

By: Bettencourt

S.B. No. 2035

A BILL TO BE ENTITLED

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:

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

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

10 (d) Except as provided by this subsection, the governing
11 body of an issuer may not authorize a certificate to pay a
12 contractual obligation to be incurred if a bond proposition to
13 authorize the issuance of bonds for the same purpose was submitted
14 to the voters during the preceding five [~~three~~] years and failed to
15 be approved. A governing body may authorize a certificate that the
16 governing body is otherwise prohibited from authorizing under this
17 subsection:

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

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

23 SECTION 4. The changes in law made by this Act apply only to
24 an anticipation note or certificate of obligation authorized to be
25 issued on or after the effective date of this Act. An anticipation
26 note or certificate of obligation authorized to be issued before
27 the effective date of this Act is governed by the law in effect

S.B. No. 2035

1 immediately before the effective date of this Act, and the former
2 law is continued in effect for that purpose.

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