

By: Campbell

S.B. No. 310

A BILL TO BE ENTITLED

AN ACT

relating to procedures and requirements for the issuance of certificates of obligation.

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

SECTION 1. Section 271.047, Local Government Code, is amended by adding Subsection (d) to read as follows:

(d) Except in a case of grave public necessity to meet an unusual and unforeseen condition, the governing body of an issuer may not authorize a certificate to pay a contractual obligation to be incurred if a bond proposition to authorize the issuance of bonds for the same purpose was submitted to the voters during the preceding three years and failed to be approved.

SECTION 2. Section 271.049, Local Government Code, is amended to read as follows:

Sec. 271.049. NOTICE OF INTENTION TO ISSUE CERTIFICATES; PETITION AND ELECTION. (a) Regardless of the sources of payment of certificates, certificates may not be issued unless the issuer publishes notice of its intention to issue the certificates. The notice must be published:

(1) once a week for two consecutive weeks in a newspaper, as defined by Subchapter C, Chapter 2051, Government Code, that is of general circulation in the area of the issuer, with the date of the first publication to be before the 45th [~~30th~~] day before the date tentatively set for the passage of the order or

1 ordinance authorizing the issuance of the certificates; and

2 (2) continuously on the issuer's Internet website for
3 at least 45 days before the date tentatively set for the passage of
4 the order or ordinance authorizing the issuance of the
5 certificates.

6 (b) The notice must state:

7 (1) the time and place tentatively set for the passage
8 of the order or ordinance authorizing the issuance of the
9 certificates;

10 (2) the ~~[maximum amount and]~~ purpose of the
11 certificates to be authorized; ~~[and]~~

12 (3) the manner in which the certificates will be paid
13 for, whether by taxes, revenues, or a combination of the two;

14 (4) the following, stated as a total amount and as a
15 per capita amount:

16 (A) the then-current principal of all
17 outstanding debt obligations of the issuer;

18 (B) the then-current combined principal and
19 interest required to pay all outstanding debt obligations of the
20 issuer on time and in full;

21 (C) the principal of the certificates to be
22 authorized; and

23 (D) the estimated combined principal and
24 interest required to pay the certificates to be authorized on time
25 and in full;

26 (5) the estimated rate of interest for the
27 certificates to be authorized;

1 (6) the maturity date of the certificates to be
2 authorized; and

3 (7) the process by which a petition may be submitted
4 requesting an election on the issuance of the certificates, in the
5 following form:

6 "Five percent of the total number of voters of (name of
7 issuer) that voted in the most recent gubernatorial general
8 election may petition to require an election to be held authorizing
9 the issuance of certificates of obligation by delivering a signed
10 petition to the (insert "secretary or clerk" if the issuer is a
11 municipality, or "county clerk" if the issuer is a county) of (name
12 of issuer) before the date the governing body has set for the
13 authorization of the certificates of obligation. Information about
14 the requirements of the petition may be obtained from the (insert
15 "secretary or clerk" if the issuer is a municipality, or "county
16 clerk" if the issuer is a county) of (name of issuer)."~~[-]~~

17 (c) If before the date tentatively set for the authorization
18 of the issuance of the certificates or if before the authorization,
19 the municipal secretary or clerk if the issuer is a municipality, or
20 the county clerk if the issuer is a county, receives a petition
21 signed by a number of qualified voters of the issuer equal to five
22 percent or more of the number of votes cast in the municipality or
23 county, as applicable, in the most recent gubernatorial general
24 election ~~[at least five percent of the qualified voters of the~~
25 ~~issuer]~~ protesting the issuance of the certificates, the issuer may
26 not authorize the issuance of the certificates unless the issuance
27 is approved at an election ordered, held, and conducted in the

1 manner provided for bond elections under Chapter 1251, Government
2 Code.

3 (d) This section does not apply to certificates issued for
4 the purposes described by Sections 271.056(1)-(3)
5 [~~271.056(1)-(4)~~].

6 (e) An issuer shall maintain an Internet website to comply
7 with this section.

8 (f) In this section, "debt obligation" means an issued
9 public security, as defined by Section 1201.002, Government Code.

10 SECTION 3. The changes in law made by this Act to Section
11 271.049, Local Government Code, apply only to a certificate of
12 obligation for which the first notice of intention to issue the
13 certificate is made on or after the effective date of this Act. A
14 certificate of obligation for which the first notice of intention
15 to issue the certificate is made before the effective date of this
16 Act is governed by the law in effect when the notice of intention is
17 made, and the former law is continued in effect for that purpose.

18 SECTION 4. This Act takes effect September 1, 2015.