

By: West

S.B. No. 421

A BILL TO BE ENTITLED

AN ACT

relating to the computation of the state debt limit.

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

SECTION 1. Chapter 1231, Government Code, is amended by adding Subchapter G to read as follows:

SUBCHAPTER G. LIMIT ON STATE DEBT PAYABLE FROM GENERAL REVENUE FUND

Sec. 1231.151. DEFINITIONS. In this subchapter:

(1) "Maximum annual debt service" means the limitation on annual debt service imposed by Section 49-j(a), Article III, Texas Constitution.

(2) "State debt payable from the general revenue fund" has the meaning assigned by Section 49-j(b), Article III, Texas Constitution.

(3) "Unissued debt" means state debt payable from the general revenue fund that has been authorized but not issued.

Sec. 1231.152. COMPUTATION OF DEBT LIMIT. In computing the annual debt service in a state fiscal year on state debt payable from the general revenue fund for purposes of determining whether additional state debt may be authorized without exceeding the maximum annual debt service, the board may employ any assumptions related to unissued debt that the board determines are necessary to reflect common or standard debt issuance practices authorized by law, including assumptions regarding:

(1) interest rates;

1 (2) debt maturity; and

2 (3) debt service payment structures.

3 Sec. 1231.153. REPORT ON COMPUTATION. (a) The board shall
4 publish during each state fiscal year a report providing a detailed
5 description of the method used to compute the annual debt service in
6 that fiscal year on state debt payable from the general revenue fund
7 for purposes of determining whether additional state debt may be
8 authorized. The report must describe:

9 (1) the debt service included in the computation,
10 including debt service on issued and unissued debt;

11 (2) the assumptions on which the debt service on
12 unissued debt was based; and

13 (3) any other factors required by law that affect the
14 computation.

15 (b) The board may publish the report required by this
16 section as a component of any other report required by law,
17 including the annual report required by Section 1231.102, or as an
18 independent report. The board shall make the report available to
19 the public.

20 SECTION 2. The Bond Review Board shall publish the initial
21 report required by Section 1231.153, Government Code, as added by
22 this Act, during the state fiscal year beginning September 1, 2011.

23 SECTION 3. This Act takes effect immediately if it receives
24 a vote of two-thirds of all the members elected to each house, as
25 provided by Section 39, Article III, Texas Constitution. If this
26 Act does not receive the vote necessary for immediate effect, this
27 Act takes effect September 1, 2011.