

By: Hegar

S.B. No. 1243

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. Sections 45.103(a) and (c), Education Code, are amended 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 be payable out of any available funds of the school district in the

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

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

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

22 (a) Independent or consolidated school districts may borrow
23 money for the purpose of paying maintenance expenses and may
24 evidence those loans with negotiable or nonnegotiable notes, except
25 that the loans may not at any time exceed 75 percent of the previous
26 year's income. The notes may be payable from and secured by a lien
27 on and pledge of any available funds of the district, including

1 proceeds of a maintenance tax. The term "maintenance expenses" or
2 "maintenance expenditures" as used in this section means any lawful
3 expenditure of the school district other than payment of principal
4 of and interest on bonds. The term includes expenditures relating
5 to notes issued to refund notes previously issued under this
6 section if the refunding notes are coterminous with the refunded
7 obligation. The term also includes all costs incurred in
8 connection with environmental cleanup and asbestos cleanup and
9 removal programs implemented by school districts or in connection
10 with the maintenance, repair, rehabilitation, or replacement of
11 heating, air conditioning, water, sanitation, roofing, flooring,
12 electric, or other building systems of existing school properties.
13 Notes issued pursuant to this section may be issued to mature in not
14 more than 20 years from their date. Notes issued for a term longer
15 than one year must be treated as "debt" as defined in Section
16 26.012(7), Tax Code.

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

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

21 (1) a public security that is:

22 (A) not subject to mandatory renewal or renewal
23 at the option of any person, including the issuer, a holder, or a
24 bearer; and

25 (B) payable only out of:

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

1 (ii) the proceeds of other public
2 securities;

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

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

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

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

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

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

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

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