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**Texans Deserve a Vote on the Issuance of Pension Obligation Bonds**

**State Affairs Committee approves Senator Bettencourt's SB 151 today on 7-2 vote; on its way to the Texas Senate SB 2190 by Chair Huffman has same language; was approved by State Affairs Committee today on 7-1-1 vote**

AUSTIN – The Senate State Affairs Committee today voted 7-2 to approve Senate Bill 151 by Senator Paul Bettencourt (R-Houston), which would require voter approval for a city to issue pension obligation bonds (POBs). These bonds were originally authorized in 2003 but voter approval was omitted as one of the requirements. Since becoming law, the city of Houston has issued POBs seven times. The most recent discussed amount for bond issuance is \$1 billion by cost in order to reduce their current pension obligation. This by far is the largest amount requested by a city for this type of bond.

**“A public vote on pension obligation bonds is an important check and balance that was omitted out of the so-called reforms last decade,”** Senator Bettencourt said. **“As a result of the original bill that left out voter approval, municipalities have been putting taxpayers under an additional \$1.2 billion of debt. SB 151 puts approval of pension obligation bonds back where it belongs, in the hands of the voters!”**

**“Texans deserve a vote on the issuance of pension obligation bonds,”** he reiterated.

Municipalities issue POBs to fund all or any part of a municipal pension plan's unfunded liability without voter approval. Since the passage of the original bill in 2003, Dallas, El Paso and Houston have all issued POBs. From 2005-2015, for example, Houston has issued \$608 million of these bonds and only \$22 million has been paid back during that 10-year time frame. Dallas and El Paso also issued an additional \$600 million in POBs.

**“I was proud of the public testimony for SB 151,”** Senator Bettencourt added. **“It included Retired Firefighters Association Director Steve Williams, former Houston CPA Society President Bill Frazer, the Texas Public Policy Foundation, and independent CFO consultant Bill St. Clair. This shows the wide support for the obvious: let the people vote!”** he concluded.

SB 151 will allow voters to approve the issuance of this tax-backed debt. By adding voter approval for the issuance of POBs, SB 151 will help alleviate the problem of silent debt that eventually could be required to be repaid by the voters. SB 2190 by Chair Joan Huffman (R-Houston) has the same language and was passed out of the State Affairs Committee today on a 7-1-1 vote.

**“I want to thank Chair Joan Huffman and the other members of the State Affairs Committee for taking a stand for the taxpayers and giving them the final word on pension obligation bonds,”** Senator Bettencourt said. **“Anytime a municipality considers \$2 billion of anything, the public should vote on it first!”**

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