

BILL ANALYSIS

Senate Research Center
86R2719 TSR-D

S.B. 957
By: Bettencourt; Huffman
State Affairs
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Authorized in 2003, pension obligation bonds were originally created to allow Texas municipalities that were facing sizable shortfalls in their sponsored pension plan systems to issue obligations to pay unfunded liabilities to public pension funds. However, voter approval for the issuance of these bonds was not included in the original bill. Interested parties have stated that the total amount of bond debt that has been issued by various municipalities without voter approval is a growing concern and most citizens are unaware of how much debt is owed by various municipalities.

S.B. 957 amends current law relating to voter approval of obligations for certain municipal liabilities to a public pension fund, adds the requirement of voter approval prior to the issuance of these bonds, and makes other changes to law.

As proposed, S.B. 957 amends current law relating to voter approval of the issuance of certain obligations by municipalities to pay their unfunded liabilities to a public pension fund.

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 107.003(a), Local Government Code, to provide that a municipality, subject to Section 107.0035, is authorized to issue obligations to fund all or any part of an unfunded liability.

SECTION 2. Amends Chapter 107, Local Government Code, by adding Section 107.0035, as follows:

Sec. 107.0035. VOTER APPROVAL REQUIRED FOR CERTAIN PENSION FUND OBLIGATIONS. Authorizes a municipality to issue an obligation under Section 107.003 (Pension Fund Obligations Authorized) in an amount that exceeds \$50 million only if the issuance is approved by a majority of the qualified voters of the municipality voting at an election held for that purpose.

SECTION 3. Repealer: Section 107.0036 (Voter Approval Required for Certain Pension Fund Obligations), Local Government Code.

SECTION 4. Makes application of Section 107.0035, Local Government Code, as added by this Act, prospective.

SECTION 5. Effective date: upon passage or September 1, 2019.