S.B. No. 2035

AN ACT

relating to the issuance of certain anticipation notes and certificates of obligation.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1.  Section 1431.002, Government Code, is amended by adding Subsection (d) to read as follows:

(d)  Except as provided by this subsection, the governing body of an issuer may not authorize 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 the voters during the preceding five years and failed to be approved. The governing body of an issuer may authorize an anticipation note that the governing body is otherwise prohibited from authorizing under this subsection:

(1)  in a case described by Section 271.056(1), (2), or (3), Local Government Code;

(2)  to finance the cleanup, mitigation, or remediation of a natural disaster;

(3)  to comply with a federal court order; and

(4)  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.

SECTION 2.  Section 1431.003(b), Government Code, is amended to read as follows:

(b)  Notwithstanding anything in this chapter to the contrary and except as provided by Section 1431.002(d), the governing body may exercise the authority granted to the governing body of an issuer with regard to issuance of obligations under Chapter 1371, except that the prohibition in that chapter on the repayment of an obligation with ad valorem taxes does not apply to an issuer exercising the authority granted by this section.

SECTION 3.  Section 271.047(d), Local Government Code, is amended to read as follows:

(d)  Except as provided by this subsection, the governing body of an issuer may not authorize 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 the voters during the preceding five [~~three~~] years and failed to be approved. A governing body may authorize a certificate that the governing body is otherwise prohibited from authorizing under this subsection:

(1)  in a case described by Section 271.056(1), (2), or (3) [~~Sections 271.056(1)-(3)~~]; and

(2)  to comply with a state or federal law, rule, or regulation if the political subdivision has been officially notified of noncompliance with the law, rule, or regulation.

SECTION 4.  The changes in law made by this Act apply only to an anticipation note or certificate of obligation authorized to be issued on or after the effective date of this Act. An anticipation note or certificate of obligation authorized to be issued before the effective date of this Act is governed by the law in effect immediately before the effective date of this Act, and the former law is continued in effect for that purpose.

SECTION 5.  This Act takes effect September 1, 2023.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_President of the Senate             Speaker of the House

I hereby certify that S.B. No. 2035 passed the Senate on April 26, 2023, by the following vote:  Yeas 20, Nays 10, one present not voting.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_    Secretary of the Senate

I hereby certify that S.B. No. 2035 passed the House on May 24, 2023, by the following vote:  Yeas 102, Nays 42, one present not voting.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_    Chief Clerk of the House

Approved:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_             Date\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_           Governor