

BILL ANALYSIS

C.S.H.B. 3097
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Pensions, Investments & Financial Services
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Natural disasters along the Texas Gulf Coast highlight the importance of local governments having the ability to access emergency funding following a hurricane or tropical storm. In 2007, the 80th Texas Legislature passed H.B. 3270, which provided a mechanism for local governments to access the financial market following such events to fund public work projects resulting from the natural disaster. The legislation specifically authorized the preliminary approval of such obligations by the attorney general prior to an emergency to ensure that the cities have access to financial markets. Currently, cities must meet a credit rating requirement when issuing anticipation notes following a natural disaster, which has caused issues for cities. C.S.H.B. 3097 seeks to clarify that an anticipation note issued for emergency purposes would not necessitate a rating from a nationally recognized rating agency as required by Chapter 1371, Government Code.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 3097 amends the Government Code to revise the authorization for an anticipation note issuer located within 70 miles of the Gulf of Mexico or of a bay or inlet of the gulf to authorize the issuance of an anticipation note or other obligation in the event of an emergency resulting from a hurricane or tropical storm by establishing the following:

- the authorization applies notwithstanding a rating requirement prescribed under statutory provisions relating to obligations for certain public improvements; and
- an anticipation note or other obligation issued pursuant to the authorization is an obligation for purposes of those statutory provisions but is not required to be rated as required by those provisions.

The bill applies only to an anticipation note or obligation issued on or after the bill's effective date

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2023.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 3097 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute includes a provision not in the introduced clarifying that an anticipation note or other obligation issued pursuant to the authority of an applicable issuer for emergency financing is an obligation under statutory provisions relating to obligations for certain public improvements but that such a note or obligation is not required to be rated as such.