

By: Bettencourt, et al.
(Capriglione)

S.B. No. 1024

Substitute the following for S.B. No. 1024:

By: Lambert

C.S.S.B. No. 1024

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; or

(2) the total debt service of all outstanding and
proposed anticipation notes, including principal and accrued or
projected interest, is greater than five percent of the issuer's
most recently adopted or amended annual budget.

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

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

(2) to finance the cleanup, mitigation, or remediation
of a natural disaster;

(3) to comply with a federal court order;

1 (4) to comply with a state or federal law, rule, or
2 regulation if the issuer has been officially notified of
3 noncompliance with the law, rule, or regulation; and

4 (5) if the total debt service of the proposed
5 anticipation note, including principal and projected interest, is
6 less than \$5 million.

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

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

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

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

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

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

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

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