H.B. No. 1869

AN ACT

relating to the definition of debt for the purposes of calculating certain ad valorem tax rates of a taxing unit.

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

SECTION 1.  Section 26.012, Tax Code, is amended by amending Subdivision (7) and adding Subdivisions (9), (18-a), and (18-b) to read as follows:

(7)  "Debt" means:

(A)  a bond, warrant, certificate of obligation, or other evidence of indebtedness owed by a taxing unit that:

(i)  is payable [~~solely~~] from property taxes in installments over a period of more than one year, not budgeted for payment from maintenance and operations funds, and secured by a pledge of property taxes; and

(ii)  meets one of the following requirements:

(a)  has been approved at an election;

(b)  includes self-supporting debt;

(c)  evidences a loan under a state or federal financial assistance program;

(d)  is issued for designated infrastructure;

(e)  is a refunding bond;

(f)  is issued in response to an emergency under Section 1431.015, Government Code;

(g)  is issued for renovating, improving, or equipping existing buildings or facilities;

(h)  is issued for vehicles or equipment; or

(i)  is issued for a project under Chapter 311, Tax Code, or Chapter 222, Transportation Code, that is located in a reinvestment zone created under one of those chapters;[~~,~~] or

(B)  a payment made under contract to secure indebtedness of a similar nature issued by another political subdivision on behalf of the taxing unit.

(9)  "Designated infrastructure" means infrastructure, including a facility, equipment, rights-of-way, or land, for the following purposes:

(A)  streets, roads, highways, bridges, sidewalks, parks, landfills, parking structures, or airports;

(B)  telecommunications, wireless communications, information technology systems, applications, hardware, or software;

(C)  cybersecurity;

(D)  as part of any utility system, water supply project, water plant, wastewater plant, water and wastewater distribution or conveyance facility, wharf, dock, or flood control and drainage project;

(E)  police stations, fire stations, or other public safety facilities, jails, juvenile detention facilities, or judicial facilities, and any facilities that are physically attached to the facilities described by this paragraph;

(F)  as part of any school district; or

(G)  as part of any hospital district created by general or special law that includes a teaching hospital.

(18-a)  "Refunding bond" means a bond or other obligation issued for refunding or refinancing purposes under Chapter 1207 or 1371, Government Code.

(18-b)  "Self-supporting debt" means the portion of a bond, warrant, certificate of obligation, or other evidence of indebtedness described by Subdivision (7)(A)(i) designated by the governing body of a political subdivision as being repaid from a source other than property taxes.

SECTION 2.  The changes in law made by this Act apply only to a bond, warrant, certificate of obligation, or other evidence of indebtedness for which the ordinance, order, or resolution authorizing the issuance is adopted by the governing body of a taxing unit on or after the effective date of this Act and for which the taxing unit has not entered into a binding agreement before the effective date of this Act that contemplates the issuance of the debt. The changes in law made by this Act do not apply to a bond, warrant, certificate of obligation, or other evidence of indebtedness for which the ordinance, order, or resolution authorizing the issuance was adopted by the governing body of a taxing unit before the effective date of this Act or for which the taxing unit has entered into a binding agreement before the effective date of this Act that contemplates the issuance of such debt, and the former law is continued in effect for that purpose. For the purposes of this section, "binding agreement" includes a development agreement, ordinance, order, or resolution that authorizes or delegates to an appropriate officer of a taxing unit the execution of a binding agreement at a later date.

SECTION 3.  This Act takes effect September 1, 2021.

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  President of the Senate Speaker of the House

I certify that H.B. No. 1869 was passed by the House on May 5, 2021, by the following vote:  Yeas 111, Nays 29, 2 present, not voting; that the House refused to concur in Senate amendments to H.B. No. 1869 on May 28, 2021, and requested the appointment of a conference committee to consider the differences between the two houses; and that the House adopted the conference committee report on H.B. No. 1869 on May 30, 2021, by the following vote:  Yeas 72, Nays 67, 3 present, not voting.

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Chief Clerk of the House

I certify that H.B. No. 1869 was passed by the Senate, with amendments, on May 25, 2021, by the following vote:  Yeas 20, Nays 10, 1 present, not voting; at the request of the House, the Senate appointed a conference committee to consider the differences between the two houses; and that the Senate adopted the conference committee report on H.B. No. 1869 on May 29, 2021, by the following vote:  Yeas 20, Nays 10, 1 present, not voting.

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Secretary of the Senate

APPROVED: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

                 Date

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               Governor