

By: Sparks

S.B. No. 1037

A BILL TO BE ENTITLED

1 AN ACT

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

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

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

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

10 (1) a bond proposition to authorize the issuance of  
11 bonds for the same purpose was submitted to the voters during the  
12 preceding five years and failed to be approved;

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

18 (3) the municipal secretary or clerk or person with  
19 similar authority receives a petition signed by at least five  
20 percent of the registered voters of the issuer that protests the  
21 issuance of the anticipation note before the later of the date  
22 tentatively set for the adoption of the order or ordinance to  
23 authorize the anticipation note or the date the order or ordinance  
24 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.