

BILL ANALYSIS

C.S.H.B. 134
By: Simpson
Elections
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties note that a recent report on state indebtedness indicates that local debt more than doubled in a 10-year span. Interested parties contend that when taxpayers are presented with a bond proposition at an election there is little information available on how the measure will affect the current indebtedness of the entity undertaking the indebtedness. C.S.H.B. 134 seeks to remedy this situation.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 134 amends the Election Code to require the secretary of state to require a ballot proposition for a proposed constitutional amendment to authorize the issuance of general obligation bonds, in addition to any other wording for such a ballot proposition, to be accompanied by a statement both on the ballot and in the proclamation ordering the election at which the amendment will be submitted that includes the following amounts, with each stated as a total amount and as a per capita amount for the then-current population of the state: the then-current general obligation debt of the state, the maximum amount of additional general obligation debt of the state that would be authorized by the proposed amendment, and the maximum estimated cost to repay the general obligation debt that would be authorized by the proposed amendment, including principal and interest, at a stated likely interest rate. The bill requires the Bond Review Board on the request of the secretary of state, for the purposes of the required information, to certify the then-current general obligation debt of the state, to determine a likely interest rate for the proposed bonds, and to compute the estimated maximum repayment cost in accordance with the likely interest rate. The bill prescribes the format in which the ballot must be printed. The bill requires the statement to be considered by the secretary of state before the secretary certifies the proposed amendment for placement on the ballot and to be appropriately translated for other ballot language.

C.S.H.B. 134 amends the Government Code to require a ballot printed for an election to authorize a local government to issue general obligation bonds to include with the ballot proposition a statement that includes the following amounts, with each stated as a total amount and as a per capita amount for the then-current population of the local government: the then-current general obligation debt of the local government, the maximum amount of additional general obligation debt of the local government that would be authorized if the proposition is

passed, and the maximum estimated cost to repay the general obligation debt that would be authorized by the proposed amendment, including principal and interest, at a stated likely interest rate. The bill prescribes the format in which the ballot must be printed. The bill requires the treasurer of the local government or another person as determined by the governing body of the local government, for the purposes of the required information, to certify the then-current general obligation debt of the local government, to determine a likely interest rate for the proposed bonds, and to compute the estimated maximum repayment cost in accordance with the likely interest rate.

EFFECTIVE DATE

September 1, 2015.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 134 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Subchapter A, Chapter 274, Election Code, is amended by adding Section 274.004 to read as follows:

Sec. 274.004. PROPOSITION STATEMENT REGARDING GENERAL OBLIGATION BONDS OF THIS STATE.

(a) In addition to any other wording for a ballot proposition for a proposed constitutional amendment to authorize the issuance of general obligation bonds of this state, the secretary of state shall require that the proposition, both on the ballot and in the proclamation ordering the election at which the amendment will be submitted, be accompanied by a statement that includes the following amounts, with each stated as a total amount and as a per capita amount for the then-current population of this state:

(1) the then-current general obligation debt of this state;

(2) the maximum amount of additional general obligation debt of this state that would be authorized by the proposed amendment; and

(3) the maximum estimated cost to repay the general obligation debt that would be authorized by the proposed amendment, including principal and interest, at a stated likely interest rate.

(b) For the purposes of the information required by Subsection (a), on the request of the secretary of state the Bond Review Board shall:

(1) certify the then-current general

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Subchapter A, Chapter 274, Election Code, is amended by adding Section 274.004 to read as follows:

Sec. 274.004. PROPOSITION STATEMENT REGARDING GENERAL OBLIGATION BONDS OF THIS STATE.

(a) In addition to any other wording for a ballot proposition for a proposed constitutional amendment to authorize the issuance of general obligation bonds of this state, the secretary of state shall require that the proposition, both on the ballot and in the proclamation ordering the election at which the amendment will be submitted, be accompanied by a statement that includes the following amounts, with each stated as a total amount and as a per capita amount for the then-current population of this state:

(1) the then-current general obligation debt of this state;

(2) the maximum amount of additional general obligation debt of this state that would be authorized by the proposed amendment; and

(3) the maximum estimated cost to repay the general obligation debt that would be authorized by the proposed amendment, including principal and interest, at a stated likely interest rate.

(b) For the purposes of the information required by Subsection (a), on the request of the secretary of state the Bond Review Board shall:

(1) certify the then-current general

obligation debt of this state;
(2) determine a likely interest rate for the proposed bonds; and
(3) compute the estimated maximum repayment cost in accordance with the likely interest rate determined under Subdivision (2).

(c) The statement required by this section must:
(1) be considered by the secretary of state before the secretary certifies the proposed amendment under Section 274.003(a); and
(2) be appropriately translated as provided by Section 274.003(c) for other ballot language.

SECTION 2. Subtitle C, Title 9, Government Code, is amended by adding Chapter 1253 to read as follows:

CHAPTER 1253. BALLOT INFORMATION FOR ELECTION TO AUTHORIZE LOCAL GOVERNMENTAL GENERAL OBLIGATION BONDS

Sec. 1253.001. DEFINITION. In this chapter, "local government" means a political subdivision or special-purpose district or authority of this state, including a county, municipality, school district, junior college district, hospital district, or conservation and reclamation district.

Sec. 1253.002. BALLOT INFORMATION FOR ELECTION REGARDING GENERAL OBLIGATION BONDS. (a) This section applies to a ballot printed for an election to authorize a local government to issue general obligation bonds.

(b) A ballot must include with the ballot proposition a statement that includes the

obligation debt of this state;
(2) determine a likely interest rate for the proposed bonds; and
(3) compute the estimated maximum repayment cost in accordance with the likely interest rate determined under Subdivision (2).

(c) The ballot required by this section must be printed in substantially the following format:

DEBT ITEMS TOTAL PER CAPITA

CURRENT GENERAL OBLIGATION DEBT\$ \$

PROPOSED NEW GENERAL OBLIGATION DEBT\$ \$

COST TO REPAY ADDITIONAL GENERAL OBLIGATION DEBT AT % INTEREST OVER YEARS\$ \$

(d) The statement required by this section must:
(1) be considered by the secretary of state before the secretary certifies the proposed amendment under Section 274.003(a); and
(2) be appropriately translated as provided by Section 274.003(c) for other ballot language.

SECTION 2. Subtitle C, Title 9, Government Code, is amended by adding Chapter 1253 to read as follows:

CHAPTER 1253. BALLOT INFORMATION FOR ELECTION TO AUTHORIZE LOCAL GOVERNMENTAL GENERAL OBLIGATION BONDS

Sec. 1253.001. DEFINITION. In this chapter, "local government" means a political subdivision or special-purpose district or authority of this state, including a county, municipality, school district, junior college district, hospital district, or conservation and reclamation district.

Sec. 1253.002. BALLOT INFORMATION FOR ELECTION REGARDING GENERAL OBLIGATION BONDS. (a) This section applies to a ballot printed for an election to authorize a local government to issue general obligation bonds.

(b) A ballot must include with the ballot proposition a statement that includes the

following amounts, with each stated as a total amount and as a per capita amount for the then-current population of the local government:

- (1) the then-current general obligation debt of the local government;
- (2) the maximum amount of additional general obligation debt of the local government that would be authorized if the proposition is passed; and
- (3) the maximum estimated cost to repay the general obligation debt that would be authorized by the proposed amendment, including principal and interest, at a stated likely interest rate.

Sec. 1253.003. DETERMINATION OF BALLOT INFORMATION. For the purposes of the information required by Section 1253.002(b), the treasurer of the local government, or another person as determined by the governing body of the local government, shall:

- (1) certify the then-current general obligation debt of the local government;
- (2) determine a likely interest rate for the proposed bonds; and
- (3) compute the estimated maximum repayment cost in accordance with the likely interest rate determined under Subdivision (2).

SECTION 3. Section 274.004, Election Code, as added by this Act, and Chapter 1253, Government Code, as added by this Act, apply only to a ballot proposition for an election held on or after November 1, 2016.

following amounts, with each stated as a total amount and as a per capita amount for the then-current population of the local government:

- (1) the then-current general obligation debt of the local government;
- (2) the maximum amount of additional general obligation debt of the local government that would be authorized if the proposition is passed; and
- (3) the maximum estimated cost to repay the general obligation debt that would be authorized by the proposed amendment, including principal and interest, at a stated likely interest rate.

(c) The ballot required by this section must be printed in substantially the following format:

DEBT ITEMS TOTAL PER CAPITA

CURRENT GENERAL OBLIGATION DEBTS \$

PROPOSED NEW GENERAL OBLIGATION DEBTS \$

COST TO REPAY
ADDITIONAL GENERAL
OBLIGATION DEBT
AT % INTEREST
OVER YEARS \$

Sec. 1253.003. DETERMINATION OF BALLOT INFORMATION. For the purposes of the information required by Section 1253.002(b), the treasurer of the local government, or another person as determined by the governing body of the local government, shall:

- (1) certify the then-current general obligation debt of the local government;
- (2) determine a likely interest rate for the proposed bonds; and
- (3) Compute the estimated maximum repayment cost in accordance with the likely interest rate determined under Subdivision (2).

SECTION 3. Same as introduced version.

SECTION 4. This Act takes effect
September 1, 2015.

SECTION 4. Same as introduced version.