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| Senate Research Center | H.B. 477 |
| | By: Murphy et al. (Bettencourt) |
| | Property Tax |
| | 4/22/2019 |
| | Engrossed |

## AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

It has been suggested that a lack of uniformity and transparency exists in the content of propositions by which political subdivisions seek new bonded debt, specifically relating to the amount of total debt being authorized. H.B. 477 seeks to address this issue by revising the notice requirements for the issuance of certain debt obligations by a political subdivision.

H.B. 477 amends current law relating to the notice required before the issuance of certain debt obligations by political subdivisions.

## RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

## SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 3.009, Election Code, as follows:

(a) Redefines "debt obligation" and provides that the term does not include public securities that are designated as self-supporting by the political subdivision issuing the securities.

(b) Requires the document ordering an election to authorize a political subdivision to issue debt obligations to directly state:

(1)–(3) makes no changes to these subdivisions;

(4) that the taxes sufficient to pay the principal of, rather than the annual principal of, and interest on the debt obligations may be imported;

(5) makes no changes to this subdivision;

(6) the maximum maturity date of the debt obligations to be authorized or that the debt obligations may be issued to mature over a specified number of years not to exceed the maximum number of years authorized by law, rather than a specified number of years not to exceed 40;

(7) the aggregate amount of the outstanding principal of the political subdivision's debt obligations as of the date the election is ordered, rather than as of the beginning of the political subdivision's fiscal year in which the election is ordered;

(8) the aggregate amount of the outstanding interest on debt obligations of the political subdivision as of the date the election is ordered, which may be based on the political subdivision's expectations relative to variable rate debt obligations, rather than the aggregate amount of the outstanding interest on debt obligations of the political subdivision as of the beginning of the political subdivision's fiscal year in which the election is ordered; and

(9) makes no changes to this subdivision.

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

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

(1) deletes existing text of Subdivision (1), deletes the designation of Subdivision (2) and creates Subdivision (1) from the existing text of Subdivision (2). Redesignates the subsequent subdivisions accordingly and makes no further changes to this subdivisions; or

(2) makes no further changes to this subdivision.

(f) Requires a political subdivision that submits to the voters a proposition for the approval of the issuance of debt obligations to 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. Defines "debt obligation" and "political subdivision" for purposes of this subchapter

SECTION 3. Amends Chapter 1251, Government Code, 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 COUNTY AND MUNICIPAL BOND ELECTIONS

SECTION 4. Amends Chapter 1251, Government Code, by adding Subchapter B, as follows:

SUBCHAPTER B. BALLOT FOR DEBT OBLIGATIONS ISSUED BY POLITICAL SUBDIVISION

Sec. 1251.051. DEFINITIONS. Defines "debt obligation," "debt obligation election order," and "political subdivision" for purposes of this subchapter.

Sec. 1251.052. FORM. (a) Requires the ballot for a measure seeking voter approval of the issuance of debt obligations by a political subdivision to specifically state certain information.

(b) Requires 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 to prepare a voter information document for each proposition to be voted on at the election. Requires the political subdivision to 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) (relating to requirements for posting of a certain debt obligation), Election Code, and authorizes the subdivision to include the voter information document in the debt obligation election order. Requires the voter information document to distinctly state:

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

(2) certain financial information formatted as a table;

(3) 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; and

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

(c) Requires the governing body of the political subdivision to identify in the voter information document certain major assumptions made in connection with the statement required by Subsection (b)(3).

(d) Requires a political subdivision that maintains an Internet website to provide the information described by Subsection (b) 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.

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

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

(a) Requires the notice to be published:

(1) once a week for two consecutive weeks in a newspaper, as defined by Subchapter C (Notice by Publication in Newspaper), 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 day, rather than the 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) Requires the notice to state:

(1) makes no changes to this subdivision;

(2) the purpose of the certificates to be authorized, rather than the maximum amount and purpose of the certificates to be authorized;

(3) makes a nonsubstantive change to this subdivision;

(4) the then-current principal of all outstanding debt obligations of the issuer, 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 issuer's expectations relative to the interest due on any variable rate debt obligations, the maximum principal amount of the certificates to be authorized, and 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) Defines "debt obligation" and provides that the term does not include public securities that are designated as self-supporting by the political subdivision issuing the securities.

SECTION 6. Repealer: Section 1251.002 (Contents of Proposition), Government Code.

SECTION 7. (a) Makes application of Chapter 1251, Government Code, as amended by this Act, prospective.

(b) Makes application of Section 271.049, Local Government Code, as amended by this Act, prospective.

SECTION 8. Effective date: September 1, 2019.