

1-1 By: Castro (Senate Sponsor - Van de Putte) H.B. No. 1232
1-2 (In the Senate - Received from the House May 13, 2005;
1-3 May 16, 2005, read first time and referred to Committee on
1-4 Intergovernmental Relations; May 20, 2005, reported favorably by
1-5 the following vote: Yeas 4, Nays 0; May 20, 2005, sent to
1-6 printer.)

1-7 A BILL TO BE ENTITLED
1-8 AN ACT

1-9 relating to the payment of certain expenses of a public project
1-10 financed by certificates of obligation.

1-11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-12 SECTION 1. Section 271.045, Local Government Code, is
1-13 amended by adding Subsection (e) to read as follows:

1-14 (e) Work that is directly attributable under generally
1-15 accepted accounting principles to the costs of the project and that
1-16 is performed by employees of the issuer may be allocated or
1-17 attributed to the capital costs of the project.

1-18 SECTION 2. Section 271.050(b), Local Government Code, is
1-19 amended to read as follows:

1-20 (b) The proceeds may be used only for the purposes for which
1-21 the certificates were authorized and issued. The proceeds may be
1-22 used to pay for work done by employees of the issuer that are hired
1-23 for the specific purpose of performing work on the project. The
1-24 proceeds may be used to pay for work done by other employees of the
1-25 issuer only if the issuer incurs equivalent or greater costs to
1-26 replace the normal work that would have otherwise been performed by
1-27 the employees. The proceeds may not be used to reimburse the issuer
1-28 for costs that are determined to be indirect costs under generally
1-29 accepted accounting principles. [~~The proceeds may not be used to~~
1-30 pay for work done by employees of the issuer and paid for as work
1-31 progresses.] Any accrued interest received must be deposited in
1-32 the interest and sinking fund established for the payment of the
1-33 certificates.

1-34 SECTION 3. This Act takes effect immediately if it receives
1-35 a vote of two-thirds of all the members elected to each house, as
1-36 provided by Section 39, Article III, Texas Constitution. If this
1-37 Act does not receive the vote necessary for immediate effect, this
1-38 Act takes effect September 1, 2005.

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