

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 1535
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Intergovernmental Relations
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Current law authorizes a municipality to annex and abolish a municipal utility district and authorizes the municipality to issue municipal bonds in an amount authorized and approved, but not issued, by the district. However, current statutes do not address the specific situation of annexation and abolition of a municipal utility district authorized to issue bonds payable from the proceeds of a tax levied on only a part of the district.

C.S.S.B. 1535 authorizes a municipality that annexes and abolishes a municipal utility district which has authorized and approved but not issued bonds payable from ad valorem taxes on a part of the district to issue municipal bonds in the amount voted but not issued by the district with the municipal bonds payable from the proceeds of an ad valorem tax levied on only the part of the district where the original tax was authorized.

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 Subchapter D, Chapter 43, Local Government Code, by adding Section 43.0805, as follows:

Sec. 43.0805. MUNICIPAL BONDS USED TO CARRY OUT PURPOSES OF DEFINED AREA IN ABOLISHED MUNICIPAL UTILITY DISTRICT. (a) Provides that this section applies only to a municipality that under any other law, including Section 43.075, abolishes a municipal utility district created under Section 59, Article XVI, Texas Constitution, that contains a defined area that the district created under Subchapter J (Services for Certain Defined Areas and Designated Property), Chapter 54, Water Code.

(b) Authorizes the governing body of a municipality, if, before its abolition, the district voted to issue bonds for the defined area under Section 54.806 (Procedure for Election), Water Code, and if some or all of the bonds were not issued, sold, and delivered before the abolition, to issue and sell municipal bonds in an amount not to exceed the amount of the unissued district bonds to carry out the purposes for which the district bonds were voted.

(c) Requires the bonds to be authorized by ordinance of the governing body of the municipality. Requires the ordinance to provide for the levy of taxes on all taxable property in the defined area of the abolished district to pay the principal of and interest on the bonds when due. Requires the bonds to be sold at not less than par value and accrued interest, and to mature, bear interest, and be subject to approval by the attorney general and to registration by the comptroller as provided by law for other general obligation bonds of the municipality.

(d) Provides that a bond that is approved, registered, and sold as provided by this section is incontestable.

(e) Provides that this section repeals a municipal charter provision to the extent of a conflict with this section. Provides that this section does not affect the authority of a municipality to issue bonds for other purposes.

SECTION 2. Provides that Section 43.0805, Local Government Code, as added by this Act, applies to a municipal utility district abolished, or a district vote to issue bonds that occurred, before, on, or after the effective date of this Act.

SECTION 3. Effective date: upon passage or September 1, 2007.