

By: Fraser

S.B. No. 1535

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the issuance of bonds by a municipality for a defined
3 area in an abolished municipal utility district.

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

5 SECTION 1. Subchapter D, Chapter 43, Local Government Code,
6 is amended by adding Section 43.0805 to read as follows:

7 Sec. 43.0805. MUNICIPAL BONDS USED TO CARRY OUT PURPOSES OF
8 DEFINED AREA IN ABOLISHED MUNICIPAL UTILITY DISTRICT. (a) This
9 section applies only to a municipality that under any other law,
10 including Section 43.075, abolishes a municipal utility district
11 created under Section 59, Article XVI, Texas Constitution, that
12 contains a defined area that the district created under Subchapter
13 J, Chapter 54, Water Code.

14 (b) If, before its abolition, the district voted to issue
15 bonds for the defined area under Section 54.806, Water Code, and if
16 some or all of the bonds were not issued, sold, and delivered before
17 the abolition, the governing body of the municipality may issue and
18 sell municipal bonds in an amount not to exceed the amount of the
19 unissued district bonds to carry out the purposes for which the
20 district bonds were voted.

21 (c) The bonds must be authorized by ordinance of the
22 governing body of the municipality. The ordinance must provide for
23 the levy of taxes on all taxable property in the defined area of the
24 abolished district to pay the principal of and interest on the bonds

1 when due. The bonds must be sold at not less than par value and
2 accrued interest, and must mature, bear interest, and be subject to
3 approval by the attorney general and to registration by the
4 comptroller as provided by law for other general obligation bonds
5 of the municipality.

6 (d) A bond that is approved, registered, and sold as
7 provided by this section is incontestable.

8 (e) This section repeals a municipal charter provision to
9 the extent of a conflict with this section. This section does not
10 affect the authority of a municipality to issue bonds for other
11 purposes.

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