

BILL ANALYSIS

C.S.H.B. 477
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Pensions, Investments & Financial Services
Committee Report (Substituted)

BACKGROUND AND PURPOSE

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. C.S.H.B. 477 seeks to address this issue by revising the notice requirements for the issuance of certain debt obligations by a political subdivision.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 477 amends the Government Code to require the ballot for a measure seeking voter approval of the issuance of debt obligations by a political subdivision to specifically state a general description of the purposes for which the debt obligations are to be authorized, the total principal amount of the debt obligations to be authorized, and that taxes sufficient to pay the principal of and interest on the debt obligations will be imposed.

C.S.H.B. 477 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. The bill 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, authorizes the political subdivision to include the voter information document in the debt obligation election order, and sets out the information the voter information document must distinctly state.

C.S.H.B. 477 requires the governing body of the political subdivision to identify in the voter information document the major assumptions made in connection with calculating the 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, as provided in the voter information document, including:

- the amortization of the political subdivision's debt obligations, including outstanding debt obligations and the proposed debt obligations;
- changes in estimated future appraised values within the political subdivision; and
- the assumed interest rate on the proposed debt obligations.

C.S.H.B. 477 requires a political subdivision that maintains a website to provide the information in the voter information document 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. The bill establishes that:

- its provisions relating to the form of the ballot proposition language for debt obligations issued by political subdivisions provides the ballot proposition language for an election to authorize the issuance of debt obligations by a political subdivision; and
- to the extent of a conflict between the bill's provisions relating to the form of the ballot proposition language for debt obligations issued by political subdivisions and another law, the bill's provisions control.

C.S.H.B. 477 amends the Local Government Code to change the date before which the initial notice of the intention to issue certificates of obligation is required to be published in a newspaper that is of general circulation in the area of the issuer from a date that is before the 30th day before the date tentatively set for the passage of the order or ordinance authorizing the issuance of the certificates to a date that is before the 45th day before that tentative date. The bill requires the notice to be published continuously on the issuer's website, if the issuer maintains a 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. The bill removes the requirement for the notice to state the maximum amount of the certificates to be authorized and requires the notice to state the following:

- 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;
- the estimated combined principal and interest required to pay the certificates to be authorized on time and in full;
- 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
- the maximum maturity date of those certificates.

C.S.H.B. 477 amends the Election Code to revise the required statements contained in a document ordering an election to authorize a political subdivision to issue debt obligations. The bill 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 bill's provisions relating to such a ballot.

C.S.H.B. 477 repeals Section 1251.002, Government Code.

EFFECTIVE DATE

September 1, 2019.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 477 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute changes the documents in which the estimated maximum annual increase in property taxes must be stated from the ballot measure to the voter information document. The

substitute changes the document in which the major assumptions made in determining that increase must be identified from the debt obligation order to the voter information document.