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## **Taxpayers should have a voice voting on pension bonds, says the Texas Senate Senate sends Bettencourt pension reform bill, SB 151, by 21-10 vote to the Texas House**

**AUSTIN** – The Texas Senate today voted 21-10 to approve Senate Bill 151 by Senator Paul Bettencourt (R-Houston), which would require voter approval for a municipality to issue obligation bonds for a pension fund. Originally authorized by the Texas Legislature in 2003, pension obligation bonds (POBs) were created to be one pathway that municipalities could use to help issue debt to repay unsecured pension liabilities; however, voter approval was omitted as one of the requirements. The city of Houston has issued over \$600 million of pension obligation bonds (POBs) over seven issuances since the original bill's passage, while Dallas and El Paso have issued an additional \$600 million total in POBs. The city of Houston's most recently discussed Billion Dollar POB, by far the largest amount potentially requested by a city for this type of bond since its inception in 2003, caused Senator Bettencourt to file SB 151.

**“Early last decade, the state’s original pension obligations law left out voter approval. Since then, municipalities have issued more than \$1.2 billion without any voter approval,”** Senator Bettencourt said. **“SB 151 is necessary to put the final decision in the hands of the voters who are affected by municipalities’ decisions to issue debt obligations.”**

**“Pension obligation bonds are the only general obligation bonds in the state that don’t require voter approval,”** Senator Bettencourt said in response to a question yesterday from Senator Royce West (D-Dallas). **“Voter approval on pension obligation bonds is good public policy, because it is the taxpayers’ property tax monies that ultimately secure them,”** Senator Bettencourt added.

The Senate State Affairs Committee voted SB 151 favorably from committee on March 20, with public testimony in support of the bill by Houston Retired Firefighters Association Director Steve Williams, Director of the Center for Local Governance at the Texas Public Policy Foundation James Quintero, former Houston CPA Society President Bill Frazer, and independent CFO consultant Bill St. Clair.

**“I want to thank Senate State Affairs Chair Joan Huffman for agreeing on the need to have a public vote on pension obligations bonds,”** Senator Bettencourt said. **“A public vote on these bonds is an important check and balance that was left out of the debate last decade, and that has resulted in rising local government pension debt obligations around the state.”**

**“It is time to stop kicking these Billion Dollar pension cans down the road, and let the people vote!”** he added.

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