

By: Schofield

H.B. No. 2423

A BILL TO BE ENTITLED

AN ACT

relating to federal bankruptcy for home rule municipalities.

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

SECTION 1. Sec. 140.001., Local Government Code is amended by adding subsection (d) to read as follows:

Sec. 140.001. RELIEF UNDER FEDERAL BANKRUPTCY LAWS FOR MUNICIPALITY, TAXING DISTRICT, OR OTHER POLITICAL SUBDIVISION. (a) A municipality, taxing district, or other political subdivision that is subject to this section may proceed under all federal bankruptcy laws intended to relieve municipal indebtedness.

(b) A municipality is subject to this section if it has the power to incur indebtedness through the action of its governing body. A taxing district or other political subdivision is subject to this section if it has the power to incur indebtedness either through the action of its governing body or through that of the county or municipality in which it is located.

(c) The officials and governing body of the municipality, taxing district, or other political subdivision may adopt all proceedings and take any action necessary or convenient to fully avail the entity of the federal bankruptcy laws.

(d) A home rule municipality that adopts proceedings to avail the municipality of federal bankruptcy laws or otherwise seeks bankruptcy protection forfeits its home rule charter.

SECTION 2. This Act takes effect September 1, 2017.