

By: Bettencourt, et al.
(Murphy)

S.B. No. 2219

Substitute the following for S.B. No. 2219:

By: Flynn

C.S.S.B. No. 2219

A BILL TO BE ENTITLED

AN ACT

relating to the notice required before the issuance of certain debt obligations by political subdivisions.

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

SECTION 1. Section 3.009, Election Code, is amended to read as follows:

Sec. 3.009. CONTENTS OF DEBT OBLIGATION ELECTION ORDER.

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

(b) The document ordering an election to authorize a political subdivision to issue debt obligations must distinctly state:

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

(2) the purpose for which the debt obligations are to be authorized;

(3) the principal amount of the debt obligations to be authorized;

(4) that taxes sufficient to pay the ~~annual~~ principal of and interest on the debt obligations may be imposed;

(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) 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 described ~~[defined]~~ by Subchapter C, Chapter 2051,
17 Government Code, that is of general circulation in the area of the
18 issuer, with the date of the first publication to be before the 45th
19 ~~[30th]~~ day before the date tentatively set for the passage of the
20 order or ordinance authorizing the issuance of the certificates;
21 and

22 (2) if the issuer maintains an Internet website,
23 continuously on the issuer's website for at least 45 days before the
24 date tentatively set for the passage of the order or ordinance
25 authorizing the issuance of the certificates.

26 (b) The notice must state:

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

1 of the order or ordinance authorizing the issuance of the
2 certificates;

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

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

7 (4) the following:

8 (A) the then-current principal of all
9 outstanding debt obligations of the issuer;

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

15 (C) the maximum principal amount of the
16 certificates to be authorized; and

17 (D) the estimated combined principal and
18 interest required to pay the certificates to be authorized on time
19 and in full;

20 (5) the estimated interest rate for the certificates
21 to be authorized or that the maximum interest rate for the
22 certificates may not exceed the maximum legal interest rate; and

23 (6) the maximum maturity date of the certificates to
24 be authorized.

25 (e) In this section, "debt obligation" means a public
26 security, as defined by Section 1201.002, Government Code, secured
27 by and payable from ad valorem taxes. The term does not include

1 public securities that are designated as self-supporting by the
2 political subdivision issuing the securities.

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

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

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

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