

AN ACT

relating to the payment of certain expenses of a public project financed by certificates of obligation.

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

SECTION 1. Section 271.045, Local Government Code, is amended by adding Subsection (e) to read as follows:

(e) Work that is directly attributable under generally accepted accounting principles to the costs of the project and that is performed by employees of the issuer may be allocated or attributed to the capital costs of the project.

SECTION 2. Section 271.050(b), Local Government Code, is amended to read as follows:

(b) The proceeds may be used only for the purposes for which the certificates were authorized and issued. The proceeds may be used to pay for work done by employees of the issuer that are hired for the specific purpose of performing work on the project. The proceeds may be used to pay for work done by other employees of the issuer only if the issuer incurs equivalent or greater costs to replace the normal work that would have otherwise been performed by the employees. The proceeds may not be used to reimburse the issuer for costs that are determined to be indirect costs under generally accepted accounting principles. [~~The proceeds may not be used to pay for work done by employees of the issuer and paid for as work progresses.~~] Any accrued interest received must be deposited in

1 the interest and sinking fund established for the payment of the
2 certificates.

3 SECTION 3. This Act takes effect immediately if it receives
4 a vote of two-thirds of all the members elected to each house, as
5 provided by Section 39, Article III, Texas Constitution. If this
6 Act does not receive the vote necessary for immediate effect, this
7 Act takes effect September 1, 2005.

President of the Senate

Speaker of the House

I certify that H.B. No. 1232 was passed by the House on May 12, 2005, by the following vote: Yeas 141, Nays 0, 1 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 1232 was passed by the Senate on May 23, 2005, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor