

## **BILL ANALYSIS**

S.B. 461  
By: Lucio  
Elections  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Interested parties call for uniformity and transparency regarding the process through which political subdivisions seek voter approval for the issuance of debt obligations. S.B. 461 seeks to address this issue by requiring a proposition seeking voter approval for debt obligation issuance to contain detailed information about the proposed debt obligation and other information relating to the political subdivision's debt obligations.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

S.B. 461 amends the Government Code to require the ballot for a measure seeking voter approval of the issuance of debt obligations by a political subdivision to specifically state a general description of the purposes for which the debt obligations are to be authorized, the total principal amount of the debt obligations to be authorized, and that taxes sufficient to pay the principal of and interest on the debt obligations will be imposed. The bill requires a ballot for a measure seeking voter approval of such issuance by a political subdivision with at least 250 registered voters on the date the governing body of the political subdivision adopts the debt obligation election order to additionally and specifically state the estimated maximum annual increase in the amount of taxes that would be imposed on a residence homestead in the political subdivision with an appraised value of \$100,000 to repay the debt obligations to be authorized, if approved, based on assumptions made by the governing body of the political subdivision. The bill requires the governing body of the political subdivision to identify in the debt obligation election order the major assumptions made in connection with such an increase, including the amortization of the political subdivision's debt obligations, including outstanding debt obligations and the proposed debt obligations, changes in estimated future appraised values within the political subdivision, and the assumed interest rate on the proposed debt obligations.

S.B. 461 requires a political subdivision with at least 250 registered voters on the date the governing body of the political subdivision adopts the debt obligation election order to prepare a voter information document for each proposition to be voted on at the election. The bill requires the political subdivision to post the voter information document in the same manner as a debt obligation election order is required to be posted, authorizes the political subdivision to include the voter information document in the debt obligation election order, and sets out the information the voter information document must distinctly state. The bill requires a political subdivision that

maintains a website to provide the information on its website in an easily accessible manner beginning not later than the 21st day before election day and ending on the day after the date of the debt obligation election. The bill establishes that, to the extent of a conflict between the bill's provisions relating to the ballot for debt obligations issued by political subdivisions and another law, the bill's provisions control.

S.B. 461 amends the Local Government Code to change the deadline by which the initial notice of the intention to issue certificates of obligation is required to be published in a newspaper that is of general circulation in the area of the issuer from before the 30th day before the date tentatively set for the passage of the order or ordinance authorizing the issuance of the certificates to before the 45th day before that tentative date. The bill requires the notice to be published continuously on the issuer's website, provided the issuer maintains a website, for at least 45 days before the date tentatively set for the passage of the order or ordinance authorizing the issuance of the certificates. The bill removes the requirement for the notice to state the maximum amount of the certificates to be authorized and requires the notice to state the following: the then-current principal of all outstanding debt obligations of the issuer, the then-current combined principal and interest required to pay all outstanding debt obligations of the issuer on time and in full, which may be based on the expectations of the issuer as it relates to the interest due on any variable rate debt obligations, the maximum principal amount of the certificates to be authorized, and the estimated combined principal and interest required to pay the certificates to be authorized on time and in full. The bill requires the notice to state the estimated interest rate for the certificates to be authorized, or that the maximum interest rate for the certificates may not exceed the maximum legal interest rate, and the maximum maturity date of those certificates.

S.B. 461 amends the Election Code to revise the required statements of a document ordering an election to authorize a political subdivision to issue debt obligations and to require a political subdivision that submits to the voters a proposition for the approval of the issuance of debt obligations to prescribe the wording of the proposition that is to appear on the ballot in accordance with the bill's provisions relating to such a ballot.

S.B. 461 repeals Section 1251.002, Government Code.

**EFFECTIVE DATE**

September 1, 2017.