88R4576 SHH-F

By:  Bettencourt, Middleton S.B. No. 977

A BILL TO BE ENTITLED

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(7), Tax Code, is amended 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 has been approved at an election and[~~:~~

[~~(i)~~]  is payable 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;~~] 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.

SECTION 2.  Sections 26.012(9), (18-a), and (18-b), Tax Code, are repealed.

SECTION 3.  The changes in law made by this Act apply only to a bond, warrant, certificate of obligation, or other evidence of indebtedness for which the ordinance, order, or resolution authorizing the issuance is adopted by the governing body of a taxing unit on or after the effective date of this Act and for which the taxing unit has not entered into a binding agreement before the effective date of this Act that contemplates the issuance of the debt. The changes in law made by this Act do not apply to a bond, warrant, certificate of obligation, or other evidence of indebtedness for which the ordinance, order, or resolution authorizing the issuance was adopted by the governing body of a taxing unit before the effective date of this Act or for which the taxing unit has entered into a binding agreement before the effective date of this Act that contemplates the issuance of such debt, and the former law is continued in effect for that purpose. For the purposes of this section, "binding agreement" includes a development agreement, ordinance, order, or resolution that authorizes or delegates to an appropriate officer of a taxing unit the execution of a binding agreement at a later date.

SECTION 4.  This Act takes effect September 1, 2023.