



April 28, 2021

The Honorable Erin Zwiener
Texas House of Representatives
P.O. Box 2910
Austin, TX 78768

via electronic mail

REF: Request for Potential Amendment to HB 1869

Dear Representative Zwiener:

Thank you for your leadership and your continued support of the citizens of San Marcos, Texas. The City is grateful for all the work you and your staff do to grow our State and region in a productive and environmentally responsible manner. On behalf of San Marcos and my Council colleagues, I look forward to continuing our positive relationship as we work together to serve area residents and businesses.

Since part of our charge as elected officials is to manage the City and State's resources in the most fiscally sound manner, I am writing to you in response to the Texas House Ways and Means Committee's April 22 hearing regarding legislation that would redefine debt for the purposes of calculating certain ad valorem tax rates of a taxing unit. As proposed, the legislation would make it difficult for the City of San Marcos to provide critical services to residents in the most cost-effective manner through the use of certificates of obligation (COs) and other tax funded mechanisms unless approved by voters.

As a result, the City respectfully requests that you vote against **House Bill 1869** as it is currently proposed within the 87th session and requests your consideration of the presentation of potential amended language when the legislation moves to the House floor.

In its current form, the legislation allows the use of COs for "designated infrastructure" projects: streets, roads, utilities, telecommunications, and cyber security which are all positive uses. However, key areas such as public safety, parks, libraries, and airports are not listed as approved uses and therefore could not be financed through the use of certificates of obligation which would not allow our taxpayers to benefit from the potential of lower interest rates and lower associated costs provided by this financing tool.

Most recently, the City approved the use of COs to construct necessary infrastructure and safety improvements at a well-traveled intersection. Council also approved the use of COs to supplement the construction costs of our new Public Service Center on Clovis Barker Road. The complex will house several City departments including San Marcos Electric Utility, Water/Wastewater Utility, Transportation crews, fleet services, and will allow for streamlined and increasingly efficient service to our community for the next 25 years.

As faithful stewards of public funds we understand and appreciate the intent of House Bill 1869. However, as it is written, the legislation would limit our ability to serve our residents efficiently and effectively by utilizing the most cost-effective funding mechanisms for financing critical projects and capital purchases without the cost and time associated with an election. Furthermore, the issuance

of certificates of obligation is a very prescribed and public process that requires the City to publish our intent to issue COs to the public and also includes a public hearing to allow for citizen input.

We respectfully urge you to vote against the current legislation as written and, if you are amenable, to provide an amendment that would allow cities to continue to fund public safety, parks, libraries, and airports through the use of certificates of obligation. We greatly appreciate your consideration of this matter and for always being available to collaborate regarding issues of great interest to our community and to the citizenship of our State.

Please let us know if we can provide additional information and thank you for your continued support of San Marcos.

Best regards,



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