

From <http://www.statutes.legis.state.tx.us/Docs/LG/htm/LG.271.htm>

SUBCHAPTER C. CERTIFICATE OF OBLIGATION ACT

Sec. 271.041. SHORT TITLE.

This subchapter may be cited as the Certificate of Obligation Act of 1971.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 271.042. PURPOSE; CONFLICT.

(a) It is the purpose of this subchapter to provide:

- (1) a procedure for certain financing that is an alternative to the more cumbersome procedure under Chapter 252; and
- (2) a new class of securities to be issued and delivered within the financial capabilities of an issuer on compliance with the procedures prescribed by this subchapter.

(b) If there is a conflict between a provision of this subchapter and a provision of Chapter 252, an issuer may use either provision, and it is not necessary for the governing body to designate the law under which action is being taken.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1999, 76th Leg., ch. 1064, Sec. 39, eff. Sept. 1, 1999.

Sec. 271.043. DEFINITIONS.

In this subchapter:

- (1) "Bond funds" means money received from the sale of bonds by the issuer.
- (2) "Certificate" means a certificate of obligation authorized to be issued under this subchapter.
- (3) "Component purchases" means purchases of the component parts of an item that in normal purchasing practices would be purchased in one purchase.
- (4) "Contractual obligation" means a contract entered into by an issuer through its governing body and executed under Section 271.054 or 271.056.
- (5) "Current funds" means money in the treasury of the issuer, taxes in the process of collection during the current budget year of the issuer, and all other revenues anticipated with reasonable certainty during the current budget year of the issuer.
- (6) "Governing body" means the board, council, commission, court, or other body or group authorized to issue bonds for or on behalf of an issuer.

(7) "Issuer" means a municipality, county, or hospital district established under Chapter 281, Health and Safety Code.

(8) "Separate purchases" means purchases, made separately, of items that in normal purchasing practices would be purchased in one purchase.

(9) "Sequential purchases" means purchases, made over a period, of items that in normal purchasing practices would be purchased in one purchase.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1989, 71st Leg., ch. 1250, Sec. 17, eff. Sept. 1, 1989; Acts 2003, 78th Leg., ch. 47, Sec. 5, eff. Sept. 1, 2003.

Sec. 271.044. SUBCHAPTER AVAILABLE TO CERTAIN MUNICIPALITIES.

(a) A municipality may use this subchapter only if the municipality:

(1) is incorporated under the home-rule amendment to the constitution (Article XI, Section 5, of the Texas Constitution); or

(2) is incorporated under a general or special law and the municipality has the authority to levy an ad valorem tax of not less than \$1.50 on each \$100 valuation of taxable property in the municipality.

(b) A home-rule municipality may use this subchapter regardless of any provision in the municipality's charter to the contrary.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 271.045. PURPOSES FOR WHICH CERTIFICATES MAY BE AUTHORIZED.

(a) The governing body of an issuer may authorize certificates to pay a contractual obligation to be incurred for the:

(1) construction of any public work;

(2) purchase of materials, supplies, equipment, machinery, buildings, land, and rights-of-way for authorized needs and purposes; or

(3) payment of contractual obligations for professional services, including services provided by tax appraisers, engineers, architects, attorneys, map makers, auditors, financial advisors, and fiscal agents.

(b) If necessary because of change orders, certificates may be authorized in an amount not to exceed 25 percent of a contractual obligation incurred for the construction of public works, but certificates may be delivered only in the amount necessary to discharge contractual obligations.

(c) The governing body of a municipality may issue certificates of obligation to pay all or part of a municipality's obligations incurred by contract for interests in and rights to water or sewer treatment capacity

in connection with a water supply and transmission project or sewer treatment or collection project to be constructed in whole or in part on behalf of the municipality by another governmental entity or political subdivision pursuant to a written agreement expressly authorized under Section 552.014 of this code or Section 791.026, Government Code.

(d) In exercising its authority to issue certificates of obligation for the purposes specified in Subsection (c), the municipality must limit the principal amount of certificates to be issued for the purpose of funding its contractual obligations to an amount equal to (i) the aggregate of the contractual payments or the total costs allocated or attributed, under generally accepted accounting principles, to the capital costs of the project, as opposed to any maintenance or operating costs to be paid under the written agreement or (ii) the total cost of the project multiplied by the percentage of the nameplate capacity of the project acquired or conveyed by the written agreement to the municipality, whichever limitation is applicable to the contractual interests or rights being conveyed or identified in the written agreement.

(e) Work that is directly attributable under generally accepted accounting principles to the costs of the project and that is performed by employees of the issuer may be allocated or attributed to the capital costs of the project.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1997, 75th Leg., ch. 124, Sec. 1, eff. May 19, 1997; Acts 2001, 77th Leg., ch. 402, Sec. 14, eff. Sept. 1, 2001.

Amended by:

Acts 2005, 79th Leg., Ch. [554](#), Sec. 1, eff. June 17, 2005.

Acts 2007, 80th Leg., R.S., Ch. [885](#), Sec. 3.77(4), eff. April 1, 2009.

Sec. 271.046. ADDITIONAL PURPOSES FOR CERTIFICATES.

(a) Certificates may be issued for the payment of contractual obligations to be incurred in:

- (1) constructing or equipping a jail;
- (2) constructing, renovating, or otherwise improving a county-owned building; or
- (3) constructing a bridge that is part of or connected to a county road or an approach to

such a bridge.

(b) Certificates issued under this section may be sold for cash, subject to the restrictions and other conditions of Section 271.050.

(c) The provisions of this subchapter relating to advertisement for competitive bids apply to contractual obligations to be incurred for a purpose for which certificates are to be issued under this section.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1989, 71st Leg., ch. 648, Sec. 1, eff. June 14, 1989.

Sec. 271.0461. ADDITIONAL PURPOSE FOR CERTIFICATES:

DEMOLITION OF DANGEROUS STRUCTURES OR RESTORATION OF HISTORIC STRUCTURES.

Certificates may be issued by any municipality for the payment of contractual obligations to be incurred in demolishing dangerous structures or restoring historic structures and may be sold for cash, subject to the restrictions and other conditions of Section 271.050.

Added by Acts 1989, 71st Leg., ch. 459, Sec. 1, eff. Aug. 28, 1989. Amended by Acts 1997, 75th Leg., ch. 1056, Sec. 1, eff. June 19, 1997.

**Sec. 271.047. AUTHORIZATION OF CERTIFICATES BY ORDINANCE OR ORDER;
OTHER PROVISIONS IN CERTIFICATES.**

(a) Certificates may be authorized by an ordinance adopted by the governing body of a municipality, or by an order adopted by the governing body of a county after compliance with the quorum requirements prescribed by Section 81.006.

(b) The governing body may:

- (1) make the certificates payable at times and places determined by the governing body;
- (2) issue the certificates in forms and one or more denominations, either in coupon form or registered as to principal and interest, or both;
- (3) make the certificates contain options for redemption before scheduled maturity; and
- (4) make the certificates contain any other provisions the governing body desires.

(c) A certificate may not mature over a period greater than 40 years from the date of the certificate and may not bear interest at a rate greater than that allowed by Chapter 1204, Government Code.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 2001, 77th Leg., ch. 1420, Sec. 8.294, eff. Sept. 1, 2001.

Sec. 271.048. CLAIMS AND ACCOUNTS; FUNDING AND EXCHANGE.

(a) A governing body may provide that claims and accounts may, after certificates are authorized, be incurred for authorized purposes and that the claims and accounts represent an undivided interest in the certificates simultaneously authorized. The governing body may also provide for the funding or exchange of the claims and accounts for a like total principal amount of the certificates, with any amount in excess of the principal amount of the certificates delivered at one time to be paid in cash or carried forward to a subsequent exchange of claims and accounts for certificates.

(b) The authorization of certificates and the indebtedness they evidence may occur before the execution of a contract under this subchapter.

(c) This section does not create any exception to the competitive bidding requirements of this subchapter.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 271.049. NOTICE OF INTENTION TO ISSUE CERTIFICATES; PETITION AND ELECTION.

(a) Regardless of the sources of payment of certificates, certificates may not be issued unless the issuer publishes notice of its intention to issue the certificates. The notice must be published once a week for two consecutive weeks in a newspaper, as defined by Subchapter C, Chapter 2051, Government Code, that is of general circulation in the area of the issuer, with the date of the first publication to be before the 30th day before the date tentatively set for the passage of the order or ordinance authorizing the issuance of the certificates.

(b) The notice must state:

(1) the time and place tentatively set for the passage of the order or ordinance authorizing the issuance of the certificates;

(2) the maximum amount and purpose of the certificates to be authorized; and

(3) the manner in which the certificates will be paid for, whether by taxes, revenues, or a combination of the two.

(c) If before the date tentatively set for the authorization of the issuance of the certificates or if before the authorization, the municipal secretary or clerk if the issuer is a municipality, or the county clerk if the issuer is a county, receives a petition signed by at least five percent of the qualified voters of the issuer protesting the issuance of the certificates, the issuer may not authorize the issuance of the certificates unless the issuance is approved at an election ordered, held, and conducted in the manner provided for bond elections under Chapter 1251, Government Code.

(d) This section does not apply to certificates issued for the purposes described by Sections 271.056(1)-(4).

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 5.95(3), eff. Sept. 1, 1995; Acts 2001, 77th Leg., ch. 1420, Sec. 8.295, eff. Sept. 1, 2001; Acts 2001, 77th Leg., ch. 402, Sec. 15, eff. Sept. 1, 2001.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. [1008](#), Sec. 1, eff. June 15, 2007.

Sec. 271.050. SALE OF CERTIFICATES.

(a) The governing body may sell for cash any certificates authorized to be issued for one or more purposes described by Section 271.056.

(b) The proceeds may be used only for the purposes for which the certificates were authorized and issued. The proceeds may be used to pay for work done by employees of the issuer that are hired for the

specific purpose of performing work on the project. The proceeds may be used to pay for work done by other employees of the issuer only if the issuer incurs equivalent or greater costs to replace the normal work that would have otherwise been performed by the employees. The proceeds may not be used to reimburse the issuer for costs that are determined to be indirect costs under generally accepted accounting principles. Any accrued interest received must be deposited in the interest and sinking fund established for the payment of the certificates.

(c) A certified copy of the proceedings relating to the authorization of the certificates must be submitted to the attorney general and must be approved by the attorney general as having been authorized in accordance with this subchapter. The attorney general shall examine the proceedings relating to the authorization of the certificates. Subtitles A and C, Title 9, Government Code, and Chapter 618, Government Code, govern the execution, approval, registration, and validity of the certificates. After registration of the certificates by the comptroller, the certificates are incontestable for any cause.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 2001, 77th Leg., ch. 1420, Sec. 8.296, eff. Sept. 1, 2001.

Amended by:

Acts 2005, 79th Leg., Ch. [554](#), Sec. 2, eff. June 17, 2005.

Sec. 271.051. CERTIFICATES AS INVESTMENTS OR AS SECURITY FOR DEPOSITS.

(a) Certificates approved by the attorney general are legal and authorized investments for:

- (1) banks, savings banks, trust companies, and savings and loan associations;
- (2) insurance companies;
- (3) fiduciaries, trustees, and guardians; and
- (4) sinking funds of municipalities, counties, school districts, or other political corporations

or subdivisions of the state.

(b) Certificates approved by the attorney general are eligible to secure deposits of public funds of the state or a municipality, county, school district, or other political corporation or subdivision of the state. The certificates are sufficient security for the deposits to the extent of the face value of the certificates, if accompanied by any appurtenant unmatured interest coupons.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 271.052. CERTIFICATES PAYABLE FROM AND SECURED BY OTHER REVENUES.

(a) The governing body, instead of or in addition to other methods of payment provided by this subchapter, may provide that certificates will be paid from and secured by other revenues if the issuer is

authorized by the state constitution or other statutes to secure or pay any kind of general or special obligation by or from those revenues.

(b) The issuer may deliver certificates secured under this section in exchange for services or property in the same manner and with the same effect as otherwise provided by this subchapter or may sell the certificates for cash.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 271.0525. REFINANCING CERTIFICATES ISSUED BY COUNTY.

(a) A county may not issue certificates to refinance or refund the debt evidenced by certificates issued by the county unless the county complies with the notice requirements of Sections 271.049(a) and (b) for the issuance of certificates.

(b) If, before the date tentatively set for the authorization of refinancing certificates, the county clerk receives a petition that meets the requirements of Subsection (c) protesting the issuance of the refinancing certificates, the county may not authorize the issuance of the refinancing certificates unless the issuance is approved at an election ordered, held, and conducted in the manner provided for bond elections under Chapter 1251, Government Code.

(c) A petition to protest the issuance of refinancing certificates under this section must be signed by a number of qualified voters, residing in the county, equal to at least five percent of the number of votes cast in that county for governor in the most recent general election at which that office was filled.

Added by Acts 1989, 71st Leg., ch. 961, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 2001, 77th Leg., ch. 1420, Sec. 8.297, eff. Sept. 1, 2001.

Sec. 271.053. CERTIFICATES AS DEBT AND SECURITY.

Certificates are debts of the issuer within the meaning of Article XI, Sections 5 and 7, of the Texas Constitution. When delivered, certificates are "security" within the meaning of Chapter 8, Business & Commerce Code, and are general obligations of the issuer within the meaning of Subchapters A and D, Chapter 1207, Government Code.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 2001, 77th Leg., ch. 1420, Sec. 8.298, eff. Sept. 1, 2001.

Sec. 271.054. COMPETITIVE PROCUREMENT REQUIREMENT.

Before the governing body of an issuer may enter into a contract requiring an expenditure by or imposing an obligation or liability on the issuer, or on a subdivision of the issuer if the issuer is a county, of more than \$50,000, the governing body must submit the proposed contract to competitive procurement.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1993, 73rd Leg., ch. 757, Sec. 15, eff. Sept. 1, 1993; Acts 2001, 77th Leg., ch. 675, Sec. 1, eff. June 13, 2001.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. [1266](#), Sec. 7, eff. June 19, 2009.

Sec. 271.055. NOTICE TO BIDDERS.

(a) An issuer must give notice of the time, date, and place at which the issuer will publicly open the bids on a contract for which competitive bidding is required by this subchapter and read the bids aloud. The notice must be given in accordance with Subsection (b) or in accordance with:

- (1) Chapter 252, if the issuer is a municipality;
- (2) the municipal charter of the issuer, if the issuer is a home-rule municipality; or
- (3) the County Purchasing Act (Subchapter C, Chapter 262), if the issuer is a county.

(b) If an issuer gives notice under this subsection, the notice must:

(1) be published once a week for two consecutive weeks in a newspaper, as defined by Subchapter C, Chapter 2051, Government Code, that is of general circulation in the area of the issuer, with the date of the first publication to be before the 14th day before the date set for the public opening of the bids and the reading of the bids aloud; and

(2) state that plans and specifications for the work to be done or specifications for the machinery, supplies, equipment, or materials to be purchased are on file with a designated official of the issuer and may be examined without charge.

(c) If the contract is to be let on a unit price basis, in addition to the other information required to be in the notice, the notice must specify, based on the best available information, the approximate quantities of the items needed by the issuer that are to be bid on.

(d) An issuer may not authorize certificates unless the notice also states that:

(1) the successful bidder must accept the certificates in payment for all or part of the contract price; or

(2) the governing body has made provisions for the contractor to sell and assign the certificates and that each bidder is required, at the time of the receipt of the bids, to elect whether the bidder will:

(A) accept the certificates in payment of all or part of the contract price; or

(B) assign the certificates in accordance with the arrangements made by the governing body.

(e) In a county with a population of 3.3 million or more, the county and any district or authority created under Article XVI, Section 59, of the Texas Constitution of which the governing body is the commissioners court may require that a minimum of 25 percent of the work be performed by the bidder and,

notwithstanding any other law to the contrary, may establish financial criteria for the surety companies that provide payment and performance bonds.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1989, 71st Leg., ch. 1019, Sec. 3, eff. Aug. 28, 1989; Acts 1993, 73rd Leg., ch. 749, Sec. 6, eff. Sept. 1, 1993; Acts 1993, 73rd Leg., ch. 757, Sec. 8, eff. Sept. 1, 1993; Acts 1995, 74th Leg., ch. 76, Sec. 5.95(3), eff. Sept. 1, 1995; Acts 2001, 77th Leg., ch. 669, Sec. 83, eff. Sept. 1, 2001.

Sec. 271.056. EXEMPTIONS FROM ADVERTISEMENT REQUIREMENT.

The provisions of this subchapter relating to the advertisement for competitive bids do not apply to:

- (1) a case of public calamity if it is necessary to act promptly to relieve the necessity of the residents or to preserve the property of the issuer;
- (2) a case in which it is necessary to preserve or protect the public health of the residents of the issuer;
- (3) a case of unforeseen damage to public machinery, equipment, or other property;
- (4) a contract for personal or professional services;
- (5) work done by employees of the issuer and paid for as the work progresses;
- (6) the purchase of any land, building, existing utility system, or right-of-way for authorized needs and purposes;
- (7) expenditures for or relating to improvements in municipal water systems, sewer systems, streets, or drainage, if at least one-third of the cost of the improvements is to be paid by special assessments levied against properties to be benefitted by the improvements;
- (8) a case in which the entire contractual obligation is to be paid from bond funds or current funds or in which an advertisement for bids has previously been published in accordance with this subchapter but the current funds or bond funds are not adequate to permit the awarding of the contract and certificates are to be awarded to provide for the deficiency;
- (9) the sale of a public security, as that term is defined by Section 1204.001, Government Code;
- (10) a municipal procurement of a kind that, under Chapter 252, is not required to be made in accordance with competitive bidding procedures like those prescribed by this subchapter; or
- (11) a county contract that, under the County Purchasing Act (Subchapter C, Chapter 262), is not required to be made in accordance with competitive bidding procedures like those prescribed by this subchapter.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 2001, 77th Leg., ch. 402, Sec. 16, eff. Sept. 1, 2001; Acts 2001, 77th Leg., ch. 1420, Sec. 8.298, eff. Sept. 1, 2001.

Sec. 271.0565. PRE-BID CONFERENCE.

(a) The commissioners court of a county or the governing body of a district or authority created under Section 59, Article XVI, Texas Constitution, if the governing body is the commissioners court of the county in which the district is located, may require a principal, officer, or employee of each prospective bidder to attend a mandatory pre-bid conference conducted for the purpose of discussing contract requirements and answering questions of prospective bidders.

(b) After a conference is conducted under Subsection (a), any additional required notice for the proposed contract may be sent by certified mail, return receipt requested, only to prospective bidders who attended the conference. Notice under this subsection is not subject to the requirements of Section 271.055.

Added by Acts 2001, 77th Leg., ch. 255, Sec. 3, eff. May 22, 2001. Amended by Acts 2003, 78th Leg., ch. 660, Sec. 2, eff. Sept. 1, 2003.

Reenacted and amended by Acts 2005, 79th Leg., Ch. [728](#), Sec. 13.001, eff. September 1, 2005.

Sec. 271.057. AWARD OF CONTRACT.

(a) Except as provided by Subsection (b), a contract let under this subchapter for the construction of public works or the purchase of materials, equipment, supplies, or machinery and for which competitive bidding is required by this subchapter must be let to the lowest responsible bidder and, as the governing body determines, may be let on a lump-sum basis or unit price basis.

(b) The commissioners court may condition acceptance of a bid on compliance with a requirement for attendance at a mandatory pre-bid conference under Section 271.0565.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 2001, 77th Leg., ch. 255, Sec. 4, eff. May 22, 2001.

Sec. 271.058. AUTHORITY TO REJECT BIDS.

The governing body may reject any and all bids submitted for a contract for which competitive bidding is required by this subchapter.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 271.059. CONTRACTOR'S BONDS.

If a contract is for the construction of public works and is required by this subchapter to be submitted to competitive bidding, the successful bidder must execute a good and sufficient payment bond and performance bond. The bonds must each be:

- (1) in the full amount of the contract price; and

(2) executed, in accordance with Chapter 2253, Government Code, with a surety company authorized to do business in this state.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 5.95(17), eff. Sept. 1, 1995.

Sec. 271.060. CHANGE ORDERS.

(a) After performance of a construction contract begins, a governing body may approve change orders if necessary to:

- (1) make changes in plans or specifications; or
- (2) decrease or increase the quantity of work to be performed or materials, equipment, or supplies to be furnished.

(b) The total price of a contract may not be increased by a change order unless provision has been made for the payment of the added cost by the appropriation of current funds or bond funds for that purpose, by the authorization of the issuance of certificates, or by a combination of those procedures. The original contract price may not be increased by more than 25 percent. The original price may not be decreased by more than 25 percent without the consent of the contractor.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 271.061. COMPENSATION ON UNIT PRICE CONTRACTS.

If a contract is let on a unit price basis, the compensation paid to the contractor must be based on the actual quantities of items constructed or supplied.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 271.062. CERTAIN CONTRACTS NOT REQUIRED TO BE IN WRITING.

A contract executed under Section 271.054 or 271.056 is not required to be in writing if the work to be performed under the contract:

- (1) is legal services;
- (2) is to be done by the regular salaried employees of the issuer; or
- (3) is to be paid for as the work progresses.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 271.063. UNCONSTITUTIONAL PROCEDURE CORRECTED BY RESOLUTION OF ISSUER.

If a procedure used under this subchapter is held to be in violation of the state or federal constitution, an issuer by resolution may provide an alternative procedure that conforms to the constitution.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 271.064. CRIMINAL PENALTIES.

(a) An officer or employee of an issuer commits an offense if the officer or employee intentionally or knowingly makes or authorizes separate, sequential, or component purchases to avoid the competitive bidding requirements of Section 271.054. An offense under this subsection is a Class B misdemeanor.

(b) An officer or employee of an issuer commits an offense if the officer or employee intentionally or knowingly violates Section 271.054, other than by conduct described by Subsection (a). An offense under this subsection is a Class B misdemeanor.

(c) An officer or employee of an issuer commits an offense if the officer or employee intentionally or knowingly violates this subchapter, other than by conduct described by Subsection (a) or (b). An offense under this subsection is a Class C misdemeanor.

Added by Acts 1989, 71st Leg., ch. 1250, Sec. 18, eff. Sept. 1, 1989.

Sec. 271.065. REMOVAL; INELIGIBILITY.

(a) The final conviction of an officer or employee of an issuer for an offense under Section 271.064(a) or (b) results in the immediate removal from office or employment of that person.

(b) For four years after the date of the final conviction, the removed officer or employee is ineligible:

- (1) to be a candidate for or to be appointed or elected to a public office in this state;
- (2) to be employed by the issuer with which the person served when the offense occurred;

and

- (3) to receive any compensation through a contract with that issuer.

(c) This section does not prohibit the payment of retirement or workers' compensation benefits to the removed officer or employee.

Added by Acts 1989, 71st Leg., ch. 1250, Sec. 19, eff. Sept. 1, 1989.