

By: Murphy

H.B. No. 477

A BILL TO BE ENTITLED

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 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) In addition to the requirements of Subsection (a), the

1 ballot for a measure seeking voter approval of the issuance of debt  
2 obligations by a political subdivision with at least 250 registered  
3 voters on the date the governing body of the political subdivision  
4 adopts the debt obligation election order shall specifically state  
5 the estimated maximum annual increase in the amount of taxes that  
6 would be imposed on a residence homestead in the political  
7 subdivision with an appraised value of \$100,000 to repay the debt  
8 obligations to be authorized, if approved, based upon assumptions  
9 made by the governing body of the political subdivision.

10 (c) The governing body of the political subdivision shall  
11 identify in the debt obligation election order the major  
12 assumptions made in connection with the statement required by  
13 Subsection (b), including:

14 (1) the amortization of the political subdivision's  
15 debt obligations, including outstanding debt obligations and the  
16 proposed debt obligations;

17 (2) changes in estimated future appraised values  
18 within the political subdivision; and

19 (3) the assumed interest rate on the proposed debt  
20 obligations.

21 (d) A political subdivision with at least 250 registered  
22 voters on the date the governing body of the political subdivision  
23 adopts the debt obligation election order must prepare a voter  
24 information document for each proposition to be voted on at the  
25 election. The political subdivision shall post the voter  
26 information document in the same manner as a debt obligation  
27 election order is required to be posted under Section 4.003(f),

1 Election Code, and may include the voter information document in  
2 the debt obligation election order. The voter information document  
3 must distinctly state:

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

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

6 (A) the principal of the debt obligations to be  
7 authorized;

8 (B) the estimated interest for the debt  
9 obligations to be authorized;

10 (C) the estimated combined principal and  
11 interest required to pay on time and in full the debt obligations to  
12 be authorized; and

13 (D) as of the date the political subdivision  
14 adopts the debt obligation election order:

15 (i) the principal of all outstanding debt  
16 obligations of the political subdivision;

17 (ii) the estimated remaining interest on  
18 all outstanding debt obligations of the political subdivision,  
19 which may be based on the political subdivision's expectations  
20 relative to the interest due on any variable rate debt obligations;  
21 and

22 (iii) the estimated combined principal and  
23 interest required to pay on time and in full all outstanding debt  
24 obligations of the political subdivision, which may be based on the  
25 political subdivision's expectations relative to the interest due  
26 on any variable rate debt obligations; and

27 (3) any other information that the political

1 subdivision considers relevant or necessary to explain the  
2 information required by this subsection.

3 (e) A political subdivision that maintains an Internet  
4 website shall provide the information described by Subsection (d)  
5 on its website in an easily accessible manner beginning not later  
6 than the 21st day before election day and ending on the day after  
7 the date of the debt obligation election.

8 (f) This section provides the ballot proposition language  
9 for an election to authorize the issuance of debt obligations by a  
10 political subdivision. To the extent of a conflict between this  
11 section and another law, this section controls.

12 SECTION 5. Section 271.049, Local Government Code, is  
13 amended by amending Subsections (a) and (b) and adding Subsection  
14 (e) to read as follows:

15 (a) Regardless of the sources of payment of certificates,  
16 certificates may not be issued unless the issuer publishes notice  
17 of its intention to issue the certificates. The notice must be  
18 published:

19 (1) once a week for two consecutive weeks in a  
20 newspaper, as defined by Subchapter C, Chapter 2051, Government  
21 Code, that is of general circulation in the area of the issuer, with  
22 the date of the first publication to be before the 45th [30th] day  
23 before the date tentatively set for the passage of the order or  
24 ordinance authorizing the issuance of the certificates; and

25 (2) if the issuer maintains an Internet website,  
26 continuously on the issuer's website for at least 45 days before the  
27 date tentatively set for the passage of the order or ordinance

1 authorizing the issuance of the certificates.

2 (b) The notice must state:

3 (1) the time and place tentatively set for the passage  
4 of the order or ordinance authorizing the issuance of the  
5 certificates;

6 (2) the [~~maximum amount and~~] purpose of the  
7 certificates to be authorized; [~~and~~]

8 (3) the manner in which the certificates will be paid  
9 for, whether by taxes, revenues, or a combination of the two;i

10 (4) the following:

11 (A) the then-current principal of all  
12 outstanding debt obligations of the issuer;

13 (B) the then-current combined principal and  
14 interest required to pay all outstanding debt obligations of the  
15 issuer on time and in full, which may be based on the issuer's  
16 expectations relative to the interest due on any variable rate debt  
17 obligations;

18 (C) the maximum principal amount of the  
19 certificates to be authorized; and

20 (D) the estimated combined principal and  
21 interest required to pay the certificates to be authorized on time  
22 and in full;

23 (5) the estimated interest rate for the certificates  
24 to be authorized or that the maximum interest rate for the  
25 certificates may not exceed the maximum legal interest rate; and

26 (6) the maximum maturity date of the certificates to  
27 be authorized.



1       (e) In this section, "debt obligation" means a public  
2 security, as defined by Section 1201.002, Government Code, secured  
3 by and payable from ad valorem taxes. The term does not include  
4 public securities that are designated as self-supporting by the  
5 political subdivision issuing the securities.

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

7       SECTION 7. (a) The changes in law made by this Act to  
8 Chapter 1251, Government Code, apply only to a ballot for an  
9 election ordered on or after the effective date of this Act. An  
10 election ordered before the effective date of this Act is governed  
11 by the law in effect when the election was ordered, and the former  
12 law is continued in effect for that purpose.

13       (b) The changes in law made by this Act to Section 271.049,  
14 Local Government Code, apply only to a certificate of obligation  
15 for which the first notice of intention to issue the certificate is  
16 made on or after the effective date of this Act. A certificate of  
17 obligation for which the first notice of intention to issue the  
18 certificate is made before the effective date of this Act is  
19 governed by the law in effect when the notice of intention is made,  
20 and the former law is continued in effect for that purpose.

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