

By: Smithee

H.B. No. 3688

A BILL TO BE ENTITLED

AN ACT

relating to the issuance of certain anticipation notes and
certificates of obligation.

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

SECTION 1. Section 1431.002, Government Code, is amended by
adding Subsections (d) and (e) to read as follows:

(d) Except as provided by Subsection (e), the governing body
of an issuer may not authorize an anticipation note to pay a
contractual obligation to be incurred if:

(1) 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;

(2) the total amount of the anticipation note exceeds
five percent of the governing body's total outstanding bonded
indebtedness at the time of the issuance, including the amount of
principal and interest to be paid on the outstanding bonds until
maturity; or

(3) the municipal secretary or clerk or person with
similar authority receives a petition signed by at least five
percent of the registered voters of the issuer that protests the
issuance of the anticipation note before the later of the date
tentatively set for the adoption of the order or ordinance to
authorize the anticipation note or the date the order or ordinance
is adopted.

1 (e) The governing body of an issuer may authorize an
2 anticipation note that the governing body is otherwise prohibited
3 from authorizing under Subsection (d):

4 (1) in a case described by Section 271.056(1), (2), or
5 (3), Local Government Code; and

6 (2) to comply with a state or federal law, rule, or
7 regulation if the issuer has been officially notified of
8 noncompliance with the law, rule, or regulation.

9 SECTION 2. Section 1431.003(b), Government Code, is amended
10 to read as follows:

11 (b) Notwithstanding anything in this chapter to the
12 contrary and except as provided by Section 1431.002(d), the
13 governing body may exercise the authority granted to the governing
14 body of an issuer with regard to issuance of obligations under
15 Chapter 1371, except that the prohibition in that chapter on the
16 repayment of an obligation with ad valorem taxes does not apply to
17 an issuer exercising the authority granted by this section.

18 SECTION 3. Section 271.047(d), Local Government Code, is
19 amended to read as follows:

20 (d) Except as provided by this subsection, the governing
21 body of an issuer may not authorize a certificate to pay a
22 contractual obligation to be incurred if a bond proposition to
23 authorize the issuance of bonds for the same purpose was submitted
24 to the voters during the preceding five ~~three~~ years and failed to
25 be approved. A governing body may authorize a certificate that the
26 governing body is otherwise prohibited from authorizing under this
27 subsection:

1 (1) in a case described by Section 271.056(1), (2), or
2 (3) [~~Sections 271.056(1)-(3)~~]; and

3 (2) to comply with a state or federal law, rule, or
4 regulation if the political subdivision has been officially
5 notified of noncompliance with the law, rule, or regulation.

6 SECTION 4. The changes in law made by this Act apply only to
7 an anticipation note or certificate of obligation authorized to be
8 issued on or after the effective date of this Act. An anticipation
9 note or certificate of obligation authorized to be issued before
10 the effective date of this Act is governed by the law in effect
11 immediately before the effective date of this Act, and the former
12 law is continued in effect for that purpose.

13 SECTION 5. This Act takes effect September 1, 2025.