

By: Rodriguez of Travis

H.B. No. 506

Substitute the following for H.B. No. 506:

By: Aycock

C.S.H.B. No. 506

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the issuance of tax-supported bonds by certain school
3 districts and increasing the tax rate limitation on the issuance of
4 those bonds.

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

6 SECTION 1. Section 45.0031, Education Code, is amended by
7 amending Subsections (a) and (e) and adding Subsection (a-1) to
8 read as follows:

9 (a) Before issuing bonds described by Section 45.001, a
10 school district must demonstrate to the attorney general under
11 Subsection (b) or (c) that, with respect to the proposed issuance,
12 the district has a projected ability to pay the principal of and
13 interest on the proposed bonds and all previously issued bonds
14 other than bonds authorized to be issued at an election held on or
15 before April 1, 1991, and issued before September 1, 1992, from a
16 tax at a rate not to exceed:

17 (1) \$0.50 per \$100 of valuation; or

18 (2) if the district satisfies the requirements
19 prescribed by Subsection (a-1), an amount per \$100 of valuation
20 that is 20 percent greater than the limitation imposed by
21 Subdivision (1).

22 (a-1) The limitation imposed by Subsection (a)(2) applies
23 to a school district that:

24 (1) has an interest and sinking fund tax rate of \$0.45

1 or greater per \$100 of valuation;

2 (2) is a high enrollment growth district, as
3 determined in accordance with rules of the commissioner adopted
4 under Section 31.0214;

5 (3) has a current Financial Allocation Study for Texas
6 (FAST) rating from the comptroller of at least three stars on a
7 five-star scale, or the equivalent of that rating under any
8 subsequent system developed by the comptroller;

9 (4) has adopted a capital improvement plan in
10 accordance with Section 45.114; and

11 (5) demonstrates to the attorney general that the
12 terms of the proposed issuance will result in total interest costs
13 to the district that are at least five percent less than the total
14 interest costs that would result if the district were to issue an
15 alternate debt instrument that defers interest costs, such as a
16 capital appreciation bond.

17 (e) If a district demonstrates to the attorney general the
18 district's ability to comply with Subsection (a) using a projected
19 future taxable value of property under Subsection (c) and
20 subsequently imposes a tax to pay the principal of and interest on
21 bonds to which Subsection (a) applies at a rate that exceeds the
22 applicable limitation [~~limit~~] imposed by Subsection (a), the
23 attorney general may not approve a subsequent issuance of bonds
24 unless the attorney general finds that the district has a projected
25 ability to pay the principal of and interest on the proposed bonds
26 and all previously issued bonds to which Subsection (a) applies
27 from a tax at a rate not to exceed \$0.45 per \$100 of valuation or the

1 rate equal to 90 percent of the limitation imposed by Subsection
2 (a)(2), as applicable.

3 SECTION 2. Subchapter E, Chapter 45, Education Code, is
4 amended by adding Section 45.114 to read as follows:

5 Sec. 45.114. CAPITAL IMPROVEMENT PLAN. (a) The board of
6 trustees of an independent school district with an interest and
7 sinking fund tax rate of \$0.45 or greater per \$100 of valuation
8 shall adopt a capital improvement plan that addresses the
9 district's needs for additional or renovated facilities.

10 (b) The capital improvement plan must include:

11 (1) an inventory of the district's existing
12 facilities;

13 (2) a list of each proposed project for additional or
14 renovated facilities, ranked in order of priority and accompanied
15 by the following information for each project:

16 (A) details explaining the need for the
17 additional or renovated facilities;

18 (B) a proposed timeline for completion; and

19 (C) an estimate of anticipated expenses;

20 (3) an assessment of the district's capacity to fund
21 the proposed projects; and

22 (4) identification of the district's options for
23 financing the proposed projects.

24 (c) The board shall hold a public meeting on a proposed
25 capital improvement plan before adopting the plan and must make the
26 proposed plan available to the public for review and comment.

27 (d) The board shall adopt the initial capital improvement

1 plan not later than the first anniversary of the date on which the
2 board adopts an interest and sinking fund tax rate of \$0.45 or
3 greater per \$100 of valuation.

4 (e) Until the date on which the district's interest and
5 sinking fund tax rate is less than \$0.45 per \$100 of valuation, the
6 board shall annually reevaluate and, if necessary, amend the
7 capital improvement plan.

8 SECTION 3. Notwithstanding Section 45.114(d), Education
9 Code, as added by this Act, the board of trustees of an independent
10 school district with an interest and sinking fund tax rate of \$0.45
11 or greater per \$100 of valuation on the effective date of this Act
12 shall adopt an initial capital improvement plan not later than the
13 first anniversary of the effective date of this Act.

14 SECTION 4. This Act takes effect immediately if it receives
15 a vote of two-thirds of all the members elected to each house, as
16 provided by Section 39, Article III, Texas Constitution. If this
17 Act does not receive the vote necessary for immediate effect, this
18 Act takes effect September 1, 2015.