

By: Kolkhorst

H.B. No. 2176

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to procedures and requirements for the issuance of  
3 certificates of obligation.

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

5 SECTION 1. Section 271.047, Local Government Code, is  
6 amended by adding Subsection (d) to read as follows:

7 (d) Except in a case of grave public necessity to meet an  
8 unusual and unforeseen condition, the governing body of an issuer  
9 may not authorize a certificate to pay a contractual obligation to  
10 be incurred if a bond proposition to authorize the issuance of bonds  
11 for the same purpose was submitted to the voters during the  
12 preceding three years and failed to be approved.

13 SECTION 2. Section 271.049, Local Government Code, is  
14 amended to read as follows:

15 Sec. 271.049. NOTICE OF INTENTION TO ISSUE CERTIFICATES;  
16 PETITION AND ELECTION. (a) Regardless of the sources of payment of  
17 certificates, certificates may not be issued unless the issuer  
18 publishes notice of its intention to issue the certificates. The  
19 notice must be published:

20 (1) once a week for two consecutive weeks in a  
21 newspaper, as defined by Subchapter C, Chapter 2051, Government  
22 Code, that is of general circulation in the area of the issuer, with  
23 the date of the first publication to be before the 45th [~~30th~~] day  
24 before the date tentatively set for the passage of the order or

1 ordinance authorizing the issuance of the certificates; and  
2 (2) continuously on the issuer's Internet website for  
3 at least 45 days before the date tentatively set for the passage of  
4 the order or ordinance authorizing the issuance of the  
5 certificates.

6 (b) The notice must state:

7 (1) the time and place tentatively set for the passage  
8 of the order or ordinance authorizing the issuance of the  
9 certificates;

10 (2) the ~~[maximum amount and]~~ purpose of the  
11 certificates to be authorized; ~~[and]~~

12 (3) the manner in which the certificates will be paid  
13 for, whether by taxes, revenues, or a combination of the two;

14 (4) the following, stated as a total amount and as a  
15 per capita amount:

16 (A) the then-current principal of all  
17 outstanding debt obligations of the issuer;

18 (B) the then-current combined principal and  
19 interest required to pay all outstanding debt obligations of the  
20 issuer on time and in full;

21 (C) the principal of the certificates to be  
22 authorized; and

23 (D) the estimated combined principal and  
24 interest required to pay the certificates to be authorized on time  
25 and in full;

26 (5) the estimated rate of interest for the  
27 certificates to be authorized;

1           (6) the maturity date of the certificates to be  
2 authorized; and

3           (7) the process by which a petition may be submitted  
4 requesting an election on the issuance of the certificates, in the  
5 following form:

6           "Five percent of the total number of voters of (name of  
7 issuer) that voted in the most recent gubernatorial general  
8 election may petition to require an election to be held authorizing  
9 the issuance of certificates of obligation by delivering a signed  
10 petition to the (insert "secretary or clerk" if the issuer is a  
11 municipality, or "county clerk" if the issuer is a county) of (name  
12 of issuer) before the date the governing body has set for the  
13 authorization of the certificates of obligation. Information about  
14 the requirements of the petition may be obtained from the (insert  
15 "secretary or clerk" if the issuer is a municipality, or "county  
16 clerk" if the issuer is a county) of (name of issuer)."~~[ ]~~

17           (c) If before the date tentatively set for the authorization  
18 of the issuance of the certificates or if before the authorization,  
19 the municipal secretary or clerk if the issuer is a municipality, or  
20 the county clerk if the issuer is a county, receives a petition  
21 signed by a number of qualified voters of the issuer equal to five  
22 percent or more of the number of votes cast in the municipality or  
23 county, as applicable, in the most recent gubernatorial general  
24 election ~~[at least five percent of the qualified voters of the~~  
25 ~~issuer]~~ protesting the issuance of the certificates, the issuer may  
26 not authorize the issuance of the certificates unless the issuance  
27 is approved at an election ordered, held, and conducted in the

1 manner provided for bond elections under Chapter 1251, Government  
2 Code.

3 (d) This section does not apply to certificates issued for  
4 the purposes described by Sections 271.056(1)-(3)  
5 [~~271.056(1)-(4)~~].

6 (e) An issuer shall maintain an Internet website to comply  
7 with this section.

8 (f) In this section, "debt obligation" means an issued  
9 public security, as defined by Section 1201.002, Government Code.

10 SECTION 3. The changes in law made by this Act to Section  
11 271.049, Local Government Code, apply only to a certificate of  
12 obligation for which the first notice of intention to issue the  
13 certificate is made on or after the effective date of this Act. A  
14 certificate of obligation for which the first notice of intention  
15 to issue the certificate is made before the effective date of this  
16 Act is governed by the law in effect when the notice of intention is  
17 made, and the former law is continued in effect for that purpose.

18 SECTION 4. This Act takes effect September 1, 2013.