

BILL ANALYSIS

H.B. 3270
By: Eiland
Financial Institutions
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The recent natural disasters along the Gulf Coast highlighted the importance of governmental entities having the ability to access emergency funding in the event of a hurricane or tropical storm. H.B. 3270 provides a mechanism for governmental entities to access the municipal bond market in the event of a natural disaster.

ANALYSIS

H.B. 3270 amends Section 1431.004, Texas Government Code, to specifically provide that cities and counties may use the proceeds of anticipation notes issued for emergency funding pursuant to Section 1431.015 to pay for employee salaries, the lease of materials, supplies, equipment, machinery, buildings, lands and rights-of-way, the demolition of dangerous structures or the restoration of historic structures, economic development grants made under Chapter 380, Local Government Code or for the accomplishment of any other purpose the city or county considers necessary to preserve or protect the public health and safety. H.B. 3270 amends Section 1431.006, Texas Government Code, to provide that that section does not apply to anticipation notes issued for emergency funding pursuant to Section 1431.015.

H.B. 3270 amends Section 1431.007, Texas Government Code, by adding subsection (c) to provide that anticipation notes issued for emergency funding pursuant to Section 1431.015 may be paid from and secured by any revenue, including sales taxes, other taxes, a combination of nontax and tax revenue, the proceeds of bonds to be issued and reimbursements or other funds to be received from the Federal Emergency Management Agency or any other state or federal agency reimbursing or providing funds to the issuer for costs incurred as a result of an emergency.

H.B. 3270 amends Section 1431.009, Texas Government Code, by adding subsection (e) to provide that anticipation notes issued for emergency funding pursuant to Section 1431.015 must mature before the 10th anniversary of the date the Attorney General approves the notes. H.B. 3270 amends Section 1431.012, Texas Government Code, to provide that competitive bidding requirements do not apply to anticipation notes issued for emergency funding pursuant to Section 1431.015.

H.B. 3270 adds 1431.015, Chapter 1431, Texas Government Code, to define emergency as the occurrence of widespread or severe damage, injury, or loss of life resulting from a hurricane or tropical storm, including wind damage, fire damage, damage from wave action, or flood damage resulting from the hurricane or tropical storm. 1431.015 further provides that an issuer located within 70 miles of the Gulf of Mexico or a bay or inlet thereof may authorize the issuance of an anticipation note or other obligation in the event of an emergency and provides that the issuer shall deliver to the Attorney General, in accordance with Section 1431.017, a transcript of proceedings related to the issuance of anticipation notes, but that prior to the delivery of the anticipation notes, the Governor must have issued an executive order or proclamation under Chapter 418, Texas Government Code, declaring a state of disaster and designating the area affected by the emergency, the governing body of the issuer must have declared a local state of emergency under Chapter 418, Texas Government Code, designating the area affected by the emergency, or the Governor must have proclaimed under Chapter 433, Texas Government Code, a state of emergency designating the area affected by the emergency.

H.B. 3270 adds 1431.016, Chapter 1431, Texas Government Code, to provide that to the extent of a conflict between a municipal charter and any provision of this chapter relating to anticipation notes issued under Section 1431.015, this chapter controls.

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H.B. 3270 adds 1431.017, Chapter 1431, Texas Government Code, to provide for Attorney General review of a preliminary transcript related to anticipation notes issued under Section 1431.015, and upon the occurrence of an emergency affecting the issuer, the Attorney General would then promptly complete the review of the transcript and approve delivery of the anticipation notes.

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.

EFFECTIVE DATE

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2007.