

By: Hinojosa

S.B. No. 103

A BILL TO BE ENTITLED

AN ACT

relating to a prohibition on the issuance of certain capital appreciation bonds by local governments.

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

SECTION 1. Subchapter B, Chapter 1201, Government Code, is amended by adding Section 1201.0245 to read as follows:

Sec. 1201.0245. CAPITAL APPRECIATION BONDS BY LOCAL GOVERNMENTS PROHIBITED. (a) In this section, "capital appreciation bond" means a bond that accrues and compounds interest from its date of delivery, the interest on which by its terms is payable only upon maturity or prior redemption.

(b) A county, municipality, special district, school district, junior college district, or other political subdivision may not issue capital appreciation bonds that are secured by ad valorem taxes.

(c) Subsection (b) does not apply to the issuance of refunding bonds under Chapter 1207.

(d) Subsection (b) does not apply to the issuance of capital appreciation bonds for the purpose of financing transportation projects.

SECTION 2. The change in law made by this Act does not affect the validity of capital appreciation bonds issued before the effective date of this Act.

SECTION 3. This Act takes effect September 1, 2015.