

## **BILL ANALYSIS**

Senate Research Center  
88R2354 AMF-D

S.B. 561  
By: Sparks  
Local Government  
2/27/2023  
As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Concerns have been raised regarding the practice of political subdivisions issuing public securities (such as bonds, notes, or obligations) to buy or lease tangible personal property when the expected lifespan of the property is shorter than the length of maturity of the public security.

Allowing government entities to continue this practice leads to an overall increase in local government debt in Texas, which reached \$417 billion in Fiscal Year 2022.

S.B. 561 prohibits political subdivisions in Texas from issuing debt to buy or lease tangible personal property if the property's usability will end before the debt matures.

As proposed, S.B. 561 amends current law relating to the authority of a political subdivision to issue debt to purchase or lease tangible personal property.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends the heading to Chapter 1253, Government Code, to read as follows:

CHAPTER 1253. PUBLIC SECURITIES ISSUED BY POLITICAL SUBDIVISIONS

SECTION 2. Amends Section 1253.001, Government Code, as follows:

Sec. 1253.001. New heading: DEFINITIONS. Defines "public security." Makes nonsubstantive changes.

SECTION 3. Amends Chapter 1253, Government Code, by adding Section 1253.0015, as follows:

Sec. 1253.0015. LIMITATION ON AUTHORITY TO ISSUE PUBLIC SECURITY FOR TANGIBLE PERSONAL PROPERTY. Prohibits a political subdivision from issuing a public security to purchase or lease tangible personal property if the expected useful life of the property ends before the maturity date of the public security.

SECTION 4. Amends Section 1253.002, Government Code, as follows:

Sec. 1253.002. New heading: LIMITATION ON AUTHORITY TO ISSUE GENERAL OBLIGATION BONDS FOR IMPROVEMENTS TO REAL PROPERTY. Deletes existing definition of "personal property." Deletes existing text prohibiting a political subdivision, notwithstanding any other provision of law, from issuing general obligation bonds to purchase one or more items of personal property if the weighted average maturity of the issue of bonds exceeds 120 percent of the reasonably expected weighted average economic life of the improvements and personal property financed with the issue of bonds. Makes nonsubstantive changes.

SECTION 5. Effective date: September 1, 2023.