

By: Hinojosa

S.B. No. 315

A BILL TO BE ENTITLED

AN ACT

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

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

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

(a) Before issuing bonds described by Section 45.001, a school district must demonstrate to the attorney general under Subsection (b) or (c) that, with respect to the proposed issuance, the district has a projected ability to pay the principal of and interest on the proposed bonds and all previously issued bonds other than bonds authorized to be issued at an election held on or before April 1, 1991, and issued before September 1, 1992:

(1) for a school district described by Subsection (a-1), from a tax at a rate not to exceed an amount per \$100 of valuation that is 20 percent greater than the limitation imposed by Subdivision (2); or

(2) for any other school district, from a tax at a rate not to exceed \$0.50 per \$100 of valuation.

(a-1) Subsection (a)(1) applies to a school district that:

(1) has an interest and sinking fund tax rate of \$0.45 or greater per \$100 of valuation;

1           (2) has adopted a capital improvement plan in  
2 accordance with Section 45.114;

3           (3) is a high enrollment growth district, as  
4 determined by the commissioner in accordance with Section 31.0214;

5           (4) 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; and

9           (5) demonstrates to the attorney general that the  
10 terms of the proposed issuance will result in total savings of at  
11 least five percent of the tax proceeds required to pay the principal  
12 and interest in comparison to the tax proceeds that would be  
13 required to pay the principal and interest if the district were to  
14 issue an alternate debt instrument that defers interest costs, such  
15 as a capital appreciation bond.

16           (e) If a district demonstrates to the attorney general the  
17 district's ability to comply with Subsection (a) using a projected  
18 future taxable value of property under Subsection (c) and  
19 subsequently imposes a tax to pay the principal of and interest on  
20 bonds to which Subsection (a) applies at a rate that exceeds the  
21 applicable limitation [~~limit~~] imposed by Subsection (a), the  
22 attorney general may not approve a subsequent issuance of bonds  
23 unless the attorney general finds that the district has a projected  
24 ability to pay the principal of and interest on the proposed bonds  
25 and all previously issued bonds to which Subsection (a) applies  
26 from a tax at a rate not to exceed \$0.45 per \$100 of valuation or the  
27 rate equal to 90 percent of the limitation imposed by Subsection

1 (a)(1), as applicable.

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

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

9 (b) The capital improvement plan must include:

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

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

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

17 (B) a proposed timeline for completion; and

18 (C) an estimate of anticipated expenses;

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

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

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

26 (d) The board shall adopt the initial capital improvement  
27 plan not later than the first anniversary of the date on which the

1 board adopts an interest and sinking fund tax rate of \$0.45 or  
2 greater per \$100 of valuation.

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

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

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