

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;[~~r~~] 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

1 judicial facilities, and any facilities that are physically  
2 attached to the facilities described by this paragraph;

3 (F) as part of any school district; or

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

6 (18-a) "Refunding bond" means a bond or other  
7 obligation issued for refunding or refinancing purposes under  
8 Chapter 1207 or 1371, Government Code.

9 (18-b) "Self-supporting debt" means the portion of a  
10 bond, warrant, certificate of obligation, or other evidence of  
11 indebtedness described by Subdivision (7)(A)(i) designated by the  
12 governing body of a political subdivision as being repaid from a  
13 source other than property taxes.

14 SECTION 2. The changes in law made by this Act apply only to  
15 a bond, warrant, certificate of obligation, or other evidence of  
16 indebtedness for which the ordinance, order, or resolution  
17 authorizing the issuance is adopted by the governing body of a  
18 taxing unit on or after the effective date of this Act and for which  
19 the taxing unit has not entered into a binding agreement before the  
20 effective date of this Act that contemplates the issuance of the  
21 debt. The changes in law made by this Act do not apply to a bond,  
22 warrant, certificate of obligation, or other evidence of  
23 indebtedness for which the ordinance, order, or resolution  
24 authorizing the issuance was adopted by the governing body of a  
25 taxing unit before the effective date of this Act or for which the  
26 taxing unit has entered into a binding agreement before the  
27 effective date of this Act that contemplates the issuance of such

1 debt, and the former law is continued in effect for that purpose.  
2 For the purposes of this section, "binding agreement" includes a  
3 development agreement, ordinance, order, or resolution that  
4 authorizes or delegates to an appropriate officer of a taxing unit  
5 the execution of a binding agreement at a later date.

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

H.B. No. 1869

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President of the Senate

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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

H.B. No. 1869

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