

BILL ANALYSIS

S.B. 881
By: Shapiro
Public Education
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Currently, in order to issue bonds, school districts must prove to the attorney general that they can pay for outstanding debt as they mature in the future at a tax rate of 50 cents or less per \$100 of valuation. This causes some districts to extend the life of their bonds to satisfy these requirements, increasing the interest paid by local taxpayers.

This bill authorizes school districts to issue bonds if the actual tax rate does not exceed 50 cents and bond issuances would not exceed 10 percent of the district's assessed property value. This bill ensures fiscal responsibility by school districts and saves local taxpayers money by not requiring districts to extend the life of their bonded indebtedness.

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.

ANALYSIS

Note: Unless otherwise specified, statutory references in this BILL ANALYSIS are to the Education Code.

The bill relates to the limitation on the issuance of tax-supported bonds by a school district.

The bill amends Section 45.0031, Education Code, by adding Subsection (f) to provide that, before issuing bonds described by Section 45.001, in lieu of demonstrating to the attorney general the ability to comply with Subsection (a) of Section 45.0031, a school district may demonstrate to the attorney general that: the district's current tax rate for all previously issued bonds, other than bonds authorized to be issued at an election held on or before April 1, 1991, and issued before September 1, 1992, is less than \$0.50 per \$100 of valuation; and the aggregate principal amount of tax bond indebtedness of the district after the proposed issuance would not exceed 10 percent of the assessed valuation of taxable property in the district according to the most recent certified ad valorem tax rolls of the district.

The bill provides that Subsection (f), Section 45.0031, Education Code, as added by the Act, applies only to bonds that are submitted to the attorney general for approval on or after the effective date of this Act. Bonds that are submitted to the attorney general for approval before the effective date of this Act are governed by the law in effect on the date the bonds are submitted to the attorney general, and the former law is continued in effect for that purpose.

EFFECTIVE DATE

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