

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 637
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Intergovernmental Relations
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Under current law, counties and municipalities may not issue bonds that are paid from ad valorem taxes unless the issuance is approved in an election. Current law provides for a standard template for the contents of the ballot proposition and election notice requirements for cities and counties. C.S.S.B. 637 makes the ballot proposition and notice requirements for a bond election consistently applicable to a taxing unit.

C.S.S.B. 637 amends current law relating to notice and election order requirements for bond approval elections held by political subdivisions.

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 Chapter 3, Election Code, by adding Section 3.009, as follows:

Sec. 3.009. CONTENTS OF DEBT OBLIGATION ELECTION ORDER. (a) Defines "debt obligation" in this section.

(b) Requires that the document ordering an election to authorize a political subdivision to issue debt obligations distinctly state:

- (1) the proposition language that will appear on the ballot;
- (2) the purpose for which the debt obligations are to be authorized;
- (3) the principal amount of the debt obligations to be authorized;
- (4) that taxes sufficient to pay the annual principal of and interest on the debt obligations may be imposed;
- (5) a statement of the estimated tax rate if the debt obligations are authorized or of the maximum interest rate of the debt obligations or any series of the debt obligations, based on the market conditions at the time of the election order;
- (6) the maximum maturity date of the debt obligations to be authorized or that the debt obligations may be issued to mature over a specified number of years not to exceed 40;
- (7) the aggregate amount of the outstanding principal of the political subdivision's debt obligations as of the beginning of the political subdivision's fiscal year in which the election is ordered;

(8) the aggregate amount of the outstanding interest on debt obligations of the political subdivision as of the beginning of the political subdivision's fiscal year in which the election is ordered; and

(9) the ad valorem debt service tax rate for the political subdivision at the time the election is ordered, expressed as an amount per \$100 valuation of taxable property.

SECTION 2. Amends Section 4.003, Election Code, by adding Subsection (f), as follows:

(f) Requires that a debt obligation election order required under Section 3.009 be posted:

(1) on election day and during early voting by personal appearance, in a prominent location at each polling place;

(2) not later than the 21st day before the election, in three public places in the boundaries of the political subdivision holding the election; and

(3) during the 21 days before the election, on the political subdivision's Internet website, prominently and together with the notice of the election and the contents of the proposition, if the political subdivision maintains an Internet website.

SECTION 3. Makes application of this Act prospective.

SECTION 4. Effective date: September 1, 2013.