

By: Hunter

H.B. No. 3462

A BILL TO BE ENTITLED

AN ACT

relating to the use or purchase or other acquisition of property under the Public Property Finance Act.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 271.003(3), Local Government Code, is amended to read as follows:

(3) "Governing body" means the board, council, commission, agency, court, or other body or group that is authorized by law to acquire real or personal property for each respective governmental agency.

SECTION 2. The heading to Section 271.004, Local Government Code, is amended to read as follows:

Sec. 271.004. AUTHORITY TO CONTRACT FOR REAL PROPERTY [~~AND IMPROVEMENTS FOR SCHOOL DISTRICTS~~].

SECTION 3. Sections 271.004(a), (b), (d), (e), (f), and (g), Local Government Code, are amended to read as follows:

(a) The governing body [~~board of trustees~~] of a governmental agency [~~school district~~] may execute, perform, and make payments under a contract under this subchapter with a person [~~Act~~] for the use or purchase or other acquisition of real property [~~or an improvement to real property~~]. If the governing body [~~board~~] proposes to enter into such a contract, the governing body [~~board~~] shall publish notice of intent to enter into the contract not less than 60 days before the date set to approve execution of the

1 contract in a newspaper with general circulation in the
 2 jurisdiction of the governmental agency [~~district~~]. The notice
 3 must summarize the major provisions of the proposed contract. The
 4 notice shall estimate the construction and other costs, but the
 5 governing body [~~board~~] shall not publish the first advertisement
 6 for bids for construction of improvements until 60 days has expired
 7 from the publication of the notice of intent to enter into the
 8 contract.

9 (b) If, within 60 days of the date of publication of the
 10 notice of intent required by Subsection (a), a written petition
 11 signed by at least five percent of the registered voters of the
 12 governmental agency [~~district~~] is filed with the governing body
 13 [~~board of trustees~~] requesting that the governing body [~~board~~]
 14 order a referendum on the question of whether the contract should be
 15 approved, the governing body [~~board~~] may not approve the contract
 16 or publish the first advertisement for bids for construction of
 17 improvements unless the question is approved by a majority of the
 18 votes received in a referendum ordered and held on the question.

19 (d) The contract is a special obligation of the governmental
 20 agency [~~school district~~] if ad valorem taxes are not pledged to the
 21 payment of the contract.

22 (e) If the contract provides that payments by the
 23 governmental agency [~~school district~~] are to be made from any
 24 maintenance taxes previously approved by the voters of the
 25 governmental agency [~~school district~~] and are subject to annual
 26 appropriation or are paid from a source other than ad valorem taxes,
 27 the payments under the contract shall not be considered payment of

1 indebtedness under Section 26.04(c), Tax Code.

2 (f) All or part of the obligation of the governmental agency
3 ~~[school district]~~ may be evidenced by one or more negotiable
4 promissory notes.

5 (g) A lease-purchase contract entered into by the
6 governmental agency ~~[district]~~ under this section and the records
7 relating to its execution must be submitted to the attorney general
8 for examination as to their validity.

9 SECTION 4. Section 271.009, Local Government Code, is
10 amended to read as follows:

11 Sec. 271.009. TERM OF CONTRACT. The contract may be for any
12 term not to exceed 35 ~~[25]~~ years.

13 SECTION 5. The changes in law made by this Act apply only to
14 a contract entered into on or after the effective date of this Act.
15 A contract entered into before the effective date of this Act is
16 governed by the law in effect on the date the contract was entered
17 into, and the former law is continued in effect for that purpose.

18 SECTION 6. This Act takes effect September 1, 2025.