

1-1 By: Capelo (Senate Sponsor - Madla) H.B. No. 1934
1-2 (In the Senate - Received from the House April 28, 2003;
1-3 May 1, 2003, read first time and referred to Committee on
1-4 Intergovernmental Relations; May 23, 2003, reported favorably by
1-5 the following vote: Yeas 5, Nays 0; May 23, 2003, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to security and payment for, and the use of the proceeds
1-9 of, certain public securities.

1-10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-11 SECTION 1. Section 1201.042, Government Code, is amended by
1-12 amending Subsection (a) and adding Subsections (d) and (e) to read
1-13 as follows:

1-14 (a) An [If an issuer is authorized by law to secure and pay
1-15 any portion of a public security with revenue derived from the
1-16 ownership or operation of a project or facility, the] issuer may use
1-17 the proceeds of a [the] public security issued to finance the
1-18 acquisition, construction, or improvement of a project or facility
1-19 to:

1-20 (1) pay interest on the public security while the
1-21 project or facility is being acquired, ~~[or]~~ constructed, or
1-22 improved and for the year after it is acquired, ~~[or]~~ constructed, or
1-23 improved;

1-24 (2) operate and maintain the project or facility
1-25 during the estimated period of acquisition, ~~[or]~~ construction, or
1-26 improvement of the project or facility and for one year after it is
1-27 acquired, [or] constructed, or improved;

1-28 (3) finance other funds relating to the public
1-29 security, including debt service reserve and contingency; and

1-30 (4) pay the cost or expense of the issuance of the
1-31 public security.

1-32 (d) An issuer may spend a premium received by the issuer as
1-33 part of the purchase price of public securities sold at a public or
1-34 private sale:

1-35 (1) to provide for payment of debt service on the
1-36 public securities sold;

1-37 (2) to contribute to an escrow established to provide
1-38 for payment of debt service on obligations being refunded through
1-39 the sale of the public securities;

1-40 (3) to pay the cost or expense of issuing the public
1-41 securities; or

1-42 (4) to pay any other cost related to the purpose for
1-43 which the public securities were issued, as specified in the public
1-44 security authorization.

1-45 (e) Subsection (d)(4) does not authorize an issuer to spend
1-46 money in an amount that exceeds limitations provided by other law or
1-47 by the public security authorization.

1-48 SECTION 2. Section 1431.007(a), Government Code, is amended
1-49 to read as follows:

1-50 (a) Except as provided by Subsection (b), a governing body
1-51 may:

1-52 (1) provide that anticipation notes be paid from and
1-53 secured by revenue, taxes, a combination of revenue and taxes, or
1-54 the proceeds of bonds to be issued by the issuer; and

1-55 (2) pledge to the payment of anticipation notes
1-56 revenue, taxes, a combination of revenue and taxes, or the proceeds
1-57 of bonds to be issued by the issuer.

1-58 SECTION 3. This Act takes effect immediately if it receives
1-59 a vote of two-thirds of all the members elected to each house, as
1-60 provided by Section 39, Article III, Texas Constitution. If this
1-61 Act does not receive the vote necessary for immediate effect, this
1-62 Act takes effect September 1, 2003.

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