

Sec. 45.0031. LIMITATION ON ISSUANCE OF TAX-SUPPORTED BONDS. (a) Before issuing bonds described by Section 45.001, a school district must demonstrate to the attorney general under Subsection (b) or (c) that, with respect to the proposed issuance, the district has a projected ability to pay the principal of and interest on the proposed bonds and all previously issued bonds other than bonds authorized to be issued at an election held on or before April 1, 1991, and issued before September 1, 1992, from a tax at a rate not to exceed \$0.50 per \$100 of valuation.

(b) A district may demonstrate the ability to comply with Subsection (a) or (f) by using the most recent taxable value of property in the district, combined with state assistance to which the district is entitled under Chapter 42 or 46 that may be lawfully used for the payment of bonds.

(c) A district may demonstrate the ability to comply with Subsection (a) by using a projected future taxable value of property in the district anticipated for the earlier of the tax year five years after the current tax year or the tax year in which the final payment is due for the bonds submitted to the attorney general, combined with state assistance to which the district is entitled under Chapter 42 or 46 that may be lawfully used for the payment of bonds. The district must submit to the attorney general a certification of the district's projected taxable value of property that is prepared by a registered professional appraiser certified under Chapter 1151, Occupations Code, who has demonstrated professional experience in projecting taxable values of property or who can by contract obtain any necessary assistance from a person who has that experience. To demonstrate the professional experience required by this subsection, a registered professional appraiser must provide to the district written documentation relating to two previous projects for which the appraiser projected taxable values of property. Until the bonds submitted to the attorney general are approved or disapproved, the district must maintain the documentation and on request provide the documentation to the attorney general or comptroller. The certification of the district's projected taxable value of property must be signed by the district's superintendent. The attorney general must base a determination of whether the district has complied with Subsection (a) on a taxable value of property that is equal to 90 percent of the value certified under this subsection.

(d) A district that demonstrates to the attorney general that the district's ability to comply with Subsection (a) or (f) is contingent on receiving state assistance may not adopt a tax rate for a year for purposes of paying the principal of and interest on the bonds unless the district credits to the account of the interest and sinking fund of the bonds the amount of state assistance equal to the amount needed to demonstrate compliance and received or to be received in that year.

(e) If a district demonstrates to the attorney general the district's ability to comply with Subsection (a) using a projected future taxable value of property under Subsection (c) and subsequently imposes a tax to pay the principal of and interest on bonds to which Subsection (a) applies at a rate that exceeds the limit imposed by Subsection (a), the attorney general may not approve a subsequent issuance of bonds unless the attorney general finds that the district has a projected ability to pay the principal of and interest on the proposed bonds and all previously issued bonds to which Subsection (a) applies from a tax at a rate not to exceed \$0.45 per \$100 of valuation

(f) As an alternative to subsection (a), a district may demonstrate to the attorney general that the district has the projected ability to pay principal and interest on a proposed issue of bonds in any manner that will produce actual debt service savings of at least ten percent when compared to pro forma debt service payments derived using current market interest rates and yields, as determined by the district and certified by a financial advisor or consultant to the district; provided, that such pro forma debt service payments must establish that the district would have the projected ability to demonstrate compliance with subsection (a) using such pro forma payments.

Actual debt service savings shall be determined using the difference between (i) the total amount of pro forma debt service payments on the proposed bonds and (ii) the actual debt service on the proposed bonds, as a percentage of the total amount of the pro forma debt service payments on the proposed bonds.

For the purpose of determining pro forma debt service on the proposed bonds and all previously issued bonds described in subsection (a), the district shall amortize such bonds over the maximum term for such bonds permitted by law.