

By: Hegar

S.B. No. 1243

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the issuance of interest-bearing time warrants and
3 certain notes by school districts.

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

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

8 (a) Any school district in need of funds to construct,
9 repair, or renovate school buildings, purchase school buildings and
10 school equipment, or equip school properties with necessary
11 heating, water, sanitation, lunchroom, or electric facilities or in
12 need of funds with which to employ a person who has special skill
13 and experience to compile taxation data and that is financially
14 unable out of available funds to construct, repair, renovate, or
15 purchase school buildings, purchase school equipment, or equip
16 school properties with necessary heating, water, sanitation,
17 lunchroom, or electric facilities or is unable to pay the person for
18 compiling taxation data, may, subject to this section, issue
19 interest-bearing time warrants, in amounts sufficient to
20 construct, purchase, equip, or improve school buildings and
21 facilities or to pay all or part of the compensation of the person
22 to compile taxation data, any law to the contrary notwithstanding.
23 The warrants shall mature in serial installments of not more than 10
24 [~~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. Subsection (a), Section 45.108, Education Code,
26 is amended to 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. Subsection (a), Section 1202.007, Government
23 Code, is amended 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

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

3 (B) payable only out of:

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

6 (ii) the proceeds of other public
7 securities;

8 (2) a certificate in evidence of benefit assessments;

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

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

15 (5) a public security authorized by Chapter 1371;

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

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

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

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