

BILL ANALYSIS

Senate Research Center
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S.B. 1024
By: Bettencourt
Local Government
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Across the state over the past few years, voters have rejected bond ballot measures to build various types of structures. The elected officials in these jurisdictions followed the rules and procedures to place these items on the ballot for voters to approve or reject. Unfortunately, sometimes elected officials do not always follow the will of the voters and will use an alternative method of finance to fund the project voters previously rejected.

S.B. 1024 will extend the length of time from the current three years to five years that a taxing entity is prohibited from using certificates of obligation (COs) to fund a voter-rejected project. Additionally, this bill will prohibit the issuance of tax anticipation notes (TANs) for five years if the voters reject a proposed bond project. Under current law, there is no restriction of time to issue a TAN, if a taxing entity wanted to fund a voter-rejected project.

S.B. 1024 seeks to protect the will of voters if they reject a proposed bond project by prohibiting a taxing entity from issuing COs or TANs to pay for the same project for a period of five years.

As proposed, S.B. 1024 amends current law relating to the issuance of certain anticipation notes and certificates of obligation.

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 Section 1431.002, Government Code, by adding Subsection (d), as follows:

(d) Prohibits the governing body of an issuer of an anticipation note, except as provided by this subsection, from authorizing an anticipation note 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 the voters during the preceding five years and failed to be approved. Authorizes the governing body of an issuer to authorize an anticipation note that the governing body is otherwise prohibited from authorizing under this subsection in a case described by certain provisions of the Local Government Code, to finance the cleanup, mitigation, or remediation of a natural disaster, to comply with a federal court order, and to comply with a state or federal law, rule, or regulation if the issuer has been officially notified of noncompliance with the law, rule, or regulation.

SECTION 2. Amends Section 1431.003(b), Government Code, to create an exception under Section 1431.002(d).

SECTION 3. Amends Section 271.047(d), Local Government Code, as follows:

(d) Prohibits the governing body of an issuer, except as provided by this subsection, 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 the

voters during the preceding five, rather than three, years and failed to be approved.
Makes a nonsubstantive change.

SECTION 4. Makes application of this Act prospective.

SECTION 5. Effective date: September 1, 2025.