

BILL ANALYSIS

Senate Research Center
80R2217 ESH-D

S.B. 881
By: Shapiro
Education
3/21/2007
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, in order to issue bonds, school districts must prove to the attorney general that they can pay for outstanding debt as they mature in the future at a tax rate of 50 cents or less per \$100 of valuation. This causes some districts to extend the life of their bonds to satisfy these requirements, increasing the interest paid by local taxpayers.

As proposed, S.B. 881 allows school districts to issue bonds if the actual tax rate does not exceed 50 cents and that bond issuances do not exceed 10 percent of the district's assessed property value. This bill ensures fiscal responsibility by school districts and saves local taxpayers millions of dollars by not requiring districts to extend the life of their bonded indebtedness.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 45.0031, Education Code, by adding Subsection (f), to authorize a school district, in lieu of demonstrating to the attorney general the ability to comply with Subsection (a), before bonds are issued, to demonstrate that the district's current tax rate for all bonds issued under Section 45.001 (Limitation on Issuance of Tax-Supported Bonds) is less than \$0.50 per \$100 of valuation and that the aggregate principal amount of tax bond indebtedness of the district after the proposed issuance would not exceed 10 percent of the assessed valuation of taxable property in the district according to the most recent certified ad valorem tax rolls of the district.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: upon passage or September 1, 2007.