

State of Texas
Texas Senate

P.O. Box 12068
AUSTIN, TEXAS 78711-2068
(512) 463-0107
FAX (512) 463-8810



11451 KATY FREEWAY, SUITE 209
HOUSTON, TEXAS 77079
(713) 464-0282
FAX (713) 461-0108

Paul Bettencourt
DISTRICT 7

Paul.Bettencourt@senate.texas.gov

For Immediate Release
Friday, March 31, 2017

Contact Information
Robert Flanagan | (713) 464-0282
Robert.Flanagan@senate.texas.gov

**Taxpayers should have a voice voting on pension bonds, says the Texas Senate by 21-10 vote
SB 151, by Senator Bettencourt directly conflicts with Mayor Turner's stance on the issue**

Houston – The Texas Senate 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.

"Why Mayor Turner would oppose voting on pension obligation bonds, I don't know," said Senator Bettencourt. **"Cities have already issued \$1.2 billion without any voter approval. This is the taxpayer's money that secures these debts, and they deserve a vote."**

"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), who voted no on the measure.

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.

"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," said Senator Bettencourt. **"In fact, the City of Houston has only paid off \$22 million of the over \$600 million that they have borrowed, which shows you the magnitude of the problem."**

"It is time to stop kicking these billion dollar pension cans down the road, and let the people vote!" he added.

Senator Bettencourt will be available in Houston for comments on Friday and Saturday on this important public policy issue.

###