

SENATE AMENDMENTS

2nd Printing

By: Troxclair, Burrows, Bonnen, Raymond,
Meyer, et al.

H.B. No. 3899

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the issuance of bonds by certain local government
3 corporations.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 431.003(3), Transportation Code, is
6 amended to read as follows:

7 (3) "Local government" means:

8 (A) a municipality;

9 (B) a county; or

10 (C) for purposes of Subchapter D or D-1:

11 (i) a navigation district, hospital
12 district, or hospital authority;

13 (ii) a regional transportation authority
14 governed by Chapter 452;

15 (iii) a rapid transit authority governed by
16 Chapter 451; or

17 (iv) a coordinated county transportation
18 authority governed by Chapter 460.

19 SECTION 2. Section 431.070(a), Transportation Code, is
20 amended to read as follows:

21 (a) Subject to Subchapter D-1, a [A] corporation may issue
22 bonds and notes to carry out its purpose.

23 SECTION 3. Section 431.101(b), Transportation Code, is
24 amended to read as follows:

1 (b) Except as provided by Subchapter D-1, a [A] local
2 government corporation has the powers of a corporation authorized
3 for creation by the commission under this chapter.

4 SECTION 4. Chapter 431, Transportation Code, is amended by
5 adding Subchapter D-1 to read as follows:

6 SUBCHAPTER D-1. ISSUANCE OF BONDS BY CERTAIN LOCAL GOVERNMENT

7 CORPORATIONS CREATED BY MUNICIPALITIES OR COUNTIES

8 Sec. 431.120. APPLICABILITY OF SUBCHAPTER. This subchapter
9 applies to a local government corporation created by a municipality
10 or county independently or with another local government that has
11 entered into an agreement with a municipality or county for the
12 transfer to the corporation of revenue from ad valorem taxes that
13 were approved by the voters of the municipality or county under
14 Section 26.07, Tax Code.

15 Sec. 431.121. DEFINITION. In this subchapter, "bond"
16 includes a note, revenue bond, or loan.

17 Sec. 431.122. BOND ELECTION REQUIRED. (a) Notwithstanding
18 any other law, a local government corporation may not issue bonds,
19 other than refunding bonds, to be paid wholly or partly from ad
20 valorem taxes transferred from a municipality or county to the
21 corporation that were approved by the voters of the municipality or
22 county under Section 26.07, Tax Code, unless the corporation is
23 first authorized to issue bonds under this subchapter by the voters
24 of the municipality or county in an election held by the
25 municipality or county for that purpose.

26 (b) Bonds authorized under this subchapter to finance a
27 project may be issued in one or more series.

1 (c) An election held for purposes of this section must be:
2 (1) conducted as provided by Section 1251.003,
3 Government Code; and
4 (2) held in the municipality or county on the uniform
5 election date in November.
6 Sec. 431.123. FORM OF BALLOT. (a) The ballot proposition
7 for a measure seeking voter approval for issuance of bonds under
8 this subchapter must include:
9 (1) a plain language description of the purposes for
10 which the bonds are to be authorized;
11 (2) the principal amount not to be exceeded in the
12 aggregate of the bonds authorized to be issued in one or more
13 series;
14 (3) the maximum maturity date of the bonds to be
15 authorized, not to exceed 40 years; and
16 (4) that the principal of and interest on the bonds
17 will be wholly or partly paid from funds received pursuant to an
18 agreement with the municipality or county for the transfer of ad
19 valorem taxes approved by the voters of the municipality or county
20 under Section 26.07, Tax Code.
21 (b) A proposition may include as a purpose one or more
22 structures or improvements serving the substantially same purpose
23 and may include related improvements and equipment necessary to
24 accomplish the purpose.
25 (c) The result of an election held under this subchapter
26 does not affect the result of a prior election held under Section
27 26.07, Tax Code.

1 Sec. 431.124. CONDITION OF BONDS. A bond authorized to be
2 issued under this subchapter may not mature more than 40 years after
3 the date the bond was issued.

4 SECTION 5. Section 1207.001(1), Government Code, is amended
5 to read as follows:

6 (1) "Issuer" means this state or any department,
7 board, authority, agency, subdivision, municipal corporation,
8 district, public corporation, body politic, or instrumentality of
9 this state which has the power to borrow money and issue bonds,
10 notes, or other evidences of indebtedness. The term includes a
11 county, municipality, state-supported institution of higher
12 education, junior college district, regional college district,
13 school district, hospital district, water district, road district,
14 navigation district, conservation district, local government
15 corporation, and any other kind or type of political or
16 governmental entity.

17 SECTION 6. The change in law made by Subchapter D-1, Chapter
18 431, Transportation Code, as added by this Act, applies only to a
19 bond issued on or after the effective date of this Act.

20 SECTION 7. This Act takes effect immediately if it receives
21 a vote of two-thirds of all the members elected to each house, as
22 provided by Section 39, Article III, Texas Constitution. If this
23 Act does not receive the vote necessary for immediate effect, this
24 Act takes effect September 1, 2023.

ADOPTED
✓✓
MAY 22 2023

Latey Law
Secretary of the Senate

FLOOR AMENDMENT NO. 1

BY:

Paul Bellercont

1 Amend H.B. No. 3899 (senate committee printing) by striking
2 all below the enacting clause and substituting the following:

3 SECTION 1. Section 431.003(3), Transportation Code, is
4 amended to read as follows:

5 (3) "Local government" means:

6 (A) a municipality;

7 (B) a county; or

8 (C) for purposes of Subchapter D or D-1:

9 (i) a navigation district, hospital
10 district, or hospital authority;

11 (ii) a regional transportation authority
12 governed by Chapter 452;

13 (iii) a rapid transit authority governed by
14 Chapter 451; or

15 (iv) a coordinated county transportation
16 authority governed by Chapter 460.

17 SECTION 2. Section 431.070(a), Transportation Code, is
18 amended to read as follows:

19 (a) Subject to Subchapter D-1, a [A] corporation may issue
20 bonds and notes to carry out its purpose.

21 SECTION 3. Section 431.101(b), Transportation Code, is
22 amended to read as follows:

23 (b) Except as provided by Subchapter D-1, a [A] local
24 government corporation has the powers of a corporation authorized
25 for creation by the commission under this chapter.

1 SECTION 4. Chapter 431, Transportation Code, is amended by
2 adding Subchapter D-1 to read as follows:

3 SUBCHAPTER D-1. ISSUANCE OF BONDS BY CERTAIN LOCAL GOVERNMENT
4 CORPORATIONS CREATED BY MUNICIPALITIES OR COUNTIES

5 Sec. 431.120. SHORT TITLE. This subchapter may be cited as
6 the No Blank Checks Act.

7 Sec. 431.121. APPLICABILITY OF SUBCHAPTER. This subchapter
8 applies to a local government corporation created by a municipality
9 or county independently or with another local government that has
10 entered into an agreement with a municipality or county for the
11 transfer to the corporation of revenue from an increase in ad
12 valorem taxes that was approved by the voters of the municipality
13 or county under Section 26.07, Tax Code, and dedicated to the
14 corporation for the purpose stated on the ballot.

15 Sec. 431.122. DEFINITION. In this subchapter, "bond"
16 includes a bond, warrant, certificate of obligation, or other
17 evidence of indebtedness that is payable in installments over a
18 period of more than one year.

19 Sec. 431.123. REQUIREMENTS FOR ISSUANCE OF BONDS; BOND
20 FINANCING. (a) Notwithstanding any other law, a local government
21 corporation may not issue bonds to be paid wholly or partly from
22 ad valorem taxes transferred from a municipality or county to the
23 corporation that were approved by the voters of the municipality
24 or county under Section 26.07, Tax Code.

25 (b) A local government corporation may issue bonds, other
26 than bonds described by Subsection (a), only if the local
27 government corporation obtains authorization to issue the bonds in

1 the same manner required for the municipality or county that
2 created the local government corporation to issue the bonds. Bonds
3 authorized under this subchapter to finance a project may be issued
4 in one or more series.

5 (c) If an election is required under Subsection (b) to
6 authorize a local government corporation to issue bonds, the
7 election held for purposes of this section must be:

8 (1) conducted as provided by Section 1251.003,
9 Government Code; and

10 (2) held in the municipality or county on the uniform
11 election date in November.

12 Sec. 431.124. FORM OF BALLOT. (a) A ballot proposition for
13 a measure seeking voter approval for the issuance of bonds under
14 this subchapter must include:

15 (1) a plain language description of the purposes for
16 which the bonds are to be authorized;

17 (2) the principal amount not to be exceeded in the
18 aggregate of the bonds authorized to be issued in one or more
19 series;

20 (3) the maximum maturity date of the bonds to be
21 authorized, not to exceed 40 years; and

22 (4) the nature and source of funds to be used to wholly
23 or partly pay the principal of and interest on the bonds.

24 (b) A proposition may include as a purpose one or more
25 structures or improvements serving the substantially same purpose
26 and may include related improvements and equipment necessary to
27 accomplish the purpose.

1 Sec. 431.125. CONDITION OF BONDS. A bond authorized to be
2 issued under this subchapter may not mature more than 40 years
3 after the date the bond was issued.

4 SECTION 5. Section 1207.001(1), Government Code, is amended
5 to read as follows:

6 (1) "Issuer" means this state or any department, board,
7 authority, agency, subdivision, municipal corporation, district,
8 public corporation, body politic, or instrumentality of this state
9 which has the power to borrow money and issue bonds, notes, or
10 other evidences of indebtedness. The term includes a county,
11 municipality, state-supported institution of higher education,
12 junior college district, regional college district, school
13 district, hospital district, water district, road district,
14 navigation district, conservation district, local government
15 corporation, and any other kind or type of political or
16 governmental entity.

17 SECTION 6. The change in law made by Subchapter D-1, Chapter
18 431, Transportation Code, as added by this Act, applies only to a
19 bond issued on or after the effective date of this Act.

20 SECTION 7. This Act takes effect immediately if it receives
21 a vote of two-thirds of all the members elected to each house, as
22 provided by Section 39, Article III, Texas Constitution. If this
23 Act does not receive the vote necessary for immediate effect, this
24 Act takes effect September 1, 2023.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

May 23, 2023

TO: Honorable Dade Phelan, Speaker of the House, House of Representatives

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB3899 by Troxclair (Relating to the issuance of bonds by certain local government corporations.),
As Passed 2nd House

No fiscal implication to the State is anticipated.

Local Government Impact

There could be impacts on applicable municipalities or counties that have created local government corporations related to holding an election before they can issue bonds to pay for specific projects, as would be required by the bill.

Source Agencies:

LBB Staff: JMc, AF, DPE, MOc, BC

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

May 6, 2023

TO: Honorable Paul Bettencourt, Chair, Senate Committee on Local Government

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB3899** by Troxclair (Relating to the issuance of bonds by certain local government corporations.),
As Engrossed

No fiscal implication to the State is anticipated.

Local Government Impact

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Source Agencies:

LBB Staff: JMc, AF, MOc, BC, DPE

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

April 19, 2023

TO: Honorable Giovanni Capriglione, Chair, House Committee on Pensions, Investments & Financial Services

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB3899 by Troxclair (relating to the issuance of bonds by certain local government corporations.),
Committee Report 1st House, Substituted

No fiscal implication to the State is anticipated.

Local Government Impact

There could be impacts on applicable municipalities or counties that have created local government corporations related to holding an election before they can issue bonds to pay for specific projects, as would be required by the bill.

Source Agencies:

LBB Staff: JMc, MOc, BC, DPE

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

April 4, 2023

TO: Honorable Giovanni Capriglione, Chair, House Committee on Pensions, Investments & Financial Services

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB3899 by Troxclair (Relating to the issuance of bonds by certain local government corporations.),
As Introduced

No fiscal implication to the State is anticipated.

Local Government Impact

There could be impacts on applicable municipalities or counties that have created local government corporations related to holding an election before they can issue bonds to pay for specific projects, as would be required by the bill.

Source Agencies:

LBB Staff: JMc, MOc, BC, DPE