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H.B. No. 3899

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the issuance of bonds by certain local government
3 corporations.

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

5 SECTION 1. Section 431.003(3), Transportation Code, is
6 amended to read as follows:

7 (3) "Local government" means:

8 (A) a municipality;

9 (B) a county; or

10 (C) for purposes of Subchapter D or D-1:

11 (i) a navigation district, hospital
12 district, or hospital authority;

13 (ii) a regional transportation authority
14 governed by Chapter 452;

15 (iii) a rapid transit authority governed by
16 Chapter 451; or

17 (iv) a coordinated county transportation
18 authority governed by Chapter 460.

19 SECTION 2. Section 431.070(a), Transportation Code, is
20 amended to read as follows:

21 (a) Subject to Subchapter D-1, a [A] corporation may issue
22 bonds and notes to carry out its purpose.

23 SECTION 3. Section 431.101(b), Transportation Code, is
24 amended to read as follows:

1 (b) Except as provided by Subchapter D-1, a [A] local
2 government corporation has the powers of a corporation authorized
3 for creation by the commission under this chapter.

4 SECTION 4. Chapter 431, Transportation Code, is amended by
5 adding Subchapter D-1 to read as follows:

6 SUBCHAPTER D-1. ISSUANCE OF BONDS BY CERTAIN LOCAL GOVERNMENT
7 CORPORATIONS CREATED BY MUNICIPALITIES OR COUNTIES

8 Sec. 431.120. APPLICABILITY OF SUBCHAPTER. This subchapter
9 applies to a local government corporation created by a municipality
10 or county independently or with another local government that has
11 entered into an agreement with a municipality or county for the
12 transfer to the corporation of revenue from ad valorem taxes that
13 were approved by the voters of the municipality or county under
14 Section 26.07, Tax Code.

15 Sec. 431.121. DEFINITION. In this subchapter, "bond"
16 includes a note, revenue bond, or loan.

17 Sec. 431.122. BOND ELECTION REQUIRED. (a) Notwithstanding
18 any other law, a local government corporation may not issue bonds,
19 other than refunding bonds, to be paid wholly or partly from ad
20 valorem taxes transferred from a municipality or county to the
21 corporation that were approved by the voters of the municipality or
22 county under Section 26.07, Tax Code, unless the corporation is
23 first authorized to issue bonds under this subchapter by the voters
24 of the municipality or county in an election held by the
25 municipality or county for that purpose.

26 (b) Bonds authorized under this subchapter to finance a
27 project may be issued in one or more series.

1 (c) An election held for purposes of this section must be:

2 (1) conducted as provided by Section 1251.003,
3 Government Code; and

4 (2) held in the municipality or county on the uniform
5 election date in November.

6 Sec. 431.123. FORM OF BALLOT. (a) The ballot proposition
7 for a measure seeking voter approval for issuance of bonds under
8 this subchapter must include:

9 (1) a plain language description of the purposes for
10 which the bonds are to be authorized;

11 (2) the principal amount not to be exceeded in the
12 aggregate of the bonds authorized to be issued in one or more
13 series;

14 (3) the maximum maturity date of the bonds to be
15 authorized, not to exceed 40 years; and

16 (4) that the principal of and interest on the bonds
17 will be wholly or partly paid from funds received pursuant to an
18 agreement with the municipality or county for the transfer of ad
19 valorem taxes approved by the voters of the municipality or county
20 under Section 26.07, Tax Code.

21 (b) A proposition may include as a purpose one or more
22 structures or improvements serving the substantially same purpose
23 and may include related improvements and equipment necessary to
24 accomplish the purpose.

25 (c) The result of an election held under this subchapter
26 does not affect the result of a prior election held under Section
27 26.07, Tax Code.

1 Sec. 431.124. CONDITION OF BONDS. A bond authorized to be
2 issued under this subchapter may not mature more than 40 years after
3 the date the bond was issued.

4 SECTION 5. Section 1207.001(1), Government Code, is amended
5 to read as follows:

6 (1) "Issuer" means this state or any department,
7 board, authority, agency, subdivision, municipal corporation,
8 district, public corporation, body politic, or instrumentality of
9 this state which has the power to borrow money and issue bonds,
10 notes, or other evidences of indebtedness. The term includes a
11 county, municipality, state-supported institution of higher
12 education, junior college district, regional college district,
13 school district, hospital district, water district, road district,
14 navigation district, conservation district, local government
15 corporation, and any other kind or type of political or
16 governmental entity.

17 SECTION 6. The change in law made by Subchapter D-1, Chapter
18 431, Transportation Code, as added by this Act, applies only to a
19 bond issued on or after the effective date of this Act.

20 SECTION 7. This Act takes effect immediately if it receives
21 a vote of two-thirds of all the members elected to each house, as
22 provided by Section 39, Article III, Texas Constitution. If this
23 Act does not receive the vote necessary for immediate effect, this
24 Act takes effect September 1, 2023.