

## **BILL ANALYSIS**

Senate Research Center  
84R8644 TJB-D

S.B. 794  
By: Hancock  
Finance  
3/3/2015  
As Filed

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

According to the Texas Bond Review Board, Texas' total local government debt outstanding increased by 2.5 percent to \$205.33 billion in fiscal year 2014. Over the past decade, total debt outstanding has increased by 74.6 percent from \$117.6 billion to \$205.3 billion. During this period, debt for public school districts has increased 78.2 percent to \$67.96 billion.

Local debt issuance continues to grow significantly with little consideration for or attention paid to the useful life of the purchase. S.B. 794 addresses concerns of debt issuance for tangible items, such as technology upgrades, that become obsolete before the debt is paid.

S.B. 794 limits the authority of a political subdivision to issue a public security to purchase or lease tangible personal property if the expected useful life of the property ends before the maturity date of the public security.

As proposed, S.B. 794 amends current law relating to the authority of a political subdivision to issue debt to purchase or lease tangible personal property.

### **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 Subtitle C, Title 9, Government Code, by adding Chapter 1253, as follows:

#### **CHAPTER 1253. LIMITATION ON AUTHORITY TO ISSUE PUBLIC SECURITIES FOR CERTAIN PURPOSES**

Sec. 1253.001. DEFINITIONS. Defines "political subdivision" and "public security" in this chapter.

Sec. 1253.002. LIMITATION ON AUTHORITY TO ISSUE PUBLIC SECURITY FOR TANGIBLE PERSONAL PROPERTY. Prohibits a political subdivision from issuing a public security to purchase or lease tangible personal property if the expected useful life of the property ends before the maturity date of the public security.

SECTION 2. Effective date: September 1, 2015.