

**House Bill 3899**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

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

(3) "Local government" means:

(A) a municipality;

(B) a county; or

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

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

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

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

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

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

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

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

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

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

SENATE VERSION (IE)

(Unless otherwise indicated, all SECTIONS below are from FA1)

SECTION 1. Same as House version.

SECTION 2. Same as House version.

SECTION 3. Same as House version.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 7. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house,

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

SECTION 5. Same as House version.

SECTION 6. Same as House version.

SECTION 7. Same as House version.

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as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2023.