

By: Bettencourt, Middleton

S.B. No. 977

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the definition of debt for the purposes of calculating
3 certain ad valorem tax rates of a taxing unit.

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

5 SECTION 1. Section 26.012(7), Tax Code, is amended to read
6 as follows:

7 (7) "Debt" means[+] ~~(A)~~
8 [A] a bond, warrant, certificate of
9 obligation, or other evidence of indebtedness owed by a taxing unit
10 that has been approved at an election and[+]

11 [~~i~~] is payable from property taxes in
12 installments over a period of more than one year, not budgeted for
13 payment from maintenance and operations funds, and secured by a
14 pledge of property taxes, ~~and~~

15 [~~ii~~] ~~meets one of the following~~
16 ~~requirements:~~

17 [~~a~~] ~~has been approved at an election,~~

18 [~~b~~] ~~includes self-supporting debt,~~

19 [~~c~~] ~~evidences a loan under a state or~~
20 ~~federal financial assistance program,~~

21 [~~d~~] ~~is issued for designated~~
22 ~~infrastructure,~~

23 [~~e~~] ~~is a refunding bond,~~

24 [~~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;] 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 SECTION 2. Sections 26.012(9), (18-a), and (18-b), Tax
14 Code, are repealed.

15 SECTION 3. The changes in law made by this Act apply only to
16 a bond, warrant, certificate of obligation, or other evidence of
17 indebtedness for which the ordinance, order, or resolution
18 authorizing the issuance is adopted by the governing body of a
19 taxing unit on or after the effective date of this Act and for which
20 the taxing unit has not entered into a binding agreement before the
21 effective date of this Act that contemplates the issuance of the
22 debt. The changes in law made by this Act do not apply to a bond,
23 warrant, certificate of obligation, or other evidence of
24 indebtedness for which the ordinance, order, or resolution
25 authorizing the issuance was adopted by the governing body of a
26 taxing unit before the effective date of this Act or for which the
27 taxing unit has entered into a binding agreement before the

1 effective date of this Act that contemplates the issuance of such
2 debt, and the former law is continued in effect for that purpose.
3 For the purposes of this section, "binding agreement" includes a
4 development agreement, ordinance, order, or resolution that
5 authorizes or delegates to an appropriate officer of a taxing unit
6 the execution of a binding agreement at a later date.

7 SECTION 4. This Act takes effect September 1, 2023.