

## **BILL ANALYSIS**

S.B. 1619  
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Urban Affairs  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Many municipalities utilize tax notes to finance projects. The Public Security Procedures Act applies to all types of public securities that can be issued by Texas municipalities and identifies the first date of adoption as the date upon which the ordinance authorizing the issuance of the public security becomes effective. This provision adds certainty to the marketplace which would otherwise be discouraged from purchasing debt obligations of Texas home-rule municipalities obligated to follow their home-rule charters which require multiple readings prior to the effective date of an ordinance. Despite this language, certain courts have held that the right to challenge or recall the adoption of a municipal ordinance by referendum extends to the authorizing or issuance of tax notes. This stops city progress and delays the financing of needed capital improvements and is contrary to the legislature's intent in provisions relating to the sufficiency of a single meeting by a government body.

S.B. 1619 provides that certain actions with respect to the issuance and sale of a public security taken at a meeting of the governing body of an insurer are not subject to challenge by referendum.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

S.B. 1619 amends the Public Security Procedures Act of the Government Code to establish that the following actions, which are effective immediately without requirement of a subsequent meeting when taken at a meeting of the governing body of an issuer, are not subject to challenge by referendum: a resolution, order, or ordinance calling an election with respect to the issuance and sale of a public security; a resolution, order, or ordinance canvassing the results of such an election; or a public security authorization.

### **EFFECTIVE DATE**

On passage, or, if the act does not receive the necessary vote, the act takes effect September 1, 2009.