

## **BILL ANALYSIS**

Senate Research Center  
76R5981 ESH-F

S.B. 1089  
By: Duncan  
Education  
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As Filed

### **DIGEST**

Currently, school districts lack the authority to enter into multiple year investment or depository agreements in the debt service fund. Each year's debt service fund taxes (collected primarily in December and January) are invested at the then current market yields for about 1½ to 8 ½ months. Yields on multiple year investment agreements should be higher than those available if the term (as it is for schools and colleges under current law) is less than 12 months. This bill would allow school districts to seek competitive bids on the investment yield that would be received each time the school district collects and invests its debt service fund taxes during the life of the investment agreement.

### **PURPOSE**

As proposed, S.B. 1089 authorizes school districts and certain other districts to enter into contracts relating to the investment of debt service funds.

### **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 Chapter 45E, Education Code, by adding Section 45.112, as follows:

Sec. 45.112. CONTRACTS FOR INVESTMENT OF DEBT SERVICE FUNDS. Authorizes a school district and certain other districts to enter into a contract with a term not to exceed seven years to purchase investments with the proceeds of taxes levied for the purpose of paying debt service on bonds issued by the district. Authorizes a contract to provide for the purchase of investments at a starting yield. Requires a school district to solicit and receive bids from at least three separate providers prior to entering a contract, and requires the district to accept the bid that provides for the highest yield. Authorizes a contract to provide only for the purchase of an obligation described by Section 2256.009(a)(1), Government Code, other than an obligation described by Section 2256.009(b) of that code.

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