

## **BILL ANALYSIS**

S.B. 2035  
By: Bettencourt  
Pensions, Investments & Financial Services  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Across the state, voters have rejected bond ballot measures to build various types of structures. The elected officials in these jurisdictions followed the rules and procedures to place these items on the ballot for voters to approve or reject. Over the past few years, there have been instances of elected officials thwarting the will of the voters and using alternative financing methods to fund a project voters previously rejected. S.B. 2035 seeks to address this issue by extending the length of time that certain taxing entities are prohibited from using certificates of obligation to fund a voter-rejected project. The bill additionally establishes a period during which the issuance of anticipation notes is prohibited following the rejection of a proposed bond project by voters.

### **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**

S.B. 2035 amends the Government Code to prohibit the governing body of a county, municipality, eligible school district, or eligible countywide district from authorizing an anticipation note to pay a contractual obligation to be incurred if a bond proposition to authorize the issuance of bonds for the same purpose was submitted to and rejected by the voters during the preceding five years except under the following circumstances:

- in a case of public calamity if it is necessary to act promptly to relieve the necessity of the residents or to preserve the property of the issuer;
- in a case in which it is necessary to preserve or protect the public health of the issuer's residents;
- in a case of unforeseen damage to public machinery, equipment, or other property;
- to finance the cleanup, mitigation, or remediation of a natural disaster;
- to comply with a federal court order; or
- to comply with a state or federal law, rule, or regulation if the issuer has been officially notified of noncompliance with the law, rule, or regulation.

S.B. 2035 amends the Local Government Code to extend from three years to five years the period during which the governing body of a municipality, county, or eligible hospital district is prohibited from authorizing a certificate to pay a contractual obligation to be incurred if a bond proposition to authorize the issuance of bonds for the same purpose was submitted to and rejected by the voters.

S.B. 2035 applies only to an anticipation note or certificate of obligation authorized to be issued on or after the bill's effective date. An anticipation note or certificate of obligation authorized to be issued before the bill's effective date is governed by the law in effect immediately before that date, and the former law is continued in effect for that purpose.

**EFFECTIVE DATE**

September 1, 2023.