

BILL ANALYSIS

Senate Research Center

S.B. 2144
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Intergovernmental Relations
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The legislature previously authorized the negotiated sale of bonds for school districts and for counties, cities, and other issuers to the extent allowed by law. New money bonds issued by water districts are one of the only general categories of bonds that must be sold through a competitive sale.

As proposed, S.B. 2144 provides for the negotiated sale of bonds issued by municipal utility districts.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 49.183, Water Code, as follows:

Sec. 49.183. BOND SALES. (a) Requires that bonds issued by a municipal utility district (MUD), except for refunding bonds, bonds issued by a MUD, or bonds sold to a state or federal agency or to the North American Development Bank, be sold after advertising for and receiving competitive sealed bids and be awarded to the bidder whose bid produces the lowest net effective interest rate to the MUD.

(b) Makes a conforming change.

(c) Requires that the issue, if the MUD is issuing bonds and refunding bonds as one issue and if the initial principal amount of refunding bonds is 50 percent or more of the total initial principal amount of bonds being issued, for the purposes of Subsections (a) and (b) (relating to certain requirements for publishing an appropriate notice of the sale of bonds) of this section, be considered to be refunding bonds and competitive bids are not required.

(d) Authorizes bonds issued by a MUD operating under Chapter 54 (Municipal Utility Districts), Water Code, to be sold at a public or private sale under the terms determined by the governing body of the MUD to be in the district's best interest.

(e) Redesignates Subsection (d) as Subsection (e).

(f) Redesignates Subsection (e) as Subsection (f).

SECTION 2. Effective date: upon passage or September 1, 2009.