

## **BILL ANALYSIS**

Senate Research Center

C.S.S.B. 721  
By: Duncan  
State Affairs  
3-16-97  
Committee Report (Substituted)

### **DIGEST**

Currently, Section 271.021, Local Government Code, sets forth the purposes to which governing entities may issue certificates of obligations to finance projects the entities own and operate. These entities would have added flexibility to finance other projects if they had the ability to issue certificates of obligation for the payment of contractual interest in certain projects undertaken on their behalf by other governing entities. This bill would authorize such certificates to be issued by such governing entities for the payment of contractual interest in certain utility projects to be constructed in whole or in part on behalf of the entity by another governmental entity or political subdivision pursuant to a written agreement.

### **PURPOSE**

As proposed, C.S.S.B. 721 authorizes the governing body of a municipality to issue certificates of obligation for the payment of a municipality's contractual interests in certain utility projects that are constructed in whole or in part on behalf of the governing body by another governmental entity or political subdivision.

### **RULEMAKING AUTHORITY**

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 271.045, Local Government Code, by adding Subsections (c) and (d), to authorize the governing body of a municipality to issue certificates of obligation to pay all or part of a municipality's obligations incurred by contract for interests in and rights to water or sewer treatment capacity in connection with a water supply and transmission project, or sewer treatment or collection project to be constructed in whole or in part on behalf of the municipality by another governmental entity or political subdivision pursuant to a written agreement expressly authorized under Section 402.014, Local Government Code, or Section 791.026, Government Code. Sets forth the limits for the principal amount of the certificates to be issued for the purpose of funding the municipality's contractual obligations.

SECTION 2. Emergency clause.  
Effective date: upon passage.

### **SUMMARY OF COMMITTEE CHANGES**

Amends SECTION 1, Section 271.045(c), Local Government Code, to delete references in the proposed subsection relating to certificates of obligation issued for electrical generation capacity in connection with a water supply and transmission project, and electrical power or transmission projects.