

By: Capelo

H.B. No. 1934

A BILL TO BE ENTITLED

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AN ACT

relating to security and payment for, and the use of the proceeds of, certain public securities.

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

SECTION 1. Section 1201.042, Government Code, is amended by amending Subsection (a) and adding Subsections (d) and (e) to read as follows:

(a) An [~~If an issuer is authorized by law to secure and pay any portion of a public security with revenue derived from the ownership or operation of a project or facility, the~~] issuer may use the proceeds of a [~~the~~] public security issued to finance the acquisition, construction, or improvement of a project or facility to:

(1) pay interest on the public security while the project or facility is being acquired, ~~[or]~~ constructed, or improved and for the year after it is acquired, ~~[or]~~ constructed, or improved;

(2) operate and maintain the project or facility during the estimated period of acquisition, ~~[or]~~ construction, or improvement of the project or facility and for one year after it is acquired, ~~[or]~~ constructed, or improved;

(3) finance other funds relating to the public security, including debt service reserve and contingency; and

(4) pay the cost or expense of the issuance of the

1 public security.

2 (d) An issuer may spend a premium received by the issuer as
3 part of the purchase price of public securities sold at a public or
4 private sale:

5 (1) to provide for payment of debt service on the
6 public securities sold;

7 (2) to contribute to an escrow established to provide
8 for payment of debt service on obligations being refunded through
9 the sale of the public securities;

10 (3) to pay the cost or expense of issuing the public
11 securities; or

12 (4) to pay any other cost related to the purpose for
13 which the public securities were issued, as specified in the public
14 security authorization.

15 (e) Subsection (d)(4) does not authorize an issuer to spend
16 money in an amount that exceeds limitations provided by other law or
17 by the public security authorization.

18 SECTION 2. Section 1431.007(a), Government Code, is amended
19 to read as follows:

20 (a) Except as provided by Subsection (b), a governing body
21 may:

22 (1) provide that anticipation notes be paid from and
23 secured by revenue, taxes, a combination of revenue and taxes, or
24 the proceeds of bonds to be issued by the issuer; and

25 (2) pledge to the payment of anticipation notes
26 revenue, taxes, a combination of revenue and taxes, or the proceeds
27 of bonds to be issued by the issuer.

1 SECTION 3. This Act takes effect immediately if it receives
2 a vote of two-thirds of all the members elected to each house, as
3 provided by Section 39, Article III, Texas Constitution. If this
4 Act does not receive the vote necessary for immediate effect, this
5 Act takes effect September 1, 2003.