

CHAPTER 705

S.B. No. 1473

AN ACT

relating to a contract for use, acquisition, or lease of school buses.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Subchapter F, Chapter 21, Education Code, is amended by adding Section 21.182 to read as follows:

Sec. 21.182. CONTRACTS FOR USE, ACQUISITION, OR LEASE OF SCHOOL BUSES. (a) As an alternative to purchasing school buses, a county or district school board may contract with any person for use, acquisition, or lease with option or options to purchase any school bus or buses if, at the discretion of the school board, such a contract is determined to be economically advantageous to the school district. Contracts may be in the form of a lease or a lease with option or options to purchase. Contracts in the form of an installment purchase or any form other than a lease or a lease with option or options to purchase shall be subject to the provisions of Section 21.165, as well as rules and regulations of the State Purchasing and General Services Commission.

(b) Each contract which reserves to the county or district school board the continuing right to terminate the contract at the expiration of each budget period of the

county or district school board during the term of the contract shall be considered to be a commitment of the county or district school board's current revenues only.

(c) The contracts may provide for the payment of interest on the unpaid amounts of the contract at a rate or rates and may contain prepayment provisions and other provisions within the discretion of the county or district school boards, but in no case shall termination penalties be appropriate in any such contract. The net effective interest rate on any contract shall comply with the interest provisions of Chapter 3, Acts of the 61st Legislature, Regular Session, 1969 (Article 717k-2, Vernon's Texas Civil Statutes).

(d) Each county or district school board shall comply with the terms of the Bond and Warrant Law of 1931 (Article 2368a, Vernon's Texas Civil Statutes) in entering into contracts, including the requirement that certain contracts be awarded pursuant to public bids, except that it is not necessary for a school district to submit the question of entering into a contract to a referendum.

(e) After a contract providing for payment aggregating \$100,000 or more by a school district is authorized by the governing body, the contract and the record relating to the contract may, at the discretion of the school district, be submitted to the attorney general for his examination as to the validity of the contract, but in no event shall such approval be required as a term of the contract. If the contract has been made in accordance with the constitution and laws of the state, the attorney general shall approve the contract, and the comptroller of public accounts shall register the contract. After the contract has been approved by the attorney general and registered by the comptroller of public accounts, the validity of the contract is incontestable for any cause. The legal obligations of the lessor, vendor, or supplier of the property to the school board shall not be diminished in any respect by the approval and registration of a contract.

(f) A county or district school board's election to utilize an alternative form of use, acquisition, or purchase of any school bus or buses shall not affect the school district's eligibility for participation in the transportation funding provisions of the Foundation School Program or any other state funding program nor does such election in any way prohibit the school district from supplementing the state transportation cost allotment with local funds necessary to provide a transportation system.

(g) A contract entered into pursuant to this section is a legal and authorized investment for banks, savings banks, trust companies, building and loan associations, savings and loan associations, insurance companies, fiduciaries, and trustees and for the sinking funds of school districts.

(h) A contract may have any lawful term, not to exceed 10 years.

(i) This section is sufficient authority within itself for entering into contracts and performing the other acts and procedures authorized by this section, without reference to any other laws or any restrictions or limitations contained therein, except as specifically provided in this section. When contracts are entered into under this section, then to the extent of any conflict or inconsistency between any provision of this section and any provision of any other law, the provisions of this section shall prevail and control, except that any school district may use the provisions of any other law not in conflict with the provisions of this section to the extent convenient or necessary to carry out any power or authority, express or implied, granted by this section. This section shall be liberally construed to effectuate its purposes.

SECTION 2. This Act takes effect September 1, 1987.

SECTION 3. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended.

Passed the Senate on May 19, 1987, by the following vote: Yeas 30, Nays 0. Passed the House on May 29, 1987, by a non-record vote.

Approved June 19, 1987.

Effective Sept. 1, 1987.