

BILL ANALYSIS

H.B. 111
By: Murphy
Investments & Financial Services
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Interested parties note that a political subdivision of the state may issue new debt in the form of bonds but raise concerns regarding the transparency of the bond proposal process. The parties assert a need to ensure that the process by which a political subdivision puts forth a bond proposal for a public vote is uniform and transparent to taxpayers. The goal of H.B. 111 is to ensure that the process by which political subdivision bonds are approved or rejected is fair and to ensure the efficient use of bond proceeds.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 111 amends the Election Code to include any sample ballot prepared for an election to authorize a political subdivision of the state to issue debt obligations among the information with which the document ordering such election is required to be posted during the 21 days before the election on the political subdivision's website prominently and together with other election-related materials, if the political subdivision maintains a website. The bill prohibits the applicable entity that establishes temporary branch early voting polling places from establishing such polling places with the intent to affect the outcome of an election at which a political subdivision submits a proposition to the voters to approve the issuance of general obligation bonds.

H.B. 111 amends the Government Code to prohibit a political subdivision from issuing general obligation bonds to purchase, improve, or construct certain improvements or to purchase personal non-real property if the weighted average maturity of the issue of bonds to finance the improvements or personal property exceeds 120 percent of the reasonably expected weighted average economic life of the improvements or personal property financed with the issue of bonds. The bill limits a political subdivision's use of the unspent proceeds of issued general obligation bonds to the specific purposes for which the bonds were authorized, to retire the bonds, or to a purpose other than such specific purposes if the specific purposes are accomplished or abandoned and if a majority of the votes cast in an election held in the political subdivision approve the use of the proceeds for the proposed purpose. The bill requires the election order and the notice of election for such an election to state the proposed purpose for which the bond proceeds are to be used and requires a political subdivision to hold such an election in the same manner as an election to issue bonds in the political subdivision.

H.B. 111 repeals Chapter 1332, Government Code.

EFFECTIVE DATE

December 1, 2017.