

## **BILL ANALYSIS**

Senate Research Center  
88R10683 SGM-D

S.B. 2371  
By: Campbell  
Local Government  
4/7/2023  
As Filed

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

According to data from the Texas Bond Review Board, as of September 2021 the total local municipal bond debt in Texas was approximately \$268 billion. This includes debt issued by cities, counties, school districts, and other local government entities throughout the state.

The issuance of Texas city bonds can result in an increase in property taxes if the bonds are used to finance capital improvement projects, such as building new infrastructure or repairing existing facilities. When a city issues bonds, it borrows money from investors and promises to repay the debt with interest over a specified period of time. The debt service payments on the bonds are typically paid for with tax revenue, which can come from property taxes, sales taxes, or other sources.

In order to ensure that voters are aware of the potential tax implications of approving such bonds, S.B. 2371 requires that any ballot proposition to approve municipal bonds that would add or increase taxes must to include the statement "THIS IS A TAX INCREASE."

S.B. 2371:

Amends Subchapter A, Chapter 1331, Government Code, by adding Section 1331.003, which states that a ballot proposition to approve bonds issued by a municipality that would add or increase taxes must include a statement that makes it clear to voters that the bond will increase taxes.

As proposed, S.B. 2371 amends current law relating to the text of municipal ballot propositions on the issuance of bonds.

### **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 Subchapter A, Chapter 1331, Government Code, by adding Section 1331.003, as follows:

Sec. 1331.003. BONDS THAT INCREASE TAXES. Requires that a ballot proposition to approve bonds issued by a municipality that would add or increase taxes include the following statement: "THIS IS A TAX INCREASE."

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: September 1, 2023.