

## BILL ANALYSIS

Senate Research Center  
80R5688 JRD-F

H.B. 3270  
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Transportation & Homeland Security  
5/18/2007  
Engrossed

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

The recent natural disasters along the Gulf Coast have potentially highlighted the importance of authorizing governmental entities to access emergency funding in the event of a hurricane or tropical storm in order to handle cleanup costs and overtime payments for employees

H.B. 3270 provides a mechanism through which governmental entities are authorized to access the municipal bond market in the event of a natural disaster through anticipation bonds.

### 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 1431.004, Government Code, by adding Subsection (e) to authorize an issuer of an anticipation note, other than an eligible school district, to use the proceeds of the anticipation note or other obligation issued under Section 1431.015 (anticipation note or other obligation) for purposes described by Subsection (a) (regarding authorized uses of anticipation note proceeds) or to pay for certain items set forth in this subsection.

SECTION 2. Amends Section 1431.006, Government Code, as follows:

Sec. 1431.006. LIMITATION ON NOTES TO PAY EXPENSES. (a) Creates this subsection from existing text.

(b) Provides that this section does not apply to an anticipation note or other obligation.

SECTION 3. Amends Section 1431.007, Government Code, by adding Subsection (c) to authorize a governing body issuing an anticipation note or other obligation to provide that the anticipation note or other obligation is paid from and secured by certain revenue, and to pledge to the payment of the note or obligation by certain revenue.

SECTION 4. Amends Section 1431.009, Government Code, by amending Subsections (a) and (c) and adding Subsection (e), as follows:

(a) and (c) Requires the maturation of an anticipation note for a certain purpose before the anniversary, respective to the type of note, of the date the attorney general approves the note, except as provided by Subsection (e).

(e) Requires the maturation of an anticipation note issued for any authorized purpose before the 10th anniversary of the date the attorney general approves the note or other obligation.

SECTION 5. Amends Section 1431.012, Government Code, as follows:

Sec. 1431.012. RESTRICTION ON CERTAIN CONTRACTS PAYABLE FROM PROCEEDS OF NOTES. (a) Creates this subsection from existing text. Requires a county to comply with the competitive bidding requirements of Subchapter C (Certificate

of Obligation Act), Chapter 271, Local Government Code, in connection with a contract to be paid from the proceeds of anticipation notes, except as provided by Section 1431.004 (a)(1)(A).

(b) Provides that competitive bidding requirements to do not apply to an anticipation note or other obligation for any authorized purpose.

SECTION 6. Amends Chapter 1431, Government Code, by adding Sections 1431.015, 1431.016, and 1431.017, as follows:

Sec. 1431.015. CERTAIN NOTES OR OTHER OBLIGATIONS FOR EMERGENCY FINANCING. (a) Defines "emergency."

(b) Authorizes an issuer located within 70 miles of the Gulf of Mexico or of a bay or inlet of the gulf to authorize the issuance of an anticipation note or other obligation in the event of an emergency.

(c) Requires the issuer, in accordance with Section 1431.017, to deliver a transcript of proceedings related to such an issuance to the attorney general. Sets forth certain circumstances regarding declaration of a disaster before delivery of said transcript.

Sec. 1431.016. CONFLICTS WITH MUNICIPAL CHAPTER. Provides that this chapter controls to the extent of a conflict between a municipal charter and any provision of this chapter relating to an anticipation note or other obligation.

Sec. 1431.017. ATTORNEY GENERAL REVIEW. Requires the issuer, following authorization of an anticipation note or other obligation, to submit to the attorney general a transcript of proceedings related to the issuance of said note or obligation and to provide preliminary approval and to fulfill other requirements relating to the issuance of said note or obligation. Requires the attorney general, on the occurrence of an emergency affecting the issuer, to expeditiously review and approve delivery of the anticipation note or other obligation subject to the issuer's compliance with preliminary approval requirements.

SECTION 7. Effective date: upon passage or September 1, 2007.