

## **BILL ANALYSIS**

Senate Research Center  
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C.S.S.B. 461  
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Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Political subdivisions in Texas have fairly broad discretion to issue new debt in the form of bonds, following the approval of voters, and to issue certificates of obligation, following notice and a public hearing. Statute should ensure that taxpayers, in both instances, are given all the relevant information necessary to make an informed decision on the implications future debt issuances have on tax rates and the impact on the average homeowner. S.B. 461 provides additional information on ballot propositions in regards to the issuance of new bond debt, including current and future total bond debt secured by ad valorem taxes, as well as the impact the approval of new debt will have based on a standardized valuation. S.B. 461 also provides additional information and notice to taxpayers prior to the issuance of a certificate of obligation by including per capita information on current and future principal and interest on all existing debt, as well as the date any certificates issued will mature. In addition, S.B. 461 requires political subdivisions to provide all ballot elements on the subdivision's website, if one is maintained.

The committee substitute overall makes two significant changes to the bill, as filed. First, it reduces the amount of language that was originally required to be on the ballot. The only new information on the ballot will be the tax impact per \$100,000 valuation. Second, it reintroduces a concept first proposed by Comptroller Susan Combs, requiring that a voter information document be prepared in the form of a table. New information in regards to outstanding and new debt—including principal and interest—is required to be provided upon notice of the election, at the polls, and on the political subdivision's website.

C.S.S.B. 461 amends current law relating to the notice required before the issuance of certain debt obligations 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 Section 3.009, Election Code, as follows:

Sec. 3.009. CONTENTS OF DEBT OBLIGATIONS ELECTION ORDER. (a) Redefines "debt obligation."

(b) Requires the document ordering an election to authorize a political subdivision to issue debt obligations to distinctly state certain information.

SECTION 2. Amends Section 52.072, Election Code, by amending Subsection (e) and adding Subsection (f), as follows:

(e) Requires a proposition submitted to the voters for approval of the imposition, increase, or reduction of a tax, rather than for approval of the issuance of bonds or the imposition, increase, or reduction of a tax, in addition to any other requirement imposed

by law for a proposition, including a provision prescribing the proposition language, to specifically state, as applicable:

(1) deletes existing text relating to certain information to be provided with respect to a bond proposition and redesignates Subsection (2) as Subsection (1); or

(2) redesignates Subsection (3) as Subsection (2).

(f) Requires 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 requirements of Subchapter B, Chapter 1251 (Bond Elections), Government Code. Defines "debt obligation" and "political subdivision."

SECTION 3. Amends Chapter 1251, Government Code, by designating Sections 1251.001, 1251.003, 1251.004, 1251.005, and 1251.006 as Subchapter A and adding a subchapter heading, to read as follows:

#### SUBCHAPTER A. PROVISIONS RELATING GENERALLY TO BOND ELECTIONS

SECTION 4. Amends Chapter 1251, Government Code, by adding Subchapter B, as follows:

#### SUBCHAPTER B. BALLOT FOR DEBT OBLIGATIONS ISSUED BY POLITICAL SUBDIVISION

Sec. 1251.051. DEFINITIONS. Defines "debt obligation," "debt obligation election order," and "political subdivision."

Sec. 1251.052. FORM. (a) Requires the ballot for a measure seeking voter approval of the issuance of debt obligations by a political subdivision to specifically state certain information.

(b) Requires the ballot for a measure seeking voter approval of the issuance of debt obligations 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, in addition to the requirements of Subsection (a), to 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 upon assumptions made by the governing body of the political subdivision.

(c) Requires the governing body of the political subdivision to identify in the debt obligation election order the major assumptions made in connection with the statement required by Subsection (b), including certain assumptions.

(d) 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. 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 under Section 4.003(f) (relating to a debt obligation election order being posted in certain places at certain times), Election Code, and authorizes the political subdivision to include the voter information document in the debt obligation election order. Requires that the voter information document distinctly state certain information.

(e) Requires a political subdivision that maintains an Internet website to provide the information described by Subsection (d) 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.

(f) Provides that this section provides the ballot proposition language for an election to authorize the issuance of debt obligations by a political subdivision. Provides that to the extent of a conflict between this section and another law, this section controls.

SECTION 5. Amends Section 271.049, Local Government Code, by amending Subsections (a) and (b) and adding Subsection (e), as follows:

(a) Requires a notice of an issuer's intention to issue the certificates to be published with the date of the first publication before the 45th, rather than 30th, day before the date tentatively set for the passage of the order or ordinance authorizing the issuance of the certificates, and if the issuer maintains an Internet website, continuously on the issuer's website for at least 45 days before the date tentatively set for the passage of the order or ordinance authorizing the issuance of certificates.

(b) Requires that the notice state certain information, including 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 the certificates to be authorized. Deletes existing text requiring that the notice state the maximum amount of the certificates to be authorized.

(e) Defines "debt obligation" for this section.

SECTION 6. Repealer: Section 1251.002 (Contents of Proposition), Government Code.

SECTION 7. (a) Makes application of Chapter 1251, Government Code, as amended by this Act, prospective.

(b) Provides that the changes in law made by this Act to Section 271.049, Local Government Code, apply only to a certificate of obligation for which the first notice of intention to issue the certificate is made on or after the effective date of this Act. Provides that a certificate of obligation for which the first notice of intention to issue the certificate is made before the effective date of this Act is governed by the law in effect when the notice of intention is made, and the former law is continued in effect for that purpose.

SECTION 8. Effective date: September 1, 2017.