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et al.

H.B. No. 1869

A BILL TO BE ENTITLED

AN ACT

relating to the definition of debt for the purposes of calculating  
certain ad valorem tax rates of a taxing unit.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 26.012, Tax Code, is amended by amending  
Subdivision (7) and adding Subdivisions (9), (18-a), and (18-b) to  
read as follows:

(7) "Debt" means:

(A) a bond, warrant, certificate of obligation,  
or other evidence of indebtedness owed by a taxing unit that:

(i) is payable [~~solely~~] from property taxes  
in installments over a period of more than one year, not budgeted  
for payment from maintenance and operations funds, and secured by a  
pledge of property taxes; and

(ii) meets one of the following  
requirements:

(a) has been approved at an election;

(b) includes self-supporting debt;

(c) evidences a loan under a state or  
federal financial assistance program;

(d) is issued for designated  
infrastructure;

(e) is a refunding bond;

(f) is issued in response to an

1 emergency under Section 1431.015, Government Code;

2 ~~(g) is issued for renovating,~~  
3 ~~improving, or equipping existing buildings or facilities;~~

4 ~~(h) is issued for vehicles or~~  
5 ~~equipment; or~~

6 ~~(i) is issued for a project under~~  
7 ~~Chapter 311, Tax Code, or Chapter 222, Transportation Code, that is~~  
8 ~~located in a reinvestment zone created under one of those~~  
9 ~~chapters; [r]~~ or

10 (B) a payment made under contract to secure  
11 indebtedness of a similar nature issued by another political  
12 subdivision on behalf of the taxing unit.

13 (9) "Designated infrastructure" means:

14 (A) infrastructure, including a facility,  
15 equipment, rights-of-way, or land, for the following purposes:

16 (i) streets, roads, highways, bridges,  
17 sidewalks, parks, landfills, parking structures, or airports;

18 (ii) telecommunications, wireless  
19 communications, information technology systems, applications,  
20 hardware, or software;

21 (iii) cybersecurity;

22 (iv) as part of any utility system, water  
23 supply project, water plant, wastewater plant, water and wastewater  
24 distribution or conveyance facility, wharf, dock, or flood control  
25 and drainage project;

26 (v) police stations, fire stations, or  
27 other public safety facilities, jails, juvenile detention

1 facilities, or judicial facilities, and any facilities that are  
2 physically attached to the facilities described by this  
3 subparagraph;

4 (vi) as part of any school district; or

5 (vii) as part of any hospital district  
6 created by general or special law that includes a teaching  
7 hospital;

8 (B) emergency vehicles for police, fire, or  
9 emergency medical services;

10 (C) maintenance vehicles; or

11 (D) heavy equipment or machinery.

12 (18-a) "Refunding bond" means a bond or other  
13 obligation issued for refunding or refinancing purposes under  
14 Chapter 1207 or 1371, Government Code.

15 (18-b) "Self-supporting debt" means the portion of a  
16 bond, warrant, certificate of obligation, or other evidence of  
17 indebtedness described by Subdivision (7)(A)(i) designated by the  
18 governing body of a political subdivision as being repaid from a  
19 source other than property taxes.

20 ~~SECTION 2. Chapter 26, Tax Code, is amended by adding~~  
21 ~~Section 26.014 to read as follows:~~

22 ~~Sec. 26.014. DEBT FOR CERTAIN TAXING UNITS. (a) This~~  
23 ~~section applies only to:~~

24 ~~(1) a county with a population of at least 1.7 million~~  
25 ~~that contains a municipality in which at least 75 percent of the~~  
26 ~~county's population resides;~~

27 ~~(2) a county with a population of more than one million~~

1 ~~and less than 1.5 million;~~  
2 ~~(3) a county with a population of more than 800,000 and~~  
3 ~~less than 1 million;~~  
4 ~~(4) a county with a population of more than 64,750 and~~  
5 ~~less than 65,000;~~  
6 ~~(5) a county with a population of more than 40,000 and~~  
7 ~~less than 41,000;~~  
8 ~~(6) a county with a population of more than 30,500 and~~  
9 ~~less than 32,250;~~  
10 ~~(7) a county with a population of more than 320,000 and~~  
11 ~~less than 400,000 that:~~  
12 ~~(A) does not border the United Mexican States;~~  
13 ~~and~~  
14 ~~(B) in which a port authority is authorized to~~  
15 ~~issue permits for oversize or overweight vehicles under Chapter~~  
16 ~~623, Transportation Code;~~  
17 ~~(8) a municipality with a population of more than~~  
18 ~~150,000 and less than 200,000 that is partially located in a county~~  
19 ~~with a population of 1.8 million or more; and~~  
20 ~~(9) a taxing unit any part of which is located in a~~  
21 ~~county to which this section applies.~~  
22 ~~(b) In this chapter, "debt" means a bond, warrant,~~  
23 ~~certificate of obligation, or other evidence of indebtedness owed~~  
24 ~~by a taxing unit that is payable solely from property taxes in~~  
25 ~~installments over a period of more than one year, not budgeted for~~  
26 ~~payment from maintenance and operations funds, and secured by a~~  
27 ~~pledge of property taxes, or a payment made under contract to secure~~

1 ~~indebtedness of a similar nature issued by another political~~  
2 ~~subdivision on behalf of the taxing unit.~~

3 SECTION 3. The changes in law made by this Act apply only to  
4 a bond, warrant, certificate of obligation, or other evidence of  
5 indebtedness for which the ordinance, order, or resolution  
6 authorizing the issuance is adopted by the governing body of a  
7 taxing unit on or after the effective date of this Act ~~and for which~~  
8 ~~the taxing unit has not entered into a binding agreement before the~~  
9 ~~effective date of this Act that contemplates the issuance of the~~  
10 ~~debt. The changes in law made by this Act do not apply to a bond,~~  
11 ~~warrant, certificate of obligation, or other evidence of~~  
12 ~~indebtedness for which the ordinance, order, or resolution~~  
13 ~~authorizing the issuance was adopted by the governing body of a~~  
14 ~~taxing unit before the effective date of this Act or for which the~~  
15 ~~taxing unit has entered into a binding agreement before the~~  
16 ~~effective date of this Act that contemplates the issuance of such~~  
17 ~~debt, and the former law is continued in effect for that purpose.~~  
18 ~~For the purposes of this section, "binding agreement" includes a~~  
19 ~~development agreement, ordinance, order, or resolution that~~  
20 ~~authorizes or delegates to an appropriate officer of a taxing unit~~  
21 ~~the execution of a binding agreement at a later date.~~

22 SECTION 4. This Act takes effect September 1, 2021.