

BILL ANALYSIS

H.B. 2176
By: Kolkhorst
Urban Affairs
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Interested parties explain that some local governments can issue debt without voter approval through certificates of obligation backed by tax revenue, fee revenues, or a combination of the two. The parties further observe that to issue certificates of obligation for any purpose, a local government needs to post two notices in a local newspaper before approving them. The parties note that the only way voters can have an election on the issuance of a certificate of obligation is by getting five percent of all registered voters in the city or county to sign a petition in the 30-day window between the first notice and the authorizing action. These parties argue that this process is in need of greater transparency. H.B. 2176 seeks to address these issues.

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

H.B. 2176 amends the Local Government Code to prohibit, except in a case of grave public necessity to meet an unusual and unforeseen condition, the governing body of an issuer of certificates of obligation from authorizing a certificate to pay a contractual obligation to be incurred if a bond proposition to authorize the issuance of bonds for the same purpose was submitted to the voters during the preceding three years and failed to be approved.

H.B. 2176 requires a notice of intention to issue certificates to be first published before the 45th, rather than 30th, day before the date tentatively set for the passage of the order or ordinance authorizing the issuance of the certificates and to be published continuously on the issuer's Internet website for at least 45 days before the date tentatively set for the passage of the order or ordinance authorizing the issuance of the certificates. The bill expands the information required to be in the notice to include specified debt obligation and principal and interest information stated as a total amount and a per capita amount, the estimated rate of interest for and maturity date of the certificate to be authorized, and the process by which a petition may be submitted requesting an election on the issuance of the certificates, in a specified form.

H.B. 2176 revises the number of signatures on a timely filed petition protesting the issuance of a certificate required to trigger, under certain conditions, a prohibition on the issuance of the certificate from at least five percent of the qualified voters of the issuer to a number of qualified voters of the issuer equal to five percent or more of the number of votes cast in the municipality or county, as applicable, in the most recent gubernatorial general election.

H.B. 2176 revises a provision making notice of intention to issue certificates, petition, and election requirements inapplicable to certificates issued for certain purposes to remove a contract for personal or professional services from such purposes. The bill requires an issuer of certificates to maintain an Internet website to comply with the notice of intention to issue certificates, petition, and election requirements.

EFFECTIVE DATE

September 1, 2013.