

BILL ANALYSIS

C.S.H.B. 1514
By: Schofield
Pensions, Investments & Financial Services
Committee Report (Substituted)

BACKGROUND AND PURPOSE

According to the Bond Review Board, Texas local governments had \$333.32 billion in outstanding debt by the end of fiscal year 2024, an increase of \$81.45 billion over the past five fiscal years. The bill author has informed the committee that this increase in debt places further burdens on taxpayers and leads to local governments eroding property tax relief. The bill author has further informed the committee that there are Texas taxpayers concerned that certain governmental entities with the ability to issue bonds or obligations may include tangible personal property with a useful lifespan expiring prior to the bond's maturity date. C.S.H.B. 1514 seeks to prevent wasteful spending on compounded interest for depreciated tangible personal property by prohibiting a political subdivision from issuing a public security to purchase or lease tangible personal property if the expected useful life of that property ends before the security's maturity date.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 1514 amends the Government Code to prohibit a political subdivision of the state from issuing a public security to purchase or lease tangible personal property if the expected useful life of the property for purposes of calculating depreciation deductions under the federal Internal Revenue Code of 1986 ends before the public security's maturity date. This prohibition does not apply to financing related to a critical infrastructure facility, as defined by Business & Commerce Code provisions relating to responsibility for defects in plans and specifications.

C.S.H.B. 1514 removes the prohibition against a political subdivision issuing general obligation bonds to purchase one or more items of personal property if the weighted average maturity of the issue of bonds exceeds 120 percent of the reasonably expected weighted average economic life of the personal property financed with the issue of bonds. The bill retains the prohibition against a political subdivision issuing general obligation bonds to purchase, improve, or construct one or more improvements to real property if the weighted average maturity of the issue of bonds exceeds 120 percent of the reasonably expected weighted average economic life of the improvements financed with the issue of bonds, and the bill expands the applicability of that prohibition to include certificates of obligation or anticipation notes issued to purchase, improve, or construct one or more improvements to real property.

C.S.H.B. 1514 includes a definition for "public security" in provisions governing public securities issued by political subdivisions, as amended by the bill, by referencing the term's meaning in the Public Security Procedures Act.

EFFECTIVE DATE

September 1, 2025.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 1514 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute includes a provision absent from the introduced establishing that the bill's prohibition against a political subdivision issuing a public security to purchase or lease tangible personal property under certain conditions does not apply to financing related to a critical infrastructure facility, as defined by certain Business & Commerce Code provisions.

The substitute expands the applicability of the prohibition against a political subdivision issuing general obligation bonds to purchase, improve, or construct one or more improvements to real property under certain conditions to include certificates of obligation or anticipation notes issued for such purposes, whereas the introduced did not make this change.