

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. After an election held under Section 326.154, the board may issue bonds and incur obligations under contracts in accordance with this chapter for a purpose described by Section 326.152.

1 Sec. 326.154. BOND ELECTION REQUIRED. (a) The district may
2 issue bonds only if the bonds are authorized by a majority of the
3 district voters voting at an election held for that purpose.

4 (b) The election must be held on the November uniform
5 election date.

6 Sec. 326.155. PLEDGE OF REVENUE AND SALES TAXES. (a) The
7 board may pledge to the payment of any bonds issued or any
8 obligations incurred under Section 326.153 all or any part of the
9 revenue of the district's library system or the district's sales and
10 use tax.

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

13 Sec. 326.156. GRANT OF MORTGAGE OR FRANCHISE. As
14 additional security for district bonds or other obligations, the
15 district by the terms of the encumbrance may grant a purchaser under
16 sale or foreclosure a mortgage or a franchise to operate the
17 encumbered library system for a term not to exceed 20 years from the
18 date of purchase, subject to all laws regulating the operation of
19 the library system in force at the time of the sale or foreclosure.

20 Sec. 326.157. USE AND INVESTMENT OF PROCEEDS. (a) To the
21 extent provided by the proceedings authorizing the issuance of
22 district bonds, a district may use proceeds from the sale of
23 district bonds to provide money for a library system under this
24 chapter for a purpose authorized by Section 326.152.

25 (b) A district may use proceeds from the sale of district
26 bonds to pay interest on the bonds during the period of the
27 acquisition or construction of any property to be provided through

1 the issuance of the bonds, and for one year after completion of the
2 acquisition or construction of the property.

3 (c) A district may use proceeds from the sale of district
4 bonds to:

5 (1) provide a reserve for the payment of debt service
6 on the bonds;

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

9 (3) obtain a credit agreement as provided by Section
10 326.160.

11 (d) A district may invest proceeds from the sale of district
12 bonds to the extent and in the manner provided in the proceedings
13 authorizing the issuance of the bonds.

14 Sec. 326.158. MATURITY. District bonds must mature not
15 later than 30 years after their date of issuance.

16 Sec. 326.159. ADDITIONAL OBLIGATIONS TO IMPROVE OR EXTEND
17 LIBRARY SYSTEM. (a) A district that has outstanding bonds secured
18 by library system revenue may issue additional bonds or incur other
19 obligations for a purpose described by Section 326.152.

20 (b) Except as provided by Subsection (c), district bonds
21 issued under Subsection (a) are a lien on the library system
22 revenue:

23 (1) in the order of issuance; and

24 (2) inferior to a lien securing payment of outstanding
25 bonds.

26 (c) A district may issue additional bonds under this section
27 on a parity and of equal dignity with the outstanding bonds if the

1 resolution, order, deed of trust, or indenture of trust authorizing
2 or securing the outstanding bonds provides for the subsequent
3 issuance of additional parity bonds, subject to that resolution,
4 order, deed of trust, or indenture of trust.

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

7 Sec. 326.160. CREDIT AGREEMENT FOR RESERVE FUND. (a) The
8 board may provide that in lieu of or in addition to providing a cash
9 reserve, a credit agreement may be used to provide the reserve.

10 (b) A credit agreement obtained to provide a reserve must be
11 submitted to the attorney general for examination and approval.
12 After approval by the attorney general, the credit agreement is
13 incontestable in any court or other forum for any reason and is a
14 binding obligation of the district in accordance with its terms for
15 all purposes.

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