

BILL ANALYSIS

S.B. 876
By: Duncan
Financial Institutions
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The 76th Legislature permitted the voter-authorized debt issued by school districts and college districts to be sold at either a competitive or negotiated sale. This was intended to allow flexibility in structuring debts. However, the attorney general has interpreted current law to mean that commissions paid on negotiated sales must be paid from the voter-authorized debt amount, but this does not apply to competitive sales.

S.B. 876 clarifies that commissions on certain negotiated sales may be paid from funds above the voter-authorized amount.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

S.B. 876 provides that the commissions paid on the sale of certain securities do not count as principal for purposes of determining whether the principal amount of the securities exceeds the voter-authorized limitation.

The bill applies to bonds issued on or after the effective date of the Act, even if the bonds were approved by the voters before the effective date.

EFFECTIVE DATE

September 1, 2003