

1-1 By: Murphy, et al. H.B. No. 477
 1-2 (Senate Sponsor - Bettencourt, Birdwell)
 1-3 (In the Senate - Received from the House April 11, 2019;
 1-4 April 15, 2019, read first time and referred to Committee on
 1-5 Property Tax; May 6, 2019, reported adversely, with favorable
 1-6 Committee Substitute by the following vote: Yeas 5, Nays 0;
 1-7 May 6, 2019, sent to printer.)

1-8 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-9 Bettencourt	X			
1-10 Paxton	X			
1-11 Creighton	X			
1-12 Hancock	X			
1-13 Hinojosa	X			

1-15 COMMITTEE SUBSTITUTE FOR H.B. No. 477 By: Bettencourt

1-16 A BILL TO BE ENTITLED
 1-17 AN ACT

1-18 relating to the notice required before the issuance of certain debt
 1-19 obligations by political subdivisions.

1-20 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-21 SECTION 1. Section 3.009, Election Code, is amended to read
 1-22 as follows:

1-23 Sec. 3.009. CONTENTS OF DEBT OBLIGATION ELECTION ORDER.

1-24 (a) In this section, "debt obligation" means an issued public
 1-25 security, as defined by Section 1201.002, Government Code, that is
 1-26 secured by and payable from ad valorem taxes. The term does not
 1-27 include public securities that are designated as self-supporting by
 1-28 the political subdivision issuing the securities.

1-29 (b) The document ordering an election to authorize a
 1-30 political subdivision to issue debt obligations must distinctly
 1-31 state:

1-32 (1) the proposition language that will appear on the
 1-33 ballot;

1-34 (2) the purpose for which the debt obligations are to
 1-35 be authorized;

1-36 (3) the principal amount of the debt obligations to be
 1-37 authorized;

1-38 (4) that taxes sufficient to pay the ~~[annual]~~
 1-39 principal of and interest on the debt obligations may be imposed;

1-40 (5) a statement of the estimated tax rate if the debt
 1-41 obligations are authorized or of the maximum interest rate of the
 1-42 debt obligations or any series of the debt obligations, based on the
 1-43 market conditions at the time of the election order;

1-44 (6) the maximum maturity date of the debt obligations
 1-45 to be authorized or that the debt obligations may be issued to
 1-46 mature over a specified number of years not to exceed the maximum
 1-47 number of years authorized by law [40];

1-48 (7) the aggregate amount of the outstanding principal
 1-49 of the political subdivision's debt obligations as of the date
 1-50 ~~[beginning of the political subdivision's fiscal year in which]~~ the
 1-51 election is ordered;

1-52 (8) the aggregate amount of the outstanding interest
 1-53 on debt obligations of the political subdivision as of the date
 1-54 ~~[beginning of the political subdivision's fiscal year in which]~~ the
 1-55 election is ordered, which may be based on the political
 1-56 subdivision's expectations relative to variable rate debt
 1-57 obligations; and

1-58 (9) the ad valorem debt service tax rate for the
 1-59 political subdivision at the time the election is ordered,
 1-60 expressed as an amount per \$100 valuation of taxable property.

2-1 SECTION 2. Section 52.072, Election Code, is amended by
2-2 amending Subsection (e) and adding Subsection (f) to read as
2-3 follows:

2-4 (e) In addition to any other requirement imposed by law for
2-5 a proposition, including a provision prescribing the proposition
2-6 language, a proposition submitted to the voters for approval of
2-7 ~~[the issuance of bonds or]~~ the imposition, increase, or reduction
2-8 of a tax shall specifically state, as applicable:

2-9 (1) ~~[with respect to a proposition seeking voter
2-10 approval of the issuance of bonds:~~

2-11 ~~[(A) the total principal amount of the bonds to
2-12 be authorized, if approved; and~~

2-13 ~~[(B) a general description of the purposes for
2-14 which the bonds are to be authorized, if approved;~~

2-15 ~~[(2)]~~ with respect to a proposition that only seeks
2-16 voter approval of the imposition or increase of a tax, the amount of
2-17 or maximum tax rate of the tax or tax increase for which approval is
2-18 sought; or

2-19 (2) ~~[(3)]~~ with respect to a proposition that only
2-20 seeks voter approval of the reduction of a tax, the amount of tax
2-21 rate reduction or the tax rate for which approval is sought.

2-22 (f) A political subdivision that submits to the voters a
2-23 proposition for the approval of the issuance of debt obligations
2-24 shall prescribe the wording of the proposition that is to appear on
2-25 the ballot in accordance with the requirements of Subchapter B,
2-26 Chapter 1251, Government Code. In this subsection, "debt
2-27 obligation" and "political subdivision" have the meanings assigned
2-28 by Section 1251.051, Government Code.

2-29 SECTION 3. Chapter 1251, Government Code, is amended by
2-30 designating Sections 1251.001, 1251.003, 1251.004, 1251.005, and
2-31 1251.006 as Subchapter A and adding a subchapter heading to read as
2-32 follows:

2-33 SUBCHAPTER A. PROVISIONS RELATING GENERALLY TO COUNTY AND
2-34 MUNICIPAL BOND ELECTIONS

2-35 SECTION 4. Chapter 1251, Government Code, is amended by
2-36 adding Subchapter B to read as follows:

2-37 SUBCHAPTER B. BALLOT FOR DEBT OBLIGATIONS ISSUED BY POLITICAL
2-38 SUBDIVISION

2-39 Sec. 1251.051. DEFINITIONS. In this subchapter:

2-40 (1) "Debt obligation" means a public security, as
2-41 defined by Section 1201.002, secured by and payable from ad valorem
2-42 taxes. The term does not include public securities that are
2-43 designated as self-supporting by the political subdivision issuing
2-44 the securities.

2-45 (2) "Debt obligation election order" means the order,
2-46 ordinance, or resolution ordering an election to authorize the
2-47 issuance of debt obligations.

2-48 (3) "Political subdivision" means a municipality,
2-49 county, school district, or special taxing district.

2-50 Sec. 1251.052. FORM. (a) The ballot for a measure seeking
2-51 voter approval of the issuance of debt obligations by a political
2-52 subdivision shall specifically state:

2-53 (1) a general description of the purposes for which
2-54 the debt obligations are to be authorized;

2-55 (2) the total principal amount of the debt obligations
2-56 to be authorized;

2-57 (3) that taxes sufficient to pay the principal of and
2-58 interest on the debt obligations will be imposed; and

2-59 (4) the estimated maximum annual increase in the
2-60 amount of taxes that would be imposed on a residence homestead in
2-61 the political subdivision with an appraised value of \$100,000 to
2-62 repay the debt obligations to be authorized, if approved.

2-63 (b) A political subdivision with at least 250 registered
2-64 voters on the date the governing body of the political subdivision
2-65 adopts the debt obligation election order must prepare a voter
2-66 information document for each proposition to be voted on at the
2-67 election. The political subdivision shall post the voter
2-68 information document in the same manner as a debt obligation
2-69 election order is required to be posted under Section 4.003(f),

3-1 Election Code, and may include the voter information document in
3-2 the debt obligation election order. The voter information document
3-3 must distinctly state:

3-4 (1) the language that will appear on the ballot;
3-5 (2) the following information formatted as a table:
3-6 (A) the principal of the debt obligations to be
3-7 authorized;
3-8 (B) the estimated interest on the debt
3-9 obligations to be authorized;
3-10 (C) the estimated combined principal and
3-11 interest required to pay on time and in full the debt obligations to
3-12 be authorized; and
3-13 (D) as of the date the political subdivision
3-14 adopts the debt obligation election order:

3-15 (i) the principal of all outstanding debt
3-16 obligations of the political subdivision;
3-17 (ii) the estimated remaining interest on
3-18 all outstanding debt obligations of the political subdivision,
3-19 which may be based on the political subdivision's expectations
3-20 relative to the interest due on any variable rate debt obligations;
3-21 and
3-22 (iii) the estimated combined principal and
3-23 interest required to pay on time and in full all outstanding debt
3-24 obligations of the political subdivision, which may be based on the
3-25 political subdivision's expectations relative to the interest due
3-26 on any variable rate debt obligations;

3-27 (3) the estimated maximum annual increase in the
3-28 amount of taxes that would be imposed on a residence homestead in
3-29 the political subdivision with an appraised value of \$100,000 to
3-30 repay the debt obligations to be authorized, if approved, based
3-31 upon assumptions made by the governing body of the political
3-32 subdivision; and

3-33 (4) any other information that the political
3-34 subdivision considers relevant or necessary to explain the
3-35 information required by this subsection.

3-36 (c) The governing body of the political subdivision shall
3-37 identify in the voter information document the major assumptions
3-38 made in connection with the statement required by Subsection
3-39 (b)(3), including:

3-40 (1) the amortization of the political subdivision's
3-41 debt obligations, including outstanding debt obligations and the
3-42 proposed debt obligations;
3-43 (2) changes in estimated future appraised values
3-44 within the political subdivision; and
3-45 (3) the assumed interest rate on the proposed debt
3-46 obligations.

3-47 (d) A political subdivision that maintains an Internet
3-48 website shall provide the information described by Subsection (b)
3-49 on its website in an easily accessible manner beginning not later
3-50 than the 21st day before election day and ending on the day after
3-51 the date of the debt obligation election.

3-52 (e) This section provides the ballot proposition language
3-53 for an election to authorize the issuance of debt obligations by a
3-54 political subdivision. To the extent of a conflict between this
3-55 section and another law, this section controls.

3-56 SECTION 5. Section 271.049, Local Government Code, is
3-57 amended by amending Subsections (a) and (b) and adding Subsection
3-58 (e) to read as follows:

3-59 (a) Regardless of the sources of payment of certificates,
3-60 certificates may not be issued unless the issuer publishes notice
3-61 of its intention to issue the certificates. The notice must be
3-62 published:

3-63 (1) once a week for two consecutive weeks in a
3-64 newspaper, as defined by Subchapter C, Chapter 2051, Government
3-65 Code, that is of general circulation in the area of the issuer, with
3-66 the date of the first publication to be before the 45th [30th] day
3-67 before the date tentatively set for the passage of the order or
3-68 ordinance authorizing the issuance of the certificates; and
3-69 (2) if the issuer maintains an Internet website,

4-1 continuously on the issuer's website for at least 45 days before the
4-2 date tentatively set for the passage of the order or ordinance
4-3 authorizing the issuance of the certificates.

4-4 (b) The notice must state:
4-5 (1) the time and place tentatively set for the passage
4-6 of the order or ordinance authorizing the issuance of the
4-7 certificates;

4-8 (2) the ~~[maximum amount and]~~ purpose of the
4-9 certificates to be authorized; ~~[and]~~

4-10 (3) the manner in which the certificates will be paid
4-11 for, whether by taxes, revenues, or a combination of the two;

4-12 (4) the following:

4-13 (A) the then-current principal of all
4-14 outstanding debt obligations of the issuer;

4-15 (B) the then-current combined principal and
4-16 interest required to pay all outstanding debt obligations of the
4-17 issuer on time and in full, which may be based on the issuer's
4-18 expectations relative to the interest due on any variable rate debt
4-19 obligations;

4-20 (C) the maximum principal amount of the
4-21 certificates to be authorized; and

4-22 (D) the estimated combined principal and
4-23 interest required to pay the certificates to be authorized on time
4-24 and in full;

4-25 (5) the estimated interest rate for the certificates
4-26 to be authorized or that the maximum interest rate for the
4-27 certificates may not exceed the maximum legal interest rate; and

4-28 (6) the maximum maturity date of the certificates to
4-29 be authorized.

4-30 (e) In this section, "debt obligation" means a public
4-31 security, as defined by Section 1201.002, Government Code, secured
4-32 by and payable from ad valorem taxes. The term does not include
4-33 public securities that are designated as self-supporting by the
4-34 political subdivision issuing the securities.

4-35 SECTION 6. Section 1251.002, Government Code, is repealed.

4-36 SECTION 7. (a) The changes in law made by this Act to
4-37 Chapter 1251, Government Code, apply only to a ballot for an
4-38 election ordered on or after the effective date of this Act. An
4-39 election ordered before the effective date of this Act is governed
4-40 by the law in effect when the election was ordered, and the former
4-41 law is continued in effect for that purpose.

4-42 (b) The changes in law made by this Act to Section 271.049,
4-43 Local Government Code, apply only to a certificate of obligation
4-44 for which the first notice of intention to issue the certificate is
4-45 made on or after the effective date of this Act. A certificate of
4-46 obligation for which the first notice of intention to issue the
4-47 certificate is made before the effective date of this Act is
4-48 governed by the law in effect when the notice of intention is made,
4-49 and the former law is continued in effect for that purpose.

4-50 SECTION 8. This Act takes effect September 1, 2019.

4-51 * * * * *