1 housing and expansion of economic development and commercial  
2 activity;

3 (16) exercise the powers Chapter 49, Water Code,  
4 grants to a general-law district;

5 (17) exercise the powers Chapter 54, Water Code,  
6 grants to a municipal utility district;

7 (18) exercise the powers Chapter 552, Transportation  
8 Code, grants to a road utility district;

9 (19) ~~exercise the powers Subchapter C, Chapter 271,~~  
10 ~~Local Government Code, grants to a municipality or county;~~

11 ~~(20)~~ exercise the powers Chapter 552, Local  
12 Government Code, grants to a municipality for the provision of  
13 municipal utilities;

14 (20) ~~(21)~~ contract and be contracted with, in the  
15 authority's own name, another person in the performance of the  
16 authority's powers or duties to carry out a project described by  
17 Section 3503.003(a)(3), or to accomplish the purposes of this  
18 chapter for a period of years, on the terms, and by competitive  
19 bidding or by negotiated contract, all as the board considers  
20 appropriate, desirable, and in the best interests of the authority  
21 and the accomplishment of chapter purposes;

22 (21) ~~(22)~~ acquire, hold, own, sell, assign, lease,  
23 encumber, mortgage, or otherwise dispose of any real, personal, or  
24 mixed property located outside the perimeter of the property  
25 described by Section 3503.004 if the other property enhances or  
26 facilitates the development, redevelopment, maintenance, or  
27 expansion of new and existing businesses, industry, or commercial

1 activity on the property;

2 (22) [~~(23)~~] exercise the powers Chapter 22,  
3 Transportation Code, grants to a municipality or county;

4 (23) [~~(24)~~] exercise the powers Chapter 379B, Local  
5 Government Code, grants to a defense base development authority;

6 (24) [~~(25)~~] exercise the powers of a municipality  
7 under Chapters 211 and 212, Local Government Code, in the territory  
8 of the authority, including an area of the authority that is in the  
9 boundaries of a municipality's limited purpose jurisdiction and  
10 extraterritorial jurisdiction. On annexation of an area of the  
11 authority for full purposes by a municipality, the authority's  
12 power to regulate the area under Chapters 211 and 212 expires. The  
13 authority regains the power in an area if the municipality  
14 disannexes the area;

15 (25) [~~(26)~~] fund and carry out a project the board  
16 determines will promote or support an active military base located  
17 in the same county as the authority to prevent closure or  
18 realignment of the base and attract new military missions to the  
19 base, including a project to create jobs, retain jobs, grant or loan  
20 money to a federal entity, make improvements to infrastructure,  
21 buildings, or land, or acquire land; and

22 (26) [~~(27)~~] for a fee, provide services or operate  
23 facilities inside or outside the boundaries of the authority and  
24 this state to promote, enhance, develop, or assist a person in the  
25 creation of a new business, industry, or commercial activity in the  
26 boundaries of the authority.

27 SECTION 29. Sections 26.012(7) and (18-b), Tax Code, are



1 amended to read as follows:

2 (7) "Debt" means:

3 (A) a bond, warrant, [~~certificate of~~  
4 ~~obligation,~~] or other evidence of indebtedness owed by a taxing  
5 unit that:

6 (i) is payable from property taxes in  
7 installments over a period of more than one year, not budgeted for  
8 payment from maintenance and operations funds, and secured by a  
9 pledge of property taxes; and

10 (ii) meets one of the following  
11 requirements:

12 (a) has been approved at an election;

13 (b) includes self-supporting debt;

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

16 (d) is issued for designated  
17 infrastructure;

18 (e) is a refunding bond;

19 (f) is issued in response to an  
20 emergency under Section [1431.015](#), Government Code;

21 (g) is issued for renovating,  
22 improving, or equipping existing buildings or facilities;

23 (h) is issued for vehicles or  
24 equipment; or

25 (i) is issued for a project under  
26 Chapter [311](#), Tax Code, or Chapter [222](#), Transportation Code, that is  
27 located in a reinvestment zone created under one of those chapters;

1 or

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

5 (18-b) "Self-supporting debt" means the portion of a  
6 bond, warrant, [~~certificate of obligation,~~] or other evidence of  
7 indebtedness described by Subdivision (7)(A)(i) designated by the  
8 governing body of a political subdivision as being repaid from a  
9 source other than property taxes.

10 SECTION 30. Section 172.001(2), Transportation Code, is  
11 amended to read as follows:

12 (2) "Bonds" means:

13 (A) bonds;

14 (B) notes, including bond anticipation notes,  
15 revenue anticipation notes, and grant anticipation notes;

16 (C) warrants;

17 (D) [~~certificates of obligation,~~

18 [~~(E)~~] interest-bearing contracts;

19 (E) [~~(F)~~] interest-bearing leases of property;

20 (F) [~~(G)~~] equipment trust certificates;

21 (G) [~~(H)~~] commercial paper; and

22 (H) [~~(I)~~] any obligation issued to refund any  
23 type of bond.

24 SECTION 31. Section 311.054(c), Transportation Code, is  
25 amended to read as follows:

26 (c) A general-law municipality may expend municipal funds  
27 and may issue [~~certificates of obligation or~~] bonds to pay for

1 expenses associated with a railroad quiet zone under Subsection  
2 (b), including expenses related to feasibility, engineering, and  
3 traffic studies and improvements related to the railroad quiet  
4 zone.

5 SECTION 32. Section 365.039, Transportation Code, is  
6 amended to read as follows:

7 Sec. 365.039. COUNTY BONDS [~~AND CERTIFICATES OF~~  
8 ~~OBLIGATION~~]. A county may authorize, issue, and sell its bonds [~~or~~  
9 ~~certificates of obligation~~] and use the proceeds to:

10 (1) call, redeem, and retire a district's outstanding  
11 bonds;

12 (2) remove the pledge of the revenue from a district's  
13 toll road project or other road, street, or highway project and the  
14 district's covenants [~~covenants~~] in connection with the bonds and  
15 toll road project; and

16 (3) make the toll road project available for use of the  
17 public free from tolls and charges.

18 SECTION 33. The following laws are repealed:

19 (1) Section 1371.056(f), Government Code;

20 (2) Section 2259.036, Government Code;

21 (3) Section 281.106, Health and Safety Code;

22 (4) Subchapter C, Chapter 271, Local Government Code;

23 and

24 (5) Section 1063.210, Special District Local Laws  
25 Code.

26 SECTION 34. The repeal of authority to issue certificates  
27 of obligation under Subchapter C, Chapter 271, Local Government

1 Code, by this Act, does not affect the validity of certificates of  
2 obligation issued under that authority before the effective date of  
3 this Act. Certificates of obligation issued before the effective  
4 date of this Act are governed by the law in effect when the  
5 certificates of obligation were issued, and that law is continued  
6 in effect for purposes of the validity of those certificates.

7 SECTION 35. This Act takes effect September 1, 2023.