

By: Bettencourt

S.B. No. 1329

A BILL TO BE ENTITLED

AN ACT

relating to bonds issued by and the dissolution of municipal management districts.

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

SECTION 1. Subchapter M, Chapter 375, Local Government Code, is amended by adding Section 375.2621 to read as follows:

Sec. 375.2621. PROHIBITION ON ISSUANCE OF BONDS AFTER PETITION. The district may not issue bonds after the date a petition for dissolution under Section 375.262 is filed with the board.

SECTION 2. Section 375.264, Local Government Code, is amended to read as follows:

Sec. 375.264. LIMITATIONS [~~LIMITATION~~] ON DISSOLUTION BY BOARD OF DISTRICT WITH DEBT. (a) A district may not be dissolved by its board under Section 375.261 or after a petition is filed under Section 375.262 if the district has [~~any~~] outstanding bonded indebtedness until that bonded indebtedness has been repaid or defeased in accordance with the order or resolution authorizing the issuance of the bonds.

(b) After a petition is filed under Section 375.262 with the board of a district that has outstanding bonded indebtedness:

(1) the district shall remain in existence solely for the purpose of discharging its bonded indebtedness; and

(2) the board shall use all district money that is

1 available for the purpose to repay or defease all bonded
2 indebtedness as soon as practicable in accordance with the order or
3 resolution authorizing the issuance of the bonds.

4 SECTION 3. The changes in law made by this Act apply only to
5 a municipal management district that is the subject of a petition
6 described by Section 375.262, Local Government Code, filed with the
7 board on or after the effective date of this Act. A district that is
8 the subject of such a petition filed with the board before the
9 effective date of this Act is governed by the law in effect on the
10 date the petition was filed, and the former law is continued in
11 effect for that purpose.

12 SECTION 4. The changes in law made by this Act may not be
13 construed to impair an obligation under a contract entered into
14 before the effective date of this Act. A political subdivision may
15 fulfill the subdivision's obligations under a contract entered into
16 before that date but may not extend such a contract beyond the
17 contract's original term.

18 SECTION 5. This Act takes effect September 1, 2019.