

By: Miles

S.B. No. 2904

A BILL TO BE ENTITLED

AN ACT

relating to the issuance of obligations by certain counties to pay the unfunded liabilities of the county to a public retirement system.

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

SECTION 1. Subtitle I, Title 9, Government Code, is amended by adding Chapter 1480 to read as follows:

CHAPTER 1480. OBLIGATIONS FOR UNFUNDED LIABILITIES OF CERTAIN COUNTIES TO PUBLIC RETIREMENT SYSTEMS

Sec. 1480.001. DEFINITIONS. In this chapter:

(1) "Obligation" includes a bond, certificate, note, or book entry obligation.

(2) "Public retirement system" has the meaning assigned by Section 802.001.

(3) "Unfunded liability" means an unfunded, accrued liability of a county to a public retirement system as determined by actuarial analysis.

Sec. 1480.002. APPLICABILITY. This chapter applies only to a county with a population of 800,000 or more that is located adjacent to a county with a population of four million or more.

Sec. 1480.003. OBLIGATIONS AUTHORIZED. (a) A county may issue obligations to fund all or any part of an unfunded liability.

(b) Before authorizing issuance and delivery of an obligation under this section, the commissioners court of the

1 county must enter into a written agreement with the governing body
2 of the public retirement system that:

3 (1) has fiduciary responsibility for assets of the
4 trust fund that is to receive the net proceeds of the obligations to
5 be issued; and

6 (2) has the duty to oversee the investment and
7 expenditure of the assets of the fund.

8 (c) The written agreement must state the amount of the
9 unfunded liability and the date or dates on which the public
10 retirement system will accept the net proceeds of the obligations
11 to be issued in payment of all or a portion of the unfunded
12 liability.

13 Sec. 1480.004. VOTER APPROVAL REQUIRED. A county may issue
14 an obligation under this chapter to fund all or any part of the
15 unfunded liability of a public retirement system associated with
16 the county to which this chapter applies only if the issuance is
17 approved by a majority of the qualified voters of the county voting
18 at an election held for that purpose.

19 Sec. 1480.005. PROCEEDS OF OBLIGATIONS ISSUED. The county
20 shall deposit the net proceeds of obligations issued under this
21 chapter to the credit of the public retirement system. The amount
22 deposited under this section becomes part of the public retirement
23 system's assets.

24 Sec. 1480.006. PAYMENT OF OBLIGATIONS. (a) An obligation
25 issued under this chapter may be made payable by the county from:

26 (1) the fund from which compensation is paid to its
27 officers and employees;

1 (2) its general fund; or

2 (3) except as provided by Subsection (b), taxes,
3 revenues, both taxes and revenues, or any other source or
4 combination of sources of money that the county may use under state
5 law to secure or pay any kind of bond or obligation.

6 (b) An obligation issued under this chapter may not be made
7 payable by the county from ad valorem taxes.

8 (c) Notwithstanding any provision of the Tax Code, a county
9 may pledge anticipated revenue from the imposition of sales and use
10 taxes to secure the payment of an obligation authorized by this
11 chapter for a period not longer than 30 years.

12 Sec. 1480.007. OBLIGATION AS REFINANCING. An obligation
13 issued under this chapter is a complete or partial refinancing of a
14 commitment of the county to fund its unfunded liability.

15 Sec. 1480.008. SALE OF OBLIGATIONS; MATURITY. Obligations
16 issued under this chapter may be sold at private or public sale and
17 must mature not later than the 30th anniversary of the date of
18 issuance.

19 Sec. 1480.009. CREDIT AGREEMENTS. (a) In this section,
20 "credit agreement" and "obligation" have the meanings assigned by
21 Section [1371.001](#), Government Code.

22 (b) The governing body of a county that issues obligations
23 under this chapter may exercise any of the rights or powers of the
24 governing body of an issuer under Chapter [1371](#), Government Code,
25 and may enter into a credit agreement under that chapter. An
26 obligation issued under this chapter is an obligation under Chapter
27 [1371](#), Government Code, but is not required to be rated as required

1 by that chapter.

2 Sec. 1480.010. CHAPTER CONTROLLING. To the extent of any
3 conflict between this chapter and another law, this chapter
4 prevails.

5 SECTION 2. This Act takes effect immediately if it receives
6 a vote of two-thirds of all the members elected to each house, as
7 provided by Section 39, Article III, Texas Constitution. If this
8 Act does not receive the vote necessary for immediate effect, this
9 Act takes effect September 1, 2025.