

**LEGISLATIVE EDUCATION STUDY COMMITTEE  
BILL ANALYSIS**

**Bill Number:** CS/SB 217

**51st Legislature, 1st Session, 2013**

**Tracking Number:** .191991.1

**Short Title:** Authority for Public Securities Terms

**Sponsor(s):** Senator Howie C. Morales

**Analyst:** Sarah Amador-Guzman

**Date:** February 18, 2013

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**SENATE EDUCATION COMMITTEE SUBSTITUTE  
FOR SENATE BILL 217**

**Bill Summary:**

SB 217 amends the *Public Securities Act* by:

- adding a new section, that allows the local school board to authorize the local superintendent to act on behalf of the local school board and issue a notice of sale for general obligation bonds (GOB);
- allowing the local school board to establish parameters for the local superintendent issuing the notice of sale for the GOB, to include its:
  - purpose;
  - par amount;
  - maturity date;
  - interest and principal payment dates;
  - redemption provisions;
  - other procedures, terms and details relating to the issuance and sale of public securities; and
  - details of the special/general obligations to be refunded, including specific or partial maturities, “as set forth in the authorizing instrument,” if the public securities are being used for refunds.

The provisions of this act would take effect on July 1, 2013.

**Fiscal Impact:**

SB 217 does not contain an appropriation.

**Substantive Issues:**

According to the Legislative Finance Committee Fiscal Impact Report, SB 217:

- does not require the local school board to set an upper limit on the dollar amount that could be issued under the authorization of public securities;

- allows the superintendent to make the determination of whether or not to issue the public securities; and
- does not limit the parameters for the public securities to be sold, except for in the case of refunds.

**Background:**

According to the Public Education Department's original bill analysis:

- a superintendent is defined to include the head administrator or a charter school or another designated employee of a school district or charter school, raising concerns about whether or not these individuals are apt with the level of financial expertise required in making such decisions; and
- a local school board has traditionally maintained the responsibility of fiduciary authority.

**Committee Referrals:**

SEC/SCORC

**Related Bills:**

None as of February 15, 2013.