



TEXAS MUNICIPAL LEAGUE  
*Empowering Texas cities to serve their citizens*

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President **David Rutledge**, Mayor, Bridge City  
Executive Director **Bennett Sandlin**

April 11, 2023

The Honorable Paul Bettencourt  
Chairman, Senate Local Government Committee  
Texas Senate  
P.O. Box 12068  
Austin, TX 78768-2068

Dear Chairman Bettencourt:

I am writing on behalf of the Texas Municipal League to express our opposition to **S.B. 561** by **Senator Sparks**. S.B. 561 would prohibit a political subdivision from issuing debt to purchase or lease tangible personal property if the expected useful life of the property ends before the maturity date of the public security.

While we can understand the author's intent to try to limit debt issuances for tangible personal property in certain circumstances, this issue was largely addressed by the Texas Legislature in 2019 with the overwhelming passage of H.B. 440. That bill codified Sec. 1253.002 of the Government Code, which provides that a political subdivision may not issue general obligation bonds to purchase personal property if the weighted average maturity of the issue of bonds exceeds 120 percent of the reasonably expected weighted average economic life of the personal property financed with the bonds. We believe using weighted average maturity and weighted average life represents a reasonable approach to making sure the cost of the debt doesn't significantly exceed the value of the personal property being financed.

S.B. 561 is an extreme approach that eliminates the framework adopted by the 86<sup>th</sup> Texas Legislature on personal property financing. Should the bill pass, local governments will have greater difficulty financing necessary equipment and vehicles, like ladder trucks, police patrol cars, and other fleet vehicles. As Texas cities continue to grow as fast as any in the country, the legislature should stick with the current system that balances the need for necessary services with important taxpayer safeguards.

Sincerely,

Monty Wynn  
*Director, Grassroots and Legislative Services*  
*Texas Municipal League*