87R20030 E

By:  Burrows, Bonnen, Middleton, et al. H.B. No. 1869

Substitute the following for H.B. No. 1869:

By:  Sanford C.S.H.B. No. 1869

A BILL TO BE ENTITLED

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; or

(f)  is issued in response to an emergency under Section 1431.015, Government Code;[~~,~~] 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 or equipment, for the following purposes:

(A)  streets, roads, or highways;

(B)  telecommunications;

(C)  cyber security; or

(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.

(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 issuance was adopted by the governing body of the taxing unit on or after the effective date of this Act.

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