

BILL ANALYSIS

Senate Research Center
89R21439 JBD-D

C.S.S.B. 393
By: Sparks
Local Government
4/1/2025
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Concerns have been raised about the practice of political subdivisions issuing public securities, such as bonds, notes, or obligations, to buy or lease tangible personal property when the expected lifespan of the property is shorter than the length of maturity on the public security. Allowing government entities to continue this practice leads to an overall increase in local government debt in Texas. According to the Texas Bond Review Board, Texas local governments had \$333.32 billion in outstanding debt by the end of 2024. That is an increase of \$81.45 billion over the past five fiscal years. This increase in debt places further burdens on taxpayers and leads to local governments eroding property tax relief. S.B. 393 seeks to address this by amending the Texas Government Code to prohibit a political subdivision from issuing debt to purchase or lease tangible property if the expected useful lifespan of the property ends before the maturity of the debt.

(Original Author/Sponsor's Statement of Intent)

C.S.S.B. 393 amends current law relating to the authority of a political subdivision to issue debt to purchase or lease property.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends the heading to Chapter 1253, Government Code, to read as follows:

CHAPTER 1253. PUBLIC SECURITIES ISSUED BY POLITICAL SUBDIVISIONS

SECTION 2. Amends Section 1253.001, Government Code, as follows:

Sec. 1253.001. New heading: DEFINITIONS. Defines "public security." Makes nonsubstantive changes.

SECTION 3. Amends Chapter 1253, Government Code, by adding Section 1253.0015, as follows:

Sec. 1253.0015. LIMITATION ON AUTHORITY TO ISSUE PUBLIC SECURITY FOR TANGIBLE PERSONAL PROPERTY. Prohibits a political subdivision from issuing a public security to purchase or lease tangible personal property if the expected useful life of the property for the purpose of calculating depreciation deductions under the Internal Revenue Code of 1986 ends before the maturity date of the public security.

SECTION 4. Amends Section 1253.002, Government Code, as follows:

Sec. 1253.002. New heading: LIMITATION ON AUTHORITY TO ISSUE CERTAIN DEBT FOR IMPROVEMENTS TO REAL PROPERTY. Prohibits a political subdivision, notwithstanding any other provision of law, from issuing general obligation

bonds, certificates of obligation, or anticipation notes to purchase, improve, or construct one or more improvements to real property if the weighted average maturity of the issue of bonds, certificates, or notes exceeds 120 percent of the reasonably expected weighted average economic life of the improvements financed with the issue of bonds, certificates, or notes.

Deletes existing text prohibiting a political subdivision, notwithstanding any other provision of law, from issuing general obligation bonds to purchase, improve, or construct one or more improvements to real property, to purchase one or more items of personal property, or to do both, if the weighted average maturity of the issue of bonds exceeds 120 percent of the reasonably expected weighted average economic life of the improvements and personal property financed with the issue of bonds.

Deletes text of existing Subsection (a) defining "personal property." Makes a nonsubstantive change.

SECTION 5. Effective date: September 1, 2025.