1   AN ACT

2   relating to the notice required before the issuance of certain debt

3   obligations by political subdivisions.

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

5   SECTION 1.   Section 3.009, Election Code, is amended to read

6   as follows:

7   Sec. 3.009.   CONTENTS OF DEBT OBLIGATION ELECTION ORDER.

8   (a)   In this section, "debt obligation" means an issued public

9   security, as defined by Section 1201.002, Government Code, that is

10 secured by and payable from ad valorem taxes.   The term does not

11 include public securities that are designated as self-supporting by

12 the political subdivision issuing the securities.

13   (b)   The document ordering an election to authorize a

14 political subdivision to issue debt obligations must distinctly

15 state:

16   (1)   the proposition language that will appear on the

17 ballot;

18   (2)   the purpose for which the debt obligations are to

19 be authorized;

20   (3)   the principal amount of the debt obligations to be

21 authorized;

22   (4)   that   taxes   sufficient   to   pay   the   [annual]

23 principal of and interest on the debt obligations may be imposed;

24   (5)   a statement of the estimated tax rate if the debt

1

1 obligations are authorized or of the maximum interest rate of the

2 debt obligations or any series of the debt obligations, based on the

3 market conditions at the time of the election order;

4   (6) the maximum maturity date of the debt obligations

5 to be authorized or that the debt obligations may be issued to

6 mature over a specified number of years not to exceed the maximum

7 number of years authorized by law [40];

8   (7) the aggregate amount of the outstanding principal

9 of the political subdivision's debt obligations as of the date

10 [beginning of the political subdivision's fiscal year in which] the

11 election is ordered;

12   (8) the aggregate amount of the outstanding interest

13 on debt obligations of the political subdivision as of the date

14 [beginning of the political subdivision's fiscal year in which] the

15 election is ordered, which may be based on the political

16 subdivision's expectations relative to variable rate debt

17 obligations; and

18   (9) the ad valorem debt service tax rate for the

19 political subdivision at the time the election is ordered,

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

21   SECTION 2. Section 52.072, Election Code, is amended by

22 amending Subsection (e) and adding Subsection (f) to read as

23 follows:

24   (e) In addition to any other requirement imposed by law for

25 a proposition, including a provision prescribing the proposition

26 language, a proposition submitted to the voters for approval of

27 [the issuance of bonds or] the imposition, increase, or reduction

1   of a tax shall specifically state, as applicable:

2   (1)   [with respect to a proposition seeking voter

3   approval of the issuance of bonds:

4   [(A) the total principal amount of the bonds to

5   be authorized, if approved; and

6   [(B) a general description of the purposes for

7   which the bonds are to be authorized, if approved;

8   [(2)] with respect to a proposition that only seeks

9   voter approval of the imposition or increase of a tax, the amount of

10 or maximum tax rate of the tax or tax increase for which approval is

11 sought; or

12   (2) [(3)] with respect to a proposition that only

13 seeks voter approval of the reduction of a tax, the amount of tax

14 rate reduction or the tax rate for which approval is sought.

15   (f) A political subdivision that submits to the voters a

16 proposition for the approval of the issuance of debt obligations

17 shall prescribe the wording of the proposition that is to appear on

18 the ballot in accordance with the requirements of Subchapter B,

19 Chapter 1251, Government Code.   In this subsection, "debt

20 obligation" and "political subdivision" have the meanings assigned

21 by Section 1251.051, Government Code.

22   SECTION 3. Chapter 1251, Government Code, is amended by

23 designating Sections 1251.001, 1251.003, 1251.004, 1251.005, and

24 1251.006 as Subchapter A and adding a subchapter heading to read as

25 follows:

1 SUBCHAPTER A. PROVISIONS RELATING GENERALLY TO COUNTY AND

2 MUNICIPAL BOND ELECTIONS

3 SECTION 4. Chapter 1251, Government Code, is amended by

4 adding Subchapter B to read as follows:

5 SUBCHAPTER B. BALLOT FOR DEBT OBLIGATIONS ISSUED BY POLITICAL

6 SUBDIVISION

7 Sec. 1251.051. DEFINITIONS. In this subchapter:

8 (1) "Debt obligation" means a public security, as

9 defined by Section 1201.002, secured by and payable from ad valorem

10 taxes. The term does not include public securities that are

11 designated as self-supporting by the political subdivision issuing

12 the securities.

13 (2) "Debt obligation election order" means the order,

14 ordinance, or resolution ordering an election to authorize the

15 issuance of debt obligations.

16 (3) "Political subdivision" means a municipality,

17 county, school district, or special taxing district.

18 Sec. 1251.052. FORM. (a) The ballot for a measure seeking

19 voter approval of the issuance of debt obligations by a political

20 subdivision shall specifically state:

21 (1) a general description of the purposes for which

22 the debt obligations are to be authorized;

23 (2) the total principal amount of the debt obligations

24 to be authorized; and

25 (3) that taxes sufficient to pay the principal of and

26 interest on the debt obligations will be imposed.

27 (b) A political subdivision with at least 250 registered

1 voters on the date the governing body of the political subdivision

2 adopts the debt obligation election order must prepare a voter

3 information document for each proposition to be voted on at the

4 election.   The political subdivision shall post the voter

5 information document in the same manner as a debt obligation

6 election order is required to be posted under Section 4.003(f),

7 Election Code, and may include the voter information document in

8 the debt obligation election order. The voter information document

9 must distinctly state:

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

11   (2)   the following information formatted as a table:

12   (A)   the principal of the debt obligations to be

13 authorized;

14   (B)   the   estimated   interest   for   the   debt

15 obligations to be authorized;

16   (C)   the   estimated   combined   principal   and

17 interest required to pay on time and in full the debt obligations to

18 be authorized; and

19   (D)   as of the date the political subdivision

20 adopts the debt obligation election order:

21   (i)   the principal of all outstanding debt

22 obligations of the political subdivision;

23   (ii)   the estimated remaining interest on

24 all outstanding debt obligations of the political subdivision,

25 which may be based on the political subdivision's expectations

26 relative to the interest due on any variable rate debt obligations;

27 and

1   (iii) the estimated combined principal and

2 interest required to pay on time and in full all outstanding debt

3 obligations of the political subdivision, which may be based on the

4 political subdivision's expectations relative to the interest due

5 on any variable rate debt obligations;

6   (3) the estimated maximum annual increase in the

7 amount of taxes that would be imposed on a residence homestead in

8 the political subdivision with an appraised value of $100,000 to

9 repay the debt obligations to be authorized, if approved, based

10 upon assumptions made by the governing body of the political

11 subdivision; and

12   (4) any other information that the political

13 subdivision considers relevant or necessary to explain the

14 information required by this subsection.

15   (c) The governing body of the political subdivision shall

16 identify in the voter information document the major assumptions

17 made in connection with the statement required by Subsection

18 (b)(3), including:

19   (1) the amortization of the political subdivision's

20 debt obligations, including outstanding debt obligations and the

21 proposed debt obligations;

22   (2) changes in estimated future appraised values

23 within the political subdivision; and

24   (3) the assumed interest rate on the proposed debt

25 obligations.

26   (d) A political subdivision that maintains an Internet

27 website shall provide the information described by Subsection (b)

1 on its website in an easily accessible manner beginning not later

2 than the 21st day before election day and ending on the day after

3 the date of the debt obligation election.

4 (e) This section provides the ballot proposition language

5 for an election to authorize the issuance of debt obligations by a

6 political subdivision. To the extent of a conflict between this

7 section and another law, this section controls.

8 SECTION 5. Section 271.049, Local Government Code, is

9 amended by amending Subsections (a) and (b) and adding Subsection

10 (e) to read as follows:

11 (a) Regardless of the sources of payment of certificates,

12 certificates may not be issued unless the issuer publishes notice

13 of its intention to issue the certificates. The notice must be

14 published:

15 (1) once a week for two consecutive weeks in a

16 newspaper, as defined by Subchapter C, Chapter 2051, Government

17 Code, that is of general circulation in the area of the issuer, with

18 the date of the first publication to be before the 45th [30th] day

19 before the date tentatively set for the passage of the order or

20 ordinance authorizing the issuance of the certificates; and

21 (2) if the issuer maintains an Internet website,

22 continuously on the issuer's website for at least 45 days before the

23 date tentatively set for the passage of the order or ordinance

24 authorizing the issuance of the certificates.

25 (b) The notice must state:

26 (1) the time and place tentatively set for the passage

27 of the order or ordinance authorizing the issuance of the

1 certificates;

2   (2) the [maximum amount and] purpose of the

3 certificates to be authorized; [and]

4   (3) the manner in which the certificates will be paid

5 for, whether by taxes, revenues, or a combination of the two;

6   (4) the following:

7   (A) the   then-current   principal   of   all

8 outstanding debt obligations of the issuer;

9   (B) the then-current combined principal and

10 interest required to pay all outstanding debt obligations of the

11 issuer on time and in full, which may be based on the issuer's

12 expectations relative to the interest due on any variable rate debt

13 obligations;

14   (C) the   maximum   principal   amount   of   the

15 certificates to be authorized; and

16   (D) the   estimated   combined   principal   and

17 interest required to pay the certificates to be authorized on time

18 and in full;

19   (5) the estimated interest rate for the certificates

20 to be authorized or that the maximum interest rate for the

21 certificates may not exceed the maximum legal interest rate; and

22   (6) the maximum maturity date of the certificates to

23 be authorized.

24   (e) In this section, "debt obligation" means a public

25 security, as defined by Section 1201.002, Government Code, secured

26 by and payable from ad valorem taxes. The term does not include

27 public securities that are designated as self-supporting by the

1 political subdivision issuing the securities.

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

3 SECTION 7. (a) The changes in law made by this Act to

4 Chapter 1251, Government Code, apply only to a ballot for an

5 election ordered on or after the effective date of this Act. An

6 election ordered before the effective date of this Act is governed

7 by the law in effect when the election was ordered, and the former

8 law is continued in effect for that purpose.

9 (b) The changes in law made by this Act to Section 271.049,

10 Local Government Code, apply only to a certificate of obligation

11 for which the first notice of intention to issue the certificate is

12 made on or after the effective date of this Act. A certificate of

13 obligation for which the first notice of intention to issue the

14 certificate is made before the effective date of this Act is

15 governed by the law in effect when the notice of intention is made,

16 and the former law is continued in effect for that purpose.

17 SECTION 8. This Act takes effect September 1, 2019.

_____   _____
    President of the Senate   Speaker of the House

     I certify that H.B. No. 477 was passed by the House on April 10, 2019, by the following vote: Yeas 146, Nays 0, 1 present, not voting; and that the House concurred in Senate amendments to H.B. No. 477 on May 22, 2019, by the following vote: Yeas 138, Nays 4, 2 present, not voting.

                               _____
                               Chief Clerk of the House

     I certify that H.B. No. 477 was passed by the Senate, with amendments, on May 15, 2019, by the following vote: Yeas 29, Nays 2.

                               _____
                               Secretary of the Senate

APPROVED: _____
                  Date

      _____
             Governor