

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 6, 2017

TO: Honorable Jodie Laubenberg, Chair, House Committee on Elections

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB461 by Lucio (Relating to the notice required before the issuance of certain debt obligations by political subdivisions.), **As Engrossed**

No fiscal implication to the State is anticipated.

The bill would amend the Election Code relating to the information provided on bond propositions and by all political subdivisions of the state. The bill would allow information on bonds including a general description, the total principal, and that taxes sufficient to pay the principal and interest will be imposed.

A political subdivision with at least 250 registered voters shall specify in the description the estimated maximum annual increase in taxes on a homestead appraised at a value of \$100,000. The amortization of the political subdivision's debt obligations, the changes in estimated future appraised values, and the assumed interest rate on the proposed debt obligations must also be in the description. A political subdivision would be required to post a voter information document for each proposition. The document must state the language that will appear on the ballot, financial data of the political subdivision regarding the issuance of bond debt, and any other relevant or necessary information to explain the propositions.

The bill would amend the Local Government Code allowing the notice of issuance of certificates of obligation to be posted in a newspaper or on the website of the issuer continuously for 45 days before the tentative date set for passage. The notice by the issuer must include the then-current principal and the then-current combined principal and interest of all outstanding debt. The notice must also show the principal, combined principal and interest, the interest rate, and maturity date of the certificates to be issued.

The bill would repeal Section 1251.002 of the Government Code.

The bill would take effect September 1, 2017.

Local Government Impact

TEA estimates the provisions of the bill could be done at a minimal local school district cost.

Source Agencies: 352 Bond Review Board, 701 Texas Education Agency

LBB Staff: UP, LBO, JGA, GG, BM

