

By: Macias

H.B. No. 3125

A BILL TO BE ENTITLED

AN ACT

relating to the issuance of bonds or other obligations by library districts.

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

SECTION 1. Chapter 326, Local Government Code, is amended by adding Subchapter F to read as follows:

SUBCHAPTER F. MONEY FOR LIBRARY SYSTEM; BONDS

Sec. 326.151. DEFINITIONS. In this subchapter:

(1) "Bond" has the meaning assigned to "public security" by Section 1201.002, Government Code.

(2) "Credit agreement" has the meaning assigned by Section 1371.001, Government Code.

Sec. 326.152. MONEY FOR LIBRARY SYSTEM. (a) The board may provide money to acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, or related infrastructure for a public library.

(b) In connection with exercising the authority to provide money for a purpose described by Subsection (a), the board may provide money to acquire, purchase, or otherwise obtain any interest in property.

Sec. 326.153. AUTHORITY TO ISSUE BONDS. The board may issue bonds and incur obligations under contracts in accordance with this chapter for a purpose described by Section 326.152.

Sec. 326.154. PLEDGE OF REVENUE AND SALES TAXES. (a) The

1 board may pledge to the payment of any bonds issued or any
2 obligations incurred under Section 326.153 all or any part of the
3 revenue of the district's library system or the district's sales and
4 use tax.

5 (b) The board may grant a lien on the pledged revenue. The
6 lien has the priority determined by the board.

7 Sec. 326.155. GRANT OF MORTGAGE OR FRANCHISE. As
8 additional security for district bonds or other obligations, the
9 district by the terms of the encumbrance may grant a purchaser under
10 sale or foreclosure a mortgage or a franchise to operate the
11 encumbered library system for a term not to exceed 20 years from the
12 date of purchase, subject to all laws regulating the operation of
13 the library system in force at the time of the sale or foreclosure.

14 Sec. 326.156. USE AND INVESTMENT OF PROCEEDS. (a) To the
15 extent provided by the proceedings authorizing the issuance of
16 district bonds, a district may use proceeds from the sale of
17 district bonds to provide money for a library system under this
18 chapter for a purpose authorized by Section 326.152.

19 (b) A district may use proceeds from the sale of district
20 bonds to pay interest on the bonds during the period of the
21 acquisition or construction of any property to be provided through
22 the issuance of the bonds, and for one year after completion of the
23 acquisition or construction of the property.

24 (c) A district may use proceeds from the sale of district
25 bonds to:

26 (1) provide a reserve for the payment of debt service
27 on the bonds;

1 (2) provide a reserve for extraordinary repairs and
2 replacements; or

3 (3) obtain a credit agreement as provided by Section
4 326.159.

5 (d) A district may invest proceeds from the sale of district
6 bonds to the extent and in the manner provided in the proceedings
7 authorizing the issuance of the bonds.

8 Sec. 326.157. MATURITY. District bonds must mature not
9 later than 30 years after their date of issuance.

10 Sec. 326.158. ADDITIONAL OBLIGATIONS TO IMPROVE OR EXTEND
11 LIBRARY SYSTEM. (a) A district that has outstanding bonds secured
12 by library system revenue may issue additional bonds or incur other
13 obligations for a purpose described by Section 326.152.

14 (b) Except as provided by Subsection (c), district bonds
15 issued under Subsection (a) are a lien on the library system
16 revenue:

17 (1) in the order of issuance; and

18 (2) inferior to a lien securing payment of outstanding
19 bonds.

20 (c) A district may issue additional bonds under this section
21 on a parity and of equal dignity with the outstanding bonds if the
22 resolution, order, deed of trust, or indenture of trust authorizing
23 or securing the outstanding bonds provides for the subsequent
24 issuance of additional parity bonds, subject to that resolution,
25 order, deed of trust, or indenture of trust.

26 (d) To the extent of a conflict or inconsistency between
27 this section and another law, this section controls.

1 Sec. 326.159. CREDIT AGREEMENT FOR RESERVE FUND. (a) The
2 board may provide that in lieu of or in addition to providing a cash
3 reserve, a credit agreement may be used to provide the reserve.

4 (b) A credit agreement obtained to provide a reserve must be
5 submitted to the attorney general for examination and approval.
6 After approval by the attorney general, the credit agreement is
7 incontestable in any court or other forum for any reason and is a
8 binding obligation of the district in accordance with its terms for
9 all purposes.

10 SECTION 2. This Act takes effect immediately if it receives
11 a vote of two-thirds of all the members elected to each house, as
12 provided by Section 39, Article III, Texas Constitution. If this
13 Act does not receive the vote necessary for immediate effect, this
14 Act takes effect September 1, 2007.