

1-1 By: Fraser S.B. No. 1535
1-2 (In the Senate - Filed March 8, 2007; March 20, 2007, read
1-3 first time and referred to Committee on Intergovernmental
1-4 Relations; April 11, 2007, reported adversely, with favorable
1-5 Committee Substitute by the following vote: Yeas 3, Nays 0;
1-6 April 11, 2007, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 1535 By: Wentworth

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to the issuance of bonds by a municipality for a defined
1-11 area in an abolished municipal utility district.

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

1-13 SECTION 1. Subchapter D, Chapter 43, Local Government Code,
1-14 is amended by adding Section 43.0805 to read as follows:

1-15 Sec. 43.0805. MUNICIPAL BONDS USED TO CARRY OUT PURPOSES OF
1-16 DEFINED AREA IN ABOLISHED MUNICIPAL UTILITY DISTRICT. (a) This
1-17 section applies only to a municipality that under any other law,
1-18 including Section 43.075, abolishes a municipal utility district
1-19 created under Section 59, Article XVI, Texas Constitution, that
1-20 contains a defined area that the district created under Subchapter
1-21 J, Chapter 54, Water Code.

1-22 (b) If, before its abolition, the district voted to issue
1-23 bonds for the defined area under Section 54.806, Water Code, and if
1-24 some or all of the bonds were not issued, sold, and delivered before
1-25 the abolition, the governing body of the municipality may issue and
1-26 sell municipal bonds in an amount not to exceed the amount of the
1-27 unissued district bonds to carry out the purposes for which the
1-28 district bonds were voted.

1-29 (c) The bonds must be authorized by ordinance of the
1-30 governing body of the municipality. The ordinance must provide for
1-31 the levy of taxes on all taxable property in the defined area of the
1-32 abolished district to pay the principal of and interest on the bonds
1-33 when due. The bonds must be sold at not less than par value and
1-34 accrued interest, and must mature, bear interest, and be subject to
1-35 approval by the attorney general and to registration by the
1-36 comptroller as provided by law for other general obligation bonds
1-37 of the municipality.

1-38 (d) A bond that is approved, registered, and sold as
1-39 provided by this section is incontestable.

1-40 (e) This section repeals a municipal charter provision to
1-41 the extent of a conflict with this section. This section does not
1-42 affect the authority of a municipality to issue bonds for other
1-43 purposes.

1-44 SECTION 2. Section 43.0805, Local Government Code, as added
1-45 by this Act, applies to a municipal utility district abolished, or a
1-46 district vote to issue bonds that occurred, before, on, or after the
1-47 effective date of this Act.

1-48 SECTION 3. This Act takes effect immediately if it receives
1-49 a vote of two-thirds of all the members elected to each house, as
1-50 provided by Section 39, Article III, Texas Constitution. If this
1-51 Act does not receive the vote necessary for immediate effect, this
1-52 Act takes effect September 1, 2007.

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