

1-1 By: Lucio S.B. No. 461  
1-2 (In the Senate - Filed January 11, 2017; February 6, 2017,  
1-3 read first time and referred to Committee on Intergovernmental  
1-4 Relations; April 5, 2017, reported adversely, with favorable  
1-5 Committee Substitute by the following vote: Yeas 7, Nays 0;  
1-6 April 5, 2017, sent to printer.)

1-7 COMMITTEE VOTE

| 1-8  | Yea | Nay | Absent | PNV |
|------|-----|-----|--------|-----|
| 1-9  | X   |     |        |     |
| 1-10 | X   |     |        |     |
| 1-11 | X   |     |        |     |
| 1-12 | X   |     |        |     |
| 1-13 | X   |     |        |     |
| 1-14 | X   |     |        |     |
| 1-15 | X   |     |        |     |

1-16 COMMITTEE SUBSTITUTE FOR S.B. No. 461 By: Lucio

1-17 A BILL TO BE ENTITLED  
1-18 AN ACT

1-19 relating to the notice required before the issuance of certain debt  
1-20 obligations by political subdivisions.

1-21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-22 SECTION 1. Section 3.009, Election Code, is amended to read  
1-23 as follows:

1-24 Sec. 3.009. CONTENTS OF DEBT OBLIGATION ELECTION ORDER.

1-25 (a) In this section, "debt obligation" means an issued public  
1-26 security, as defined by Section 1201.002, Government Code, that is  
1-27 secured by and payable from ad valorem taxes. The term does not  
1-28 include public securities that are designated as self-supporting by  
1-29 the political subdivision issuing the securities.

1-30 (b) The document ordering an election to authorize a  
1-31 political subdivision to issue debt obligations must distinctly  
1-32 state:

1-33 (1) the proposition language that will appear on the  
1-34 ballot;

1-35 (2) the purpose for which the debt obligations are to  
1-36 be authorized;

1-37 (3) the principal amount of the debt obligations to be  
1-38 authorized;

1-39 (4) that taxes sufficient to pay the ~~[annual]~~  
1-40 principal of and interest on the debt obligations may be imposed;

1-41 (5) a statement of the estimated tax rate if the debt  
1-42 obligations are authorized or of the maximum interest rate of the  
1-43 debt obligations or any series of the debt obligations, based on the  
1-44 market conditions at the time of the election order;

1-45 (6) the maximum maturity date of the debt obligations  
1-46 to be authorized or that the debt obligations may be issued to  
1-47 mature over a specified number of years not to exceed the maximum  
1-48 number of years authorized by law [40];

1-49 (7) the aggregate amount of the outstanding principal  
1-50 of the political subdivision's debt obligations as of the date  
1-51 ~~[beginning of the political subdivision's fiscal year in which]~~ the  
1-52 election is ordered;

1-53 (8) the aggregate amount of the outstanding interest  
1-54 on debt obligations of the political subdivision as of the date  
1-55 ~~[beginning of the political subdivision's fiscal year in which]~~ the  
1-56 election is ordered, which may be based on the expectations of the  
1-57 political subdivision as it relates to variable rate debt  
1-58 obligations; and

1-59 (9) the ad valorem debt service tax rate for the  
1-60 political subdivision at the time the election is ordered,

expressed as an amount per \$100 valuation of taxable property.

SECTION 2. Section 52.072, Election Code, is amended by amending Subsection (e) and adding Subsection (f) to read as follows:

(e) In addition to any other requirement imposed by law for a proposition, including a provision prescribing the proposition language, a proposition submitted to the voters for approval of ~~[the issuance of bonds or]~~ the imposition, increase, or reduction of a tax shall specifically state, as applicable:

(1) ~~[with respect to a proposition seeking voter approval of the issuance of bonds;~~

~~[(A) the total principal amount of the bonds to be authorized, if approved; and~~

~~[(B) a general description of the purposes for which the bonds are to be authorized, if approved;~~

~~[(2)]~~ with respect to a proposition that only seeks voter approval of the imposition or increase of a tax, the amount of or maximum tax rate of the tax or tax increase for which approval is sought; or

(2) ~~[(3)]~~ with respect to a proposition that only seeks voter approval of the reduction of a tax, the amount of tax rate reduction or the tax rate for which approval is sought.

(f) A political subdivision that submits to the voters a proposition for the approval of the issuance of debt obligations shall prescribe the wording of the proposition that is to appear on the ballot in accordance with the requirements of Subchapter B, Chapter 1251, Government Code. In this subsection, "debt obligation" and "political subdivision" have the meanings assigned by Section 1251.051, Government Code.

SECTION 3. Chapter 1251, Government Code, is amended by designating Sections 1251.001, 1251.003, 1251.004, 1251.005, and 1251.006 as Subchapter A and adding a subchapter heading to read as follows:

#### SUBCHAPTER A. PROVISIONS RELATING GENERALLY TO BOND ELECTIONS

SECTION 4. Chapter 1251, Government Code, is amended by adding Subchapter B to read as follows:

#### SUBCHAPTER B. BALLOT FOR DEBT OBLIGATIONS ISSUED BY POLITICAL SUBDIVISION

Sec. 1251.051. DEFINITIONS. In this subchapter:

(1) "Debt obligation" means a public security as defined by Section 1201.002 secured by and payable from ad valorem taxes. The term does not include public securities that are designated as self-supporting by the political subdivision issuing the securities.

(2) "Debt obligation election order" means the order, ordinance, or resolution ordering an election to authorize the issuance of debt obligations.

(3) "Political subdivision" means a municipality, county, school district, or special taxing district.

Sec. 1251.052. FORM. (a) The ballot for a measure seeking voter approval of the issuance of debt obligations by a political subdivision shall specifically state:

(1) a general description of the purposes for which the debt obligations are to be authorized;

(2) the total principal amount of the debt obligations to be authorized; and

(3) that taxes sufficient to pay the principal of and interest on the debt obligations will be imposed.

(b) In addition to the requirements of Subsection (a), the ballot for a measure seeking voter approval of the issuance of debt obligations by a political subdivision with at least 250 registered voters on the date the governing body of the political subdivision adopts the debt obligation election order shall specifically state the estimated maximum annual increase in the amount of taxes that would be imposed on a residence homestead in the political subdivision with an appraised value of \$100,000 to repay the debt obligations to be authorized, if approved, based upon assumptions made by the governing body of the political subdivision.

(c) The governing body of the political subdivision shall

identify in the debt obligation election order the major assumptions made in connection with the statement required by Subsection (b), including:

(1) the amortization of the political subdivision's debt obligations, including outstanding debt obligations and the proposed debt obligations;

(2) changes in estimated future appraised values within the political subdivision; and

(3) the assumed interest rate on the proposed debt obligations.

(d) A political subdivision with at least 250 registered voters on the date the governing body of the political subdivision adopts the debt obligation election order must prepare a voter information document for each proposition to be voted on at the election. The political subdivision shall post the voter information document in the same manner as a debt obligation election order is required to be posted under Section 4.003(f), Election Code, and may include the voter information document in the debt obligation election order. The voter information document must distinctly state:

(1) the language that will appear on the ballot;

(2) the following information formatted as a table:

(A) the principal of the debt obligations to be authorized;

(B) the estimated interest for the debt obligations to be authorized;

(C) the estimated combined principal and interest required to pay on time and in full the debt obligations to be authorized; and

(D) as of the date the political subdivision adopts the debt obligation election order:

(i) the principal of all outstanding debt obligations of the political subdivision;

(ii) the estimated remaining interest on all outstanding debt obligations of the political subdivision, which may be based on the expectations of the political subdivision as it relates to the interest due on any variable rate debt obligations; and

(iii) the estimated combined principal and interest required to pay on time and in full all outstanding debt obligations of the political subdivision, which may be based on the expectations of the political subdivision as it relates to the interest due on any variable rate debt obligations; and

(3) any other information that the political subdivision considers relevant or necessary to explain the information required by this subsection.

(e) A political subdivision that maintains an Internet website shall provide the information described by Subsection (d) on its website in an easily accessible manner beginning not later than the 21st day before election day and ending on the day after the date of the debt obligation election.

(f) This section provides the ballot proposition language for an election to authorize the issuance of debt obligations by a political subdivision. To the extent of a conflict between this section and another law, this section controls.

SECTION 5. Section 271.049, Local Government Code, is amended by amending Subsections (a) and (b) and adding Subsection (e) to read as follows:

(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 ordinance authorizing the issuance of the certificates; and

(2) if the issuer maintains an Internet website,

continuously on the issuer's website for at least 45 days before the date tentatively set for the passage of the order or ordinance authorizing the issuance of the certificates.

(b) The notice must state:

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

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

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

(4) the following:

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

(B) the then-current combined principal and interest required to pay all outstanding debt obligations of the issuer on time and in full, which may be based on the expectations of the issuer as it relates to the interest due on any variable rate debt obligations;

(C) the maximum principal amount of the certificates to be authorized; and

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

(5) the estimated interest rate for the certificates to be authorized or that the maximum interest rate for the certificates may not exceed the maximum legal interest rate; and

(6) the maximum maturity date of the certificates to be authorized.

(e) In this section, "debt obligation" means a public security, as defined by Section 1201.002, Government Code, secured by and payable from ad valorem taxes. The term does not include public securities that are designated as self-supporting by the political subdivision issuing the securities.

SECTION 6. Section 1251.002, Government Code, is repealed.

SECTION 7. (a) The changes in law made by this Act to Chapter 1251, Government Code, apply only to a ballot for an election ordered on or after the effective date of this Act. An election ordered before the effective date of this Act is governed by the law in effect when the election was ordered, and the former law is continued in effect for that purpose.

(b) The changes in law made by this Act to Section 271.049, Local Government Code, apply only to a certificate of obligation for which the first notice of intention to issue the certificate is made on or after the effective date of this Act. A certificate of obligation for which the first notice of intention to issue the certificate is made before the effective date of this Act is governed by the law in effect when the notice of intention is made, and the former law is continued in effect for that purpose.

SECTION 8. This Act takes effect September 1, 2017.

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