

By: Holland

H.B. No. 2784

A BILL TO BE ENTITLED

AN ACT

relating to the issuance of certain bonds by municipal utility districts.

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

SECTION 1. Section 54.505, Water Code, is amended to read as follows:

Sec. 54.505. ELECTION ON TAX BONDS. Bonds payable solely from revenues may be issued by resolution or order of the board without an election. Except as provided by Section 54.514(h), bonds [, but no bonds, except refunding bonds,] payable wholly or partly [partially] from ad valorem taxes may [shall] be issued only if the bonds are approved by a two-thirds [until authorized by a majority] vote of the resident electors of the district voting in an election called and held for that purpose. An election is not required to pledge revenues to the payment of bonds.

SECTION 2. Section 54.514, Water Code, is amended by adding Subsection (h) to read as follows:

(h) Refunding bonds payable wholly or partly from ad valorem taxes may be issued without an election under Section 54.505 only if the district reduces the rate of ad valorem tax on all taxable property within the district by an amount that would offset the amount saved by refinancing the bonds.

SECTION 3. Subchapter F, Chapter 54, Water Code, is amended by adding Section 54.523 to read as follows:

1 Sec. 54.523. PROHIBITION ON ISSUING CERTAIN BONDS. A
2 district may not issue any bonds payable wholly or partly from ad
3 valorem taxes if the district has outstanding bonds that are
4 payable wholly or partly from ad valorem taxes.

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