

1-1 By: Eiland, et al. (Senate Sponsor - Williams) H.B. No. 3270
1-2 (In the Senate - Received from the House May 9, 2007;
1-3 May 10, 2007, read first time and referred to Committee on
1-4 Transportation and Homeland Security; May 18, 2007, reported
1-5 favorably by the following vote: Yeas 5, Nays 0; May 18, 2007,
1-6 sent to printer.)

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

1-9 relating to authorizing the issuance of anticipation notes or other
1-10 obligations by issuers located along the Gulf Coast in the event of
1-11 an emergency.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Section 1431.004, Government Code, is amended by
1-14 adding Subsection (e) to read as follows:

1-15 (e) An issuer, other than an eligible school district, may
1-16 use the proceeds of an anticipation note or other obligation issued
1-17 under Section 1431.015:

1-18 (1) for purposes described by Subsection (a); or

1-19 (2) to pay for:

1-20 (A) employee salaries;

1-21 (B) the lease of materials, supplies, equipment,
1-22 machinery, buildings, lands, and rights-of-way for the issuer's
1-23 authorized needs and purposes;

1-24 (C) the demolition of dangerous structures or the
1-25 restoration of historic structures;

1-26 (D) economic development grants made under
1-27 Chapter 380, Local Government Code; or

1-28 (E) the accomplishment of any other purpose the
1-29 issuer considers necessary in relation to preserving or protecting
1-30 the public health and safety.

1-31 SECTION 2. Section 1431.006, Government Code, is amended to
1-32 read as follows:

1-33 Sec. 1431.006. LIMITATION ON NOTES TO PAY EXPENSES.

1-34 (a) Anticipation notes issued for the purposes described by
1-35 Section 1431.004(a)(2) may not, in the fiscal year in which the
1-36 attorney general approves the notes:

1-37 (1) for a municipality, exceed 75 percent of the
1-38 revenue or taxes anticipated to be collected in that year;

1-39 (2) for a county or an eligible countywide district,
1-40 exceed 50 percent of the revenue or taxes anticipated to be
1-41 collected in that year; or

1-42 (3) for an eligible school district, exceed 75 percent
1-43 of the income of the district for the fiscal year preceding that
1-44 year.

1-45 (b) This section does not apply to an anticipation note or
1-46 other obligation issued under Section 1431.015.

1-47 SECTION 3. Section 1431.007, Government Code, is amended by
1-48 adding Subsection (c) to read as follows:

1-49 (c) A governing body issuing an anticipation note or other
1-50 obligation under Section 1431.015 may:

1-51 (1) provide that the anticipation note or other
1-52 obligation be paid from and secured by any revenue, including sales
1-53 taxes, other taxes, a combination of nontax and tax revenue, the
1-54 proceeds of bonds to be issued by the issuer, and reimbursements or
1-55 other funds to be received from the Federal Emergency Management
1-56 Agency or any other state or federal agency reimbursing or
1-57 providing funds to the issuer for costs incurred as a result of the
1-58 emergency; and

1-59 (2) pledge to the payment of the anticipation note or
1-60 other obligation any revenue, including sales taxes, other taxes, a
1-61 combination of nontax and tax revenue, the proceeds of bonds to be
1-62 issued by the issuer, and reimbursements or other funds to be
1-63 received from the Federal Emergency Management Agency or any other
1-64 state or federal agency reimbursing or providing funds to the

2-1 issuer for costs incurred as a result of the emergency.

2-2 SECTION 4. Section 1431.009, Government Code, is amended by
2-3 amending Subsections (a) and (c) and adding Subsection (e) to read
2-4 as follows:

2-5 (a) Except as provided by Subsection (b) or (e), an
2-6 anticipation note issued for a purpose described by Section
2-7 1431.004(a)(1) or (b)(2) must mature before the seventh anniversary
2-8 of the date that the attorney general approves the note.

2-9 (c) Except as provided by Subsection (e), an [Aa]
2-10 anticipation note issued for a purpose described by Section
2-11 1431.004(a)(2) or (3) must mature before the first anniversary of
2-12 the date that the attorney general approves the note.

2-13 (e) An anticipation note or other obligation issued under
2-14 Section 1431.015 for any authorized purpose must mature before the
2-15 10th anniversary of the date the attorney general approves the note
2-16 or other obligation.

2-17 SECTION 5. Section 1431.012, Government Code, is amended
2-18 to read as follows:

2-19 Sec. 1431.012. RESTRICTION ON CERTAIN CONTRACTS PAYABLE
2-20 FROM PROCEEDS OF NOTES. (a) Except as provided by Subsection (b),
2-21 a [A] county must comply with the competitive bidding requirements
2-22 of Subchapter C, Chapter 271, Local Government Code, in connection
2-23 with a contract to be paid from the proceeds of anticipation notes
2-24 issued for a purpose described by Section 1431.004(a)(1)(A).

2-25 (b) Competitive bidding requirements do not apply to an
2-26 anticipation note or other obligation issued under Section 1431.015
2-27 for any authorized purpose.

2-28 SECTION 6. Chapter 1431, Government Code, is amended by
2-29 adding Sections 1431.015, 1431.016, and 1431.017 to read as
2-30 follows:

2-31 Sec. 1431.015. CERTAIN NOTES OR OTHER OBLIGATIONS FOR
2-32 EMERGENCY FINANCING. (a) In this section, "emergency" means the
2-33 occurrence of widespread or severe damage, injury, or loss of life
2-34 or property affecting an area in the jurisdiction of an issuer and
2-35 resulting from a hurricane or tropical storm, including wind
2-36 damage, fire damage, damage from wave action, or flood damage
2-37 resulting from the hurricane or tropical storm.

2-38 (b) Notwithstanding any other provision of this chapter, an
2-39 issuer located within 70 miles of the Gulf of Mexico or of a bay or
2-40 inlet of the gulf may authorize the issuance of an anticipation note
2-41 or other obligation in the event of an emergency.

2-42 (c) The issuer shall deliver to the attorney general, in
2-43 accordance with Section 1431.017, a transcript of proceedings
2-44 related to the issuance of an anticipation note or other obligation
2-45 issued under this section. However, before delivery of an
2-46 anticipation note or other obligation issued under this section:

2-47 (1) the governor must have issued an executive order
2-48 or proclamation under Chapter 418 declaring a state of disaster and
2-49 designating the area affected by the emergency;

2-50 (2) the governing body acting through its presiding
2-51 officer under Chapter 418 must have declared a local state of
2-52 disaster designating the area affected by the emergency; or

2-53 (3) the governor must have proclaimed under Chapter
2-54 433 a state of emergency designating the area affected by the
2-55 emergency.

2-56 Sec. 1431.016. CONFLICTS WITH MUNICIPAL CHARTER. To the
2-57 extent of a conflict between a municipal charter and any provision
2-58 of this chapter relating to an anticipation note or other
2-59 obligation issued under Section 1431.015, this chapter controls.

2-60 Sec. 1431.017. ATTORNEY GENERAL REVIEW. Following
2-61 authorization of an anticipation note or other obligation under
2-62 Section 1431.015, the issuer shall submit to the attorney general a
2-63 transcript of proceedings related to issuance of the anticipation
2-64 note or other obligation and provide preliminary approval and
2-65 fulfill other requirements relating to the issuance of the
2-66 anticipation note or other obligation. On the occurrence of an
2-67 emergency affecting the issuer, the attorney general shall
2-68 expeditiously review and approve delivery of the anticipation note
2-69 or other obligation subject to the issuer's compliance with

3-1 preliminary approval requirements.

3-2 SECTION 7. This Act takes effect immediately if it receives
3-3 a vote of two-thirds of all the members elected to each house, as
3-4 provided by Section 39, Article III, Texas Constitution. If this
3-5 Act does not receive the vote necessary for immediate effect, this
3-6 Act takes effect September 1, 2007.

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