

APPROPRIATIONS AND REVENUE SOURCES
TIME WARRANTS

CAE
(LEGAL)

Purposes

Any school district, including a college district, in need of funds to construct, repair, or renovate school buildings, purchase school buildings and school equipment, or equip school property with necessary heating, water, sanitation, lunchroom, or electric facilities or in need of funds with which to employ a person who has special skill and experience to compile taxation data and that is financially unable out of available funds to construct, repair, renovate, or purchase school buildings, purchase school equipment, or equip school properties with necessary heating, water, sanitation, lunchroom, or electric facilities or is unable to pay the person for compiling taxation data, may, subject to Education Code 45.103, issue interest-bearing time warrants, in amounts sufficient to construct, purchase, equip, or improve school buildings and facilities or to pay all or part of the compensation of the person to compile taxation data.

The warrants shall mature in serial installments of not more than 15 years from date of issue. The warrants on maturity may be payable out of any available funds of the school district in the order of their maturity dates.

A school district may also issue interest-bearing time warrants to refund warrants previously issued under this section if the refunding warrants are coterminous with the refunded obligations.

“Interest-bearing time warrant” includes a promissory note or other evidence of indebtedness issued under Education Code 45.103.

Education Code 45.103(a)–(a-1), (g), 130.084(a)

The maximum rate of interest for any issue or series of public securities, including an issue or series that is issued in exchange for property, labor, services, materials, or equipment under another law, is a net effective interest rate of 15 percent. *Gov't Code 1204.006*

Limitations

Any interest-bearing time warrants may be issued and sold by the district for not less than their face value, and the proceeds used to provide funds required for the purpose for which they were issued.

A school district may not issue interest-bearing time warrants in excess of five percent of the assessed valuation of the district for the year in which the warrants are issued. The payment of interest-bearing time warrants in any one year may not exceed the anticipated surplus income of the district for the year in which the warrants are issued, based on the budget of the district for that year. The anticipated income is exclusive of all bond taxes. A school district may not have outstanding at any one time warrants totaling in excess of \$1 million under Education Code 45.103.

Education Code 45.103(a), (c), 130.084(a)

Texas Southmost College
031501

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Procedures

Time warrants shall be issued in accordance with the Public Security Procedures Act. *Gov't Code Ch. 1201*