

By: Aycock

H.B. No. 2168

A BILL TO BE ENTITLED

AN ACT

relating to limitations on issuance by school districts of tax-supported bonds.

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

SECTION 1. Subchapter A, Chapter 45, Education Code, is amended by adding Section 45.0035 to read as follows:

Sec. 45.0035. LIMITATIONS ON ISSUANCE OF TAX-SUPPORTED BONDS. (a) Except as otherwise provided by this subsection, a school district's local bonded indebtedness limit is an amount equal to 10 percent of the assessed valuation of taxable property in the district according to the most recent certified ad valorem tax rolls of the district. For a district with a student enrollment of less than 4,000, the district's local bonded indebtedness limit is an amount equal to 12 percent of the assessed valuation of taxable property in the district according to the most recent certified ad valorem tax rolls of the district. For a district that has had a student enrollment growth of at least 15 percent over the three-year period preceding the year in which bonds are issued, the district's local bonded indebtedness limit is the otherwise applicable limit computed under this subsection plus an amount equal to the product of 10 percent of the student enrollment growth rate for that three-year period multiplied by the assessed valuation of taxable property in the district.

(b) A school district's state funding percentage is the

1 quotient of the amount of state assistance received by the district  
2 under Chapter 46 for the payment of debt service for the preceding  
3 school year divided by the aggregate amount of debt service paid on  
4 the district's bonded indebtedness for the preceding school year,  
5 expressed as a percentage.

6 (c) A school district's adjusted local bonded indebtedness  
7 limit is an amount equal to the sum of:

8 (1) the district's applicable local bonded  
9 indebtedness limit as computed under Subsection (a); and

10 (2) an amount equal to the product of 20 percent of the  
11 district's state funding percentage as computed under Subsection  
12 (b) multiplied by the assessed valuation of taxable property in the  
13 district.

14 (d) A school district may issue bonds described by Section  
15 45.001 only if:

16 (1) after the issuance of those bonds, the aggregate  
17 principal amount of the district's outstanding bonded indebtedness  
18 would not exceed the district's adjusted local bonded indebtedness  
19 limit as determined under Subsection (c); and

20 (2) the district has adopted:

21 (A) a debt management policy as provided by  
22 Subsection (e); and

23 (B) a capital improvement plan as provided by  
24 Subsection (f).

25 (e) A school district's debt management policy as required  
26 by Subsection (d)(2)(A) must:

27 (1) address the district's ability to:

- 1           (A) maintain financial stability;
- 2           (B) provide debt management flexibility;
- 3           (C) meet future facility needs;
- 4           (D) maintain public trust;
- 5           (E) minimize costs to taxpayers;
- 6           (F) maintain access to capital markets; and
- 7           (G) receive the highest ratings on district bonds
- 8 from independent credit rating agencies; and

9           (2) demonstrate to taxpayers administrative oversight  
10 of bond programs.

11           (f) A school district's capital improvement plan as  
12 required under Subsection (d)(2)(B) must:

13           (1) address the location, timing, and financing of  
14 district capital improvements over a multiyear period of not less  
15 than five years;

16           (2) describe:

17           (A) significant, nonrecurring expenditures for  
18 real property, improvements to real property, and equipment for the  
19 improvements; and

20           (B) intended financing sources and development  
21 schedules for capital improvement projects; and

22           (3) be reviewed at an annual public hearing provided  
23 by the district.

24           (g) In addition to the limitation imposed by Subsection (d),  
25 a school district may not issue bonds described by Section 45.001  
26 for the construction, acquisition, or equipping of an athletic  
27 facility designed to be used primarily for a purpose other than for

1 teaching the curriculum required under Section 28.002 if, after the  
2 issuance of those bonds, the aggregate principal amount of  
3 outstanding bonds issued after September 1, 2011, for such a  
4 purpose would exceed an amount equal to 10 percent of the district's  
5 adjusted local bonded indebtedness limit as computed under  
6 Subsection (c).

7 (h) For purposes of this section, the amount of a school  
8 district's bonded indebtedness does not include the amount of any  
9 bonded indebtedness resulting from the issuance of bonds for the  
10 construction, acquisition, or equipping of a school building to  
11 replace a school building lost due to fire or a natural disaster,  
12 less any amount paid by insurance covering the loss.

13 SECTION 2. Section 45.0031, Education Code, is repealed.

14 SECTION 3. Section 45.0035, Education Code, as added by  
15 this Act, applies to school district bonds issued on or after the  
16 effective date of this Act, regardless of whether the bonds were  
17 approved by voters before, on, or after the effective date of this  
18 Act. School district bonds approved by voters and issued before the  
19 effective date of this Act are governed by the law in effect on the  
20 date the bonds were issued, and that law is continued in effect for  
21 that purpose.

22 SECTION 4. This Act takes effect September 1, 2011.