

By: Aycock

H.B. No. 3697

A BILL TO BE ENTITLED

AN ACT

relating to the issuance of certain tax-supported bonds.

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

SECTION 1. Section 45.0031, Education Code, is amended by amending Subsection (a) and adding Subsections (c-1) and (f) to read as follows:

(a) Before issuing bonds described by Section 45.001, a school district must demonstrate to the attorney general under Subsection (b), ~~or~~ (c), or (c-1) that, with respect to the proposed issuance, the district has a projected ability to pay the principal of and interest on the proposed bonds and all previously issued bonds other than bonds authorized to be issued at an election held on or before April 1, 1991, and issued before September 1, 1992, from a tax at a rate not to exceed \$0.50 per \$100 of valuation.

(c-1) A district may demonstrate the ability to comply with Subsection (a) by using pro forma debt service projections on the proposed bonds and all previously issued bonds described in Subsection (a) based on current market interest rates and yields, as determined by the district and certified by a financial advisor or consultant to the district. For the purposes of determining pro forma debt service on the proposed bonds and all previously issued bonds described in Subsection (a), the district shall amortize the proposed bonds and the previously issued bonds over the maximum term for such bonds permitted by law.

1 (f) A district that demonstrates to the attorney general
2 that the district has the ability to comply with Subsection (a) may
3 issue the proposed bonds in any manner that will produce actual debt
4 service savings of at least 10 percent, as determined by the
5 district, when compared to the pro forma debt service payments on
6 the proposed bonds used to demonstrate that the district has the
7 projected ability to comply with Subsection (a). Actual debt
8 service savings shall be determined using the difference between
9 the total amount of the pro forma debt service payments on the
10 proposed bonds and the actual debt service on the proposed bonds, as
11 a percentage of the total amount of the pro forma debt service
12 payments on the proposed bonds.

13 SECTION 2. This Act takes effect September 1, 2009.