

By: Goldman

H.B. No. 1181

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the issuance of certain bonds by school districts and
3 the permissible use of interest derived from the proceeds of those
4 bonds.

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

6 SECTION 1. Section 45.001, Education Code, is amended by
7 amending Subsection (b) and adding Subsections (b-1) and (d) to
8 read as follows:

9 (b) The bonds must mature serially or otherwise not more
10 than 40 years from their date, except that if the expected useful
11 life of the asset acquired with bond proceeds is less than 40 years
12 the bonds must amortize in a manner that is consistent with the
13 useful life of the acquired asset. The bonds may be made redeemable
14 before maturity.

15 (b-1) For purposes of Subsection (b), the expected useful
16 life of an asset is determined based on the depreciable life of the
17 asset under the Internal Revenue Code of 1986.

18 (d) Interest earned on bond proceeds may be used only to pay
19 the principal of and interest on the bond or for the purpose for
20 which the bond was issued.

21 SECTION 2. (a) Except as provided by Subsection (b) of this
22 section, this Act applies only to bonds authorized by voters on or
23 after the effective date of this Act.

24 (b) Section 45.001(d), Education Code, as added by this Act,

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1 applies to interest that accrues on bond proceeds on or after the
2 effective date of this Act, regardless of the date on which the bond
3 was authorized or issued.

4 SECTION 3. This Act takes effect September 1, 2017.