

# SENATE AMENDMENTS

2<sup>nd</sup> Printing

By: Troxclair, Burrows, Bonnen, Raymond,  
Meyer, et al.

H.B. No. 3899

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to the issuance of bonds by certain local government  
3 corporations.

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

5 SECTION 1. Section 431.003(3), Transportation Code, is  
6 amended to read as follows:

7 (3) "Local government" means:

8 (A) a municipality;

9 (B) a county; or

10 (C) for purposes of Subchapter D or D-1:

11 (i) a navigation district, hospital  
12 district, or hospital authority;

13 (ii) a regional transportation authority  
14 governed by Chapter 452;

15 (iii) a rapid transit authority governed by  
16 Chapter 451; or

17 (iv) a coordinated county transportation  
18 authority governed by Chapter 460.

19 SECTION 2. Section 431.070(a), Transportation Code, is  
20 amended to read as follows:

21 (a) Subject to Subchapter D-1, a [A] corporation may issue  
22 bonds and notes to carry out its purpose.

23 SECTION 3. Section 431.101(b), Transportation Code, is  
24 amended to read as follows:

1           (b) Except as provided by Subchapter D-1, a [A] local  
2 government corporation has the powers of a corporation authorized  
3 for creation by the commission under this chapter.

4           SECTION 4. Chapter 431, Transportation Code, is amended by  
5 adding Subchapter D-1 to read as follows:

6           SUBCHAPTER D-1. ISSUANCE OF BONDS BY CERTAIN LOCAL GOVERNMENT  
7           CORPORATIONS CREATED BY MUNICIPALITIES OR COUNTIES

8           Sec. 431.120. APPLICABILITY OF SUBCHAPTER. This subchapter  
9 applies to a local government corporation created by a municipality  
10 or county independently or with another local government that has  
11 entered into an agreement with a municipality or county for the  
12 transfer to the corporation of revenue from ad valorem taxes that  
13 were approved by the voters of the municipality or county under  
14 Section 26.07, Tax Code.

15           Sec. 431.121. DEFINITION. In this subchapter, "bond"  
16 includes a note, revenue bond, or loan.

17           Sec. 431.122. BOND ELECTION REQUIRED. (a) Notwithstanding  
18 any other law, a local government corporation may not issue bonds,  
19 other than refunding bonds, to be paid wholly or partly from ad  
20 valorem taxes transferred from a municipality or county to the  
21 corporation that were approved by the voters of the municipality or  
22 county under Section 26.07, Tax Code, unless the corporation is  
23 first authorized to issue bonds under this subchapter by the voters  
24 of the municipality or county in an election held by the  
25 municipality or county for that purpose.

26           (b) Bonds authorized under this subchapter to finance a  
27 project may be issued in one or more series.

1       (c) An election held for purposes of this section must be:

2               (1) conducted as provided by Section 1251.003,  
3 Government Code; and

4               (2) held in the municipality or county on the uniform  
5 election date in November.

6       Sec. 431.123. FORM OF BALLOT. (a) The ballot proposition  
7 for a measure seeking voter approval for issuance of bonds under  
8 this subchapter must include:

9               (1) a plain language description of the purposes for  
10 which the bonds are to be authorized;

11               (2) the principal amount not to be exceeded in the  
12 aggregate of the bonds authorized to be issued in one or more  
13 series;

14               (3) the maximum maturity date of the bonds to be  
15 authorized, not to exceed 40 years; and

16               (4) that the principal of and interest on the bonds  
17 will be wholly or partly paid from funds received pursuant to an  
18 agreement with the municipality or county for the transfer of ad  
19 valorem taxes approved by the voters of the municipality or county  
20 under Section 26.07, Tax Code.

21       (b) A proposition may include as a purpose one or more  
22 structures or improvements serving the substantially same purpose  
23 and may include related improvements and equipment necessary to  
24 accomplish the purpose.

25       (c) The result of an election held under this subchapter  
26 does not affect the result of a prior election held under Section  
27 26.07, Tax Code.

1       Sec. 431.124. CONDITION OF BONDS. A bond authorized to be  
2 issued under this subchapter may not mature more than 40 years after  
3 the date the bond was issued.

4       SECTION 5. Section 1207.001(1), Government Code, is amended  
5 to read as follows:

6               (1) "Issuer" means this state or any department,  
7 board, authority, agency, subdivision, municipal corporation,  
8 district, public corporation, body politic, or instrumentality of  
9 this state which has the power to borrow money and issue bonds,  
10 notes, or other evidences of indebtedness. The term includes a  
11 county, municipality, state-supported institution of higher  
12 education, junior college district, regional college district,  
13 school district, hospital district, water district, road district,  
14 navigation district, conservation district, local government  
15 corporation, and any other kind or type of political or  
16 governmental entity.

17       SECTION 6. The change in law made by Subchapter D-1, Chapter  
18 431, Transportation Code, as added by this Act, applies only to a  
19 bond issued on or after the effective date of this Act.

20       SECTION 7. This Act takes effect immediately if it receives  
21 a vote of two-thirds of all the members elected to each house, as  
22 provided by Section 39, Article III, Texas Constitution. If this  
23 Act does not receive the vote necessary for immediate effect, this  
24 Act takes effect September 1, 2023.

ADOPTED

MAY 22 2023

*Haley Saw*  
Secretary of the Senate

FLOOR AMENDMENT NO. 1

BY: *Pat Bellercont*

1 Amend H.B. No. 3899 (senate committee printing) by striking  
2 all below the enacting clause and substituting the following:

3 SECTION 1. Section 431.003(3), Transportation Code, is  
4 amended to read as follows:

5 (3) "Local government" means:

6 (A) a municipality;

7 (B) a county; or

8 (C) for purposes of Subchapter D or D-1:

9 (i) a navigation district, hospital  
10 district, or hospital authority;

11 (ii) a regional transportation authority  
12 governed by Chapter 452;

13 (iii) a rapid transit authority governed by  
14 Chapter 451; or

15 (iv) a coordinated county transportation  
16 authority governed by Chapter 460.

17 SECTION 2. Section 431.070(a), Transportation Code, is  
18 amended to read as follows:

19 (a) Subject to Subchapter D-1, a [A] corporation may issue  
20 bonds and notes to carry out its purpose.

21 SECTION 3. Section 431.101(b), Transportation Code, is  
22 amended to read as follows:

23 (b) Except as provided by Subchapter D-1, a [A] local  
24 government corporation has the powers of a corporation authorized  
25 for creation by the commission under this chapter.

1 SECTION 4. Chapter 431, Transportation Code, is amended by  
2 adding Subchapter D-1 to read as follows:

3 SUBCHAPTER D-1. ISSUANCE OF BONDS BY CERTAIN LOCAL GOVERNMENT  
4 CORPORATIONS CREATED BY MUNICIPALITIES OR COUNTIES

5 Sec. 431.120. SHORT TITLE. This subchapter may be cited as  
6 the No Blank Checks Act.

7 Sec. 431.121. APPLICABILITY OF SUBCHAPTER. This subchapter  
8 applies to a local government corporation created by a municipality  
9 or county independently or with another local government that has  
10 entered into an agreement with a municipality or county for the  
11 transfer to the corporation of revenue from an increase in ad  
12 valorem taxes that was approved by the voters of the municipality  
13 or county under Section 26.07, Tax Code, and dedicated to the  
14 corporation for the purpose stated on the ballot.

15 Sec. 431.122. DEFINITION. In this subchapter, "bond"  
16 includes a bond, warrant, certificate of obligation, or other  
17 evidence of indebtedness that is payable in installments over a  
18 period of more than one year.

19 Sec. 431.123. REQUIREMENTS FOR ISSUANCE OF BONDS; BOND  
20 FINANCING. (a) Notwithstanding any other law, a local government  
21 corporation may not issue bonds to be paid wholly or partly from  
22 ad valorem taxes transferred from a municipality or county to the  
23 corporation that were approved by the voters of the municipality  
24 or county under Section 26.07, Tax Code.

25 (b) A local government corporation may issue bonds, other  
26 than bonds described by Subsection (a), only if the local  
27 government corporation obtains authorization to issue the bonds in

1 the same manner required for the municipality or county that  
2 created the local government corporation to issue the bonds. Bonds  
3 authorized under this subchapter to finance a project may be issued  
4 in one or more series.

5 (c) If an election is required under Subsection (b) to  
6 authorize a local government corporation to issue bonds, the  
7 election held for purposes of this section must be:

8 (1) conducted as provided by Section 1251.003,  
9 Government Code; and

10 (2) held in the municipality or county on the uniform  
11 election date in November.

12 Sec. 431.124. FORM OF BALLOT. (a) A ballot proposition for  
13 a measure seeking voter approval for the issuance of bonds under  
14 this subchapter must include:

15 (1) a plain language description of the purposes for  
16 which the bonds are to be authorized;

17 (2) the principal amount not to be exceeded in the  
18 aggregate of the bonds authorized to be issued in one or more  
19 series;

20 (3) the maximum maturity date of the bonds to be  
21 authorized, not to exceed 40 years; and

22 (4) the nature and source of funds to be used to wholly  
23 or partly pay the principal of and interest on the bonds.

24 (b) A proposition may include as a purpose one or more  
25 structures or improvements serving the substantially same purpose  
26 and may include related improvements and equipment necessary to  
27 accomplish the purpose.

1        Sec. 431.125. CONDITION OF BONDS. A bond authorized to be  
2 issued under this subchapter may not mature more than 40 years  
3 after the date the bond was issued.

4        SECTION 5. Section 1207.001(1), Government Code, is amended  
5 to read as follows:

6            (1) "Issuer" means this state or any department, board,  
7 authority, agency, subdivision, municipal corporation, district,  
8 public corporation, body politic, or instrumentality of this state  
9 which has the power to borrow money and issue bonds, notes, or  
10 other evidences of indebtedness. The term includes a county,  
11 municipality, state-supported institution of higher education,  
12 junior college district, regional college district, school  
13 district, hospital district, water district, road district,  
14 navigation district, conservation district, local government  
15 corporation, and any other kind or type of political or  
16 governmental entity.

17        SECTION 6. The change in law made by Subchapter D-1, Chapter  
18 431, Transportation Code, as added by this Act, applies only to a  
19 bond issued on or after the effective date of this Act.

20        SECTION 7. This Act takes effect immediately if it receives  
21 a vote of two-thirds of all the members elected to each house, as  
22 provided by Section 39, Article III, Texas Constitution. If this  
23 Act does not receive the vote necessary for immediate effect, this  
24 Act takes effect September 1, 2023.



**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION**

**May 23, 2023**

**TO:** Honorable Dade Phelan, Speaker of the House, House of Representatives

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB3899** by Troxclair (Relating to the issuance of bonds by certain local government corporations.),  
**As Passed 2nd House**

**No fiscal implication to the State is anticipated.**

**Local Government Impact**

There could be impacts on applicable municipalities or counties that have created local government corporations related to holding an election before they can issue bonds to pay for specific projects, as would be required by the bill.

**Source Agencies:**

**LBB Staff:** JMc, AF, DPE, MOc, BC

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION**

**May 6, 2023**

**TO:** Honorable Paul Bettencourt, Chair, Senate Committee on Local Government

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB3899** by Troxclair (Relating to the issuance of bonds by certain local government corporations.),  
**As Engrossed**

**No fiscal implication to the State is anticipated.**

**Local Government Impact**

There could be impacts on applicable municipalities or counties that have created local government corporations related to holding an election before they can issue bonds to pay for specific projects, as would be required by the bill.

**Source Agencies:**

**LBB Staff:** JMc, AF, MOc, BC, DPE

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION**

**April 19, 2023**

**TO:** Honorable Giovanni Capriglione, Chair, House Committee on Pensions, Investments & Financial Services

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB3899** by Troxclair (relating to the issuance of bonds by certain local government corporations.),  
**Committee Report 1st House, Substituted**

**No fiscal implication to the State is anticipated.**

**Local Government Impact**

There could be impacts on applicable municipalities or counties that have created local government corporations related to holding an election before they can issue bonds to pay for specific projects, as would be required by the bill.

**Source Agencies:**

**LBB Staff:** JMc, MOc, BC, DPE

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION**

**April 4, 2023**

**TO:** Honorable Giovanni Capriglione, Chair, House Committee on Pensions, Investments & Financial Services

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB3899** by Troxclair (Relating to the issuance of bonds by certain local government corporations.),  
**As Introduced**

|   |
|---|
| <b>No fiscal implication to the State is anticipated.</b> |
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**Local Government Impact**

There could be impacts on applicable municipalities or counties that have created local government corporations related to holding an election before they can issue bonds to pay for specific projects, as would be required by the bill.

**Source Agencies:**

**LBB Staff:** JMc, MOc, BC, DPE