

BILL ANALYSIS

C.S.S.B. 2519
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Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

In May 2023, the Texas Attorney General issued Opinion No. KP-0444 in response to questions regarding the City of Austin's use of its maintenance and operations (M&O) tax collections to pay for the debt service of a local government corporation (LGC) created to aid and act on behalf of the city. The bill sponsor has informed the committee that the opinion stated that M&O tax revenue generally may not be applied toward debt service, and that to the extent that an agreement between the city and its LGC obligates the city to transfer to its LGC the increased M&O tax revenue over a multi-year period without the ability to terminate at the end of each budget period, such an agreement violates the Texas Constitution. C.S.S.B. 2519 seeks to codify the attorney general's opinion.

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. 2519 amends the Tax Code to prohibit an increase in a taxing unit's maintenance and operations tax revenue derived from an automatic election to approve the tax rate of a taxing unit other than a public school district from being used or transferred to a local government corporation to repay a public security in installment payments or otherwise.

C.S.S.B. 2519 amends the Government Code to prohibit a municipality, county, or local government corporation from dedicating, pledging, or otherwise using revenue subject to annual appropriation and derived wholly or partly from property taxes from an election under statutory provisions relating to the submission of appraisal rolls to taxing units for payment of a public security, including revenue transferred to a local government corporation to secure or make payments on a public security. The bill defines "public security" by reference to the Public Security Procedures Act. The prohibition applies only to a public security issued on or after the bill's effective date.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2025.

COMPARISON OF SENATE ENGROSSED AND SUBSTITUTE

C.S.S.B. 2519 differs from the engrossed only by amending the caption.