

By: Murphy

H.B. No. 440

Substitute the following for H.B. No. 440:

By: Gutierrez

C.S.H.B. No. 440

A BILL TO BE ENTITLED

AN ACT

relating to general obligation bonds issued by political subdivisions.

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

SECTION 1. Subchapter E, Chapter 45, Education Code, is amended by adding Section 45.1105 to read as follows:

Sec. 45.1105. USE OF UNSPENT GENERAL OBLIGATION BOND PROCEEDS. (a) A school district may use the unspent proceeds of issued general obligation bonds only:

(1) for the specific purposes for which the bonds were authorized;

(2) to retire the bonds; or

(3) for a purpose other than the specific purposes for which the bonds were authorized if:

(A) the specific purposes are accomplished or abandoned; and

(B) the board of trustees at a public meeting held only for the purpose of considering the use of the unspent bond proceeds approves in separate votes the use of the proceeds for:

(i) a purpose other than to retire the bonds; and

(ii) the purpose specified at the time the vote is taken.

(b) In addition to other requirements of law, notice of a

1 public meeting held under this section must include a statement
2 that the board of trustees will consider the use of unspent bond
3 proceeds for a purpose other than the specific purposes for which
4 the bonds were authorized.

5 (c) A public meeting held under this section must provide
6 the public an opportunity to address the board of trustees on the
7 question of using the unspent bond proceeds for a purpose other than
8 the specific purposes for which the bonds were authorized.

9 SECTION 2. Section 4.003(f), Election Code, is amended to
10 read as follows:

11 (f) A debt obligation election order required under Section
12 3.009 shall be posted:

13 (1) on election day and during early voting by
14 personal appearance, in a prominent location at each polling place;

15 (2) not later than the 21st day before the election, in
16 three public places in the boundaries of the political subdivision
17 holding the election; and

18 (3) during the 21 days before the election, on the
19 political subdivision's Internet website, prominently and together
20 with the notice of the election, ~~and~~ the contents of the
21 proposition, and any sample ballot prepared for the election, if
22 the political subdivision maintains an Internet website.

23 SECTION 3. Subtitle C, Title 9, Government Code, is amended
24 by adding Chapter 1253 to read as follows:

25 CHAPTER 1253. GENERAL OBLIGATION BONDS ISSUED BY POLITICAL

26 SUBDIVISIONS

27 Sec. 1253.001. DEFINITION. In this chapter, "political

1 subdivision" means a county, municipality, school district, junior
2 college district, other special district, or other subdivision of
3 state government.

4 Sec. 1253.002. LIMITATION ON AUTHORITY TO ISSUE GENERAL
5 OBLIGATION BONDS. (a) In this section, "personal property" has the
6 meaning assigned by Section 1.04, Tax Code.

7 (b) Notwithstanding any other provision of law, a political
8 subdivision may not issue general obligation bonds to purchase,
9 improve, or construct an improvement to real property or to
10 purchase personal property if the weighted average maturity of the
11 issue of bonds to finance the improvement or personal property
12 exceeds 120 percent of the reasonably expected weighted average
13 economic life of the improvement or personal property financed with
14 the issue of bonds.

15 Sec. 1253.003. USE OF UNSPENT GENERAL OBLIGATION BOND
16 PROCEEDS. (a) A political subdivision other than a school district
17 may use the unspent proceeds of issued general obligation bonds
18 only:

19 (1) for the specific purposes for which the bonds were
20 authorized;

21 (2) to retire the bonds; or

22 (3) for a purpose other than the specific purposes for
23 which the bonds were authorized if:

24 (A) the specific purposes are accomplished or
25 abandoned; and

26 (B) a majority of the votes cast in an election
27 held in the political subdivision approve the use of the proceeds

1 for the proposed purpose.

2 (b) The election order and the notice of election for an
3 election described by Subsection (a)(3)(B) must state the proposed
4 purpose for which the bond proceeds are to be used.

5 (c) A political subdivision must hold an election described
6 by Subsection (a)(3)(B) in the same manner as an election to issue
7 bonds in the political subdivision.

8 SECTION 4. Chapter 1332, Government Code, is repealed.

9 SECTION 5. Section 1253.002, Government Code, as added by
10 this Act, applies only to a general obligation bond authorized to be
11 issued at an election held on or after the effective date of this
12 Act.

13 SECTION 6. This Act takes effect September 1, 2019.