

1-1 By: Hegar S.B. No. 1243
 1-2 (In the Senate - Filed March 6, 2013; March 13, 2013, read
 1-3 first time and referred to Committee on Education; April 18, 2013,
 1-4 reported adversely, with favorable Committee Substitute by the
 1-5 following vote: Yeas 9, Nays 0; April 18, 2013, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7				
1-8	X			
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			

1-17 COMMITTEE SUBSTITUTE FOR S.B. No. 1243 By: Patrick

1-18 A BILL TO BE ENTITLED
 1-19 AN ACT

1-20 relating to the issuance of interest-bearing time warrants and
 1-21 certain notes by school districts.

1-22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-23 SECTION 1. Section 45.103, Education Code, is amended by
 1-24 amending Subsections (a) and (c) and adding Subsection (a-1) to
 1-25 read as follows:

1-26 (a) Any school district in need of funds to construct,
 1-27 repair, or renovate school buildings, purchase school buildings and
 1-28 school equipment, or equip school properties with necessary
 1-29 heating, water, sanitation, lunchroom, or electric facilities or in
 1-30 need of funds with which to employ a person who has special skill
 1-31 and experience to compile taxation data and that is financially
 1-32 unable out of available funds to construct, repair, renovate, or
 1-33 purchase school buildings, purchase school equipment, or equip
 1-34 school properties with necessary heating, water, sanitation,
 1-35 lunchroom, or electric facilities or is unable to pay the person for
 1-36 compiling taxation data, may, subject to this section, issue
 1-37 interest-bearing time warrants, in amounts sufficient to
 1-38 construct, purchase, equip, or improve school buildings and
 1-39 facilities or to pay all or part of the compensation of the person
 1-40 to compile taxation data, any law to the contrary notwithstanding.
 1-41 The warrants shall mature in serial installments of not more than 10
 1-42 [~~five~~] years from their date of issue. The warrants on maturity may
 1-43 be payable out of any available funds of the school district in the
 1-44 order of their maturity dates. Any interest-bearing time warrants
 1-45 may be issued and sold by the district for not less than their face
 1-46 value, and the proceeds used to provide funds required for the
 1-47 purpose for which they are issued. The warrants shall be entitled
 1-48 to first payment out of any available funds of the district as they
 1-49 become due. Included in the purposes for which interest-bearing
 1-50 time warrants may be issued is the payment of any amounts owed by
 1-51 the school district that was incurred in carrying out any of those
 1-52 purposes.

1-53 (a-1) A school district may also issue interest-bearing
 1-54 time warrants to refund warrants previously issued under this
 1-55 section if the refunding warrants are coterminous with the refunded
 1-56 obligations.

1-57 (c) A school district may not issue interest-bearing time
 1-58 warrants in excess of five percent of the assessed valuation of the
 1-59 district for the year in which the warrants are issued. The payment
 1-60 of interest-bearing time warrants in any one year may not exceed the

2-1 anticipated surplus income of the district for the year in which the
2-2 warrants are issued, based on the budget of the district for that
2-3 year. The anticipated income computed under this section is
2-4 exclusive of all bond taxes. A school district may not have
2-5 outstanding at any one time warrants totaling in excess of \$1
2-6 million [~~\$500,000~~] under this section.

2-7 SECTION 2. Subsection (a), Section 45.108, Education Code,
2-8 is amended to read as follows:

2-9 (a) Independent or consolidated school districts may borrow
2-10 money for the purpose of paying maintenance expenses and may
2-11 evidence those loans with negotiable or nonnegotiable notes, except
2-12 that the loans may not at any time exceed 75 percent of the previous
2-13 year's income. The notes may be payable from and secured by a lien
2-14 on and pledge of any available funds of the district, including
2-15 proceeds of a maintenance tax. The term "maintenance expenses" or
2-16 "maintenance expenditures" as used in this section means any lawful
2-17 expenditure of the school district other than payment of principal
2-18 of and interest on bonds. The term includes expenditures relating
2-19 to notes issued to refund notes previously issued under this
2-20 section if the refunding notes are coterminous with the refunded
2-21 obligation. The term also includes all costs incurred in
2-22 connection with environmental cleanup and asbestos cleanup and
2-23 removal programs implemented by school districts or in connection
2-24 with the maintenance, repair, rehabilitation, or replacement of
2-25 heating, air conditioning, water, sanitation, roofing, flooring,
2-26 electric, or other building systems of existing school properties.
2-27 Notes issued pursuant to this section may be issued to mature in not
2-28 more than 20 years from their date. Notes issued for a term longer
2-29 than one year must be treated as "debt" as defined in Section
2-30 26.012(7), Tax Code.

2-31 SECTION 3. Subsection (a), Section 1202.007, Government
2-32 Code, is amended to read as follows:

2-33 (a) The following are exempt from the approval and
2-34 registration requirements of this chapter:

2-35 (1) a public security that is:

2-36 (A) not subject to mandatory renewal or renewal
2-37 at the option of any person, including the issuer, a holder, or a
2-38 bearer; and

2-39 (B) payable only out of:

2-40 (i) current revenues or taxes collected in
2-41 the year the public security is issued; or

2-42 (ii) the proceeds of other public
2-43 securities;

2-44 (2) a certificate in evidence of benefit assessments;

2-45 (3) a certificate of obligation, including a claim or
2-46 account that represents an undivided interest in a certificate of
2-47 obligation, that under Subchapter C, Chapter 271, Local Government
2-48 Code, an issuer is authorized to deliver to a contractor;

2-49 (4) a time warrant issued under Chapter 252 or 262,
2-50 Local Government Code;

2-51 (5) a public security authorized by Chapter 1371;

2-52 (6) a lease, lease-purchase, or installment sale
2-53 obligation, except as provided by other law; ~~and~~

2-54 (7) a public security that by rule the attorney
2-55 general exempts because it is not practical to require approval
2-56 before the public security's issuance; and

2-57 (8) a nonnegotiable note issued under Section 45.108,
2-58 Education Code, in a principal amount that does not exceed \$1
2-59 million.

2-60 SECTION 4. This Act takes effect September 1, 2013.

2-61 * * * * *