

By: Harrison

H.B. No. 5035

A BILL TO BE ENTITLED

AN ACT

relating to a prohibition on the guarantee of public school bonds.

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

ARTICLE 1. GUARANTEE OF PUBLIC SCHOOL BONDS PROHIBITED

SECTION 1.001. The heading to Subchapter C, Chapter 45, Education Code, is amended to read as follows:

SUBCHAPTER C. GUARANTEE OF [GUARANTEED] BONDS PROHIBITED

SECTION 1.002. Section 45.052, Education Code, is amended to read as follows:

Sec. 45.052. GUARANTEE OF BONDS PROHIBITED. (a) Bonds ~~[On approval by the commissioner, bonds]~~ issued under Subchapter A by a school district or Chapter 53 for a charter district, including refunding and refinanced bonds, may not be ~~[are]~~ guaranteed or otherwise underwritten by the corpus and income of the permanent school fund.

(b) A ~~[Notwithstanding any amendment of this subchapter or other law, the]~~ guarantee of or credit enhancement provided for a ~~[under this subchapter of]~~ school district or charter district bond approved before September 1, 2025, ~~[bonds]~~ remains in effect until the date those bonds mature or are defeased in accordance with state law.

ARTICLE 2. CONFORMING CHANGES

SECTION 2.001. Section 12.141(c), Education Code, is amended to read as follows:

1 (c) The agency shall annually review the amount of funds in  
2 the charter school liquidation fund and transfer any funds  
3 exceeding \$2 million[+]

4 [~~(1)~~] for use in funding a grant program established  
5 by the agency to:

6 (1) [~~(A)~~] encourage high school students to enter the  
7 teaching profession; and

8 (2) [~~(B)~~] assist current paraprofessionals and  
9 instructional aides in pursuing the necessary credentials to become  
10 full-time teachers[~~, or~~

11 [~~(2) to the comptroller to deposit in the charter~~  
12 ~~district bond guarantee reserve fund under Section 45.0571~~].

13 SECTION 2.002. Section 43.052(a), Education Code, is  
14 amended to read as follows:

15 (a) The State Board of Education may incorporate the Texas  
16 Permanent School Fund Corporation and delegate to the corporation  
17 the board's authority to manage and invest[+]

18 [~~(1)~~] the permanent school fund under Section 43.003[+]  
19 and

20 [~~(2) the charter district bond guarantee reserve fund~~  
21 ~~under Section 45.0571~~].

22 SECTION 2.003. Section 45.051(1-a), Education Code, is  
23 amended to read as follows:

24 (1-a) "Charter district" means an open-enrollment  
25 charter school designated as a charter district under Section  
26 12.135 as that section existed immediately before September 1,  
27 2025.

1 SECTION 2.004. Section 53.02(10), Education Code, is  
2 amended to read as follows:

3 (10) "Authorized charter school" means an  
4 open-enrollment charter school that holds a charter granted under  
5 Subchapter D, Chapter 12~~[, and includes an open-enrollment charter~~  
6 ~~school designated as a charter district as provided by Section~~  
7 ~~12.135]~~.

8 SECTION 2.005. Section 1201.0245(i), Government Code, is  
9 amended to read as follows:

10 (i) A political subdivision may extend the maturity date of  
11 an issued capital appreciation bond only if:

12 (1) the extension of the maturity date will decrease  
13 the total amount of projected principal and interest to maturity;  
14 or

15 (2) the political subdivision is a school district and  
16 [~~+~~

17 [~~(A)~~] the maximum legally allowable tax rate for  
18 indebtedness has been adopted~~[, and~~

19 [~~(B) the Texas Education Agency certifies in~~  
20 ~~writing that the solvency of the permanent school fund's bond~~  
21 ~~guarantee program would be threatened without the extension]~~.

22 SECTION 2.006. The following provisions of the Education  
23 Code are repealed:

24 (1) Section 7.055(b)(38);

25 (2) Section 7.102(c)(33);

26 (3) Section 12.135;

27 (4) Section 43.067;

- 1 (5) Sections 45.051(1) and (2);
- 2 (6) Sections 45.053, 45.0531, 45.0532, 45.0533,
- 3 45.054, 45.0541, 45.055, 45.056, 45.057, 45.0571, 45.058, 45.059,
- 4 45.0591, 45.060, 45.061, 45.062, and 45.063;
- 5 (7) Subchapter I, Chapter 45;
- 6 (8) Section 48.273(g); and
- 7 (9) Section 53.351(f-1).

8 ARTICLE 3. TRANSITION; EFFECTIVE DATE

9 SECTION 3.001. The change in law made by this Act applies  
10 only to a guarantee of or credit enhancement provided for a school  
11 district or charter district bond approved on or after the  
12 effective date of this Act. A guarantee of or credit enhancement  
13 provided for a school district or charter district bond approved  
14 before the effective date of this Act remains in effect until the  
15 date those bonds mature or are defeased in accordance with state  
16 law, and the former law is continued for that purpose.

17 SECTION 3.002. This Act takes effect September 1, 2025.