

## **BILL ANALYSIS**

C.S.S.B. 1024  
By: Bettencourt  
Pensions, Investments & Financial Services  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

The bill sponsor has informed the committee that voters often reject bond ballot measures to build various types of structures but that sometimes elected officials do not always follow the will of the voters and instead use alternative methods of finance to fund projects the voters previously rejected. C.S.S.B. 1024 seeks to protect the will of voters by limiting the ability of local governments to use alternative forms of debt to finance a project after voters have rejected a related bond proposition.

### **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.S.B. 1024 amends the Government Code to prohibit the governing body of a county, municipality, eligible school district, or eligible countywide district from authorizing an anticipation note to pay a contractual obligation to be incurred under the following circumstances:

- 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; or
- the total debt service of all outstanding and proposed anticipation notes, including principal and accrued or projected interest, is greater than five percent of the county's, municipality's, school district's, or countywide district's most recently adopted or amended annual budget.

The governing body may authorize an otherwise prohibited anticipation note under the following circumstances:

- in a case of public calamity if it is necessary to act promptly to relieve the necessity of the residents or to preserve the property of the county, municipality, school district, or countywide district;
- in a case in which it is necessary to preserve or protect the public health of the residents of the county, municipality, school district, or countywide district;
- in a case of unforeseen damage to public machinery, equipment, or other property;
- to finance the cleanup, mitigation, or remediation of a natural disaster;
- to comply with a federal court order;
- to comply with a state or federal law, rule, or regulation if the county, municipality, school district, or countywide district has been officially notified of noncompliance with the law, rule, or regulation; and

- if the total debt service of the proposed anticipation note, including principal and projected interest, is less than \$5 million.

C.S.S.B. 1024 amends the Local Government Code to extend from three years to five years the period during which the governing body of a municipality, county, or eligible hospital district is prohibited from authorizing a certificate 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 and failed to be approved by the voters.

C.S.S.B. 1024 applies only to an anticipation note or certificate of obligation authorized to be issued on or after the bill's effective date. An anticipation note or certificate of obligation authorized to be issued before the bill's effective date is governed by the law in effect immediately before the bill's effective date, and the former law is continued in effect for that purpose.

### **EFFECTIVE DATE**

September 1, 2025.

### **COMPARISON OF SENATE ENGROSSED AND SUBSTITUTE**

While C.S.S.B. 1024 may differ from the engrossed in minor or nonsubstantive ways, the following summarizes the substantial differences between the engrossed and committee substitute versions of the bill.

Both the engrossed and the substitute prohibit the governing body of a county, municipality, eligible school district, or eligible countywide district from authorizing an anticipation note to pay a contractual obligation to be incurred under certain circumstances. With respect to those circumstances, the substitute replaces the circumstance under which the amount of the anticipation note is greater than five percent of the county's, municipality's, school district's, or countywide district's total outstanding bonded indebtedness as of the date of issuance, including the amount of the principal and interest to be paid on the outstanding bonds until maturity, as in the engrossed, with the circumstance under which the total debt service of all outstanding and proposed anticipation notes, including principal and accrued or projected interest, is greater than five percent of the county's, municipality's, school district's, or countywide district's most recently adopted or amended annual budget.

The substitute includes a provision absent from the engrossed that establishes that such governing bodies may authorize an otherwise prohibited anticipation note if the total debt service of the proposed anticipation note, including principal and projected interest, is less than \$5 million.