

By: Pitts

H.B. No. 2610

A BILL TO BE ENTITLED

AN ACT

relating to the issuance of interest-bearing time warrants and certain notes by school districts.

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

SECTION 1. Section 45.103, Education Code, is amended by amending Subsections (a) and (c) and adding Subsection (a-1) to read as follows:

(a) Any school district in need of funds to construct, repair, or renovate school buildings, purchase school buildings and school equipment, or equip school properties with necessary heating, water, sanitation, lunchroom, or electric facilities or in need of funds with which to employ a person who has special skill and experience to compile taxation data and that is financially unable out of available funds to construct, repair, renovate, or purchase school buildings, purchase school equipment, or equip school properties with necessary heating, water, sanitation, lunchroom, or electric facilities or is unable to pay the person for compiling taxation data, may, subject to this section, issue interest-bearing time warrants, in amounts sufficient to construct, purchase, equip, or improve school buildings and facilities or to pay all or part of the compensation of the person to compile taxation data, any law to the contrary notwithstanding. The warrants shall mature in serial installments of not more than 15 ~~five~~ years from their date of issue. The warrants on maturity may

1 be payable out of any available funds of the school district in the
 2 order of their maturity dates. Any interest-bearing time warrants
 3 may be issued and sold by the district for not less than their face
 4 value, and the proceeds used to provide funds required for the
 5 purpose for which they are issued. The warrants shall be entitled
 6 to first payment out of any available funds of the district as they
 7 become due. Included in the purposes for which interest-bearing
 8 time warrants may be issued is the payment of any amounts owed by
 9 the school district that was incurred in carrying out any of those
 10 purposes.

11 (a-1) A school district may also issue interest-bearing
 12 time warrants to refund warrants previously issued under this
 13 section if the refunding warrants are coterminous with the refunded
 14 obligations.

15 (c) A school district may not issue interest-bearing time
 16 warrants in excess of five percent of the assessed valuation of the
 17 district for the year in which the warrants are issued. The payment
 18 of interest-bearing time warrants in any one year may not exceed the
 19 anticipated surplus income of the district for the year in which the
 20 warrants are issued, based on the budget of the district for that
 21 year. The anticipated income computed under this section is
 22 exclusive of all bond taxes. A school district may not have
 23 outstanding at any one time warrants totaling in excess of \$1
 24 million [~~\$500,000~~] under this section.

25 SECTION 2. Section 45.108(a), Education Code, is amended to
 26 read as follows:

27 (a) Independent or consolidated school districts may borrow

1 money for the purpose of paying maintenance expenses and may
 2 evidence those loans with negotiable or nonnegotiable notes, except
 3 that the loans may not at any time exceed 75 percent of the previous
 4 year's income. The notes may be payable from and secured by a lien
 5 on and pledge of any available funds of the district, including
 6 proceeds of a maintenance tax. The term "maintenance expenses" or
 7 "maintenance expenditures" as used in this section means any lawful
 8 expenditure of the school district other than payment of principal
 9 of and interest on bonds. The term includes expenditures relating
 10 to notes issued to refund notes previously issued under this
 11 section if the refunding notes are coterminous with the refunded
 12 obligation. The term also includes all costs incurred in
 13 connection with environmental cleanup and asbestos cleanup and
 14 removal programs implemented by school districts or in connection
 15 with the maintenance, repair, rehabilitation, or replacement of
 16 heating, air conditioning, water, sanitation, roofing, flooring,
 17 electric, or other building systems of existing school properties.
 18 Notes issued pursuant to this section may be issued to mature in not
 19 more than 20 years from their date. Notes issued for a term longer
 20 than one year must be treated as "debt" as defined in Section
 21 26.012(7), Tax Code.

22 SECTION 3. Section 1202.007(a), Government Code, is amended
 23 to read as follows:

24 (a) The following are exempt from the approval and
 25 registration requirements of this chapter:

26 (1) a public security that is:

27 (A) not subject to mandatory renewal or renewal

at the option of any person, including the issuer, a holder, or a bearer; and

(B) payable only out of:

(i) current revenues or taxes collected in the year the public security is issued; or

(ii) the proceeds of other public securities;

(2) a certificate in evidence of benefit assessments;

(3) a certificate of obligation, including a claim or account that represents an undivided interest in a certificate of obligation, that under Subchapter C, Chapter 271, Local Government Code, an issuer is authorized to deliver to a contractor;

(4) a time warrant issued under Chapter 252 or 262, Local Government Code;

(5) a public security authorized by Chapter 1371;

(6) a lease, lease-purchase, or installment sale obligation, except as provided by other law; ~~and~~

(7) a public security that by rule the attorney general exempts because it is not practical to require approval before the public security's issuance; and

(8) a nonnegotiable note issued under Section 45.108, Education Code, in a principal amount that does not exceed \$1 million.

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