

BILL ANALYSIS

Senate Research Center
85R2826 MK-D

S.B. 151
By: Bettencourt
State Affairs
3/14/2017
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Authorized in 2003, pension obligation bonds were originally created to allow Texas municipalities that were facing sizable shortfalls in their sponsored pension plan systems to issue obligations to pay unfunded liabilities to public pension funds.

However, voter approval for the issuance of these bonds was not included in the original bill.

S.B. 151 rectifies this by adding the requirement of voter approval prior to the issuance of these bonds. Supporters have stated that the total amount of bond debt that has been issued by various municipalities without voter approval is a growing concern and most citizens are unaware of how much debt is owed by various municipalities. By adding voter approval, S.B. 151 will help alleviate the problem of silent debt that eventually could be required to be repaid by general revenue of a municipality.

As proposed, S.B. 151 amends current law relating to voter approval of obligations for certain municipal liabilities to a public pension fund.

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 Chapter 107, Local Government Code, by adding Section 107.0035, as follows:

Sec. 107.0035. VOTER APPROVAL REQUIRED FOR PENSION FUND OBLIGATIONS. Provides that a municipality may issue an obligation under Section 107.003 (Pension Fund Obligations Authorized) only if the issuance is approved by a majority of the qualified voters of the municipality at an election held for that purpose.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: upon passage or September 1, 2017.