



City of Tomball

Lori Klein-Quinn
Mayor

David Esquivel
City Manager

Professionalism - Integrity - Respect

March 24, 2025

The Honorable Stan Lambert, Chair
Texas House Committee on Pensions, Investments & Financial Services
PO Box 2910
Austin, TX 78768

Re: Opposition to HB 1453

Dear Representative Lambert,

On behalf of the City of Tomball, I write to express our opposition to House Bill 1453 (Tepper). While we recognize and appreciate the Legislature's efforts to address issues impacting Texas communities, this bill would have significant negative consequences for local governance and the ability of cities to effectively serve their residents.

HB 1453 proposes measures that undermine municipalities' authority to make decisions tailored to the unique needs of their communities. As a democratically elected body, the City Council of Tomball strongly opposes efforts that restrict local control and erode our ability to govern in the best interest of our residents and businesses. Specifically, we are concerned that HB 1473:

- **Limits local decision making:** The decision to issue debt, and the type of debt instrument used, is one of the most important decisions city councils make as fiduciaries of public funds. In our communities, we have to balance rising infrastructure costs, keeping up with the demands of growth, and ensuring safe and reliable services, all doing so in a fiscally prudent manner. In Tomball, we have worked carefully to limit our debt issuances to only the most important projects and chose to issue certificates of obligations as they make the most sense for our community and projects. This bill takes away our ability to appropriately respond to the needs of our community.
- **Increases borrowing costs:** The bill severely restricts our ability to use certificates of obligation as a financial tool for our utility infrastructure projects. In Tomball, we prudently selected the use of certificates of obligation when issuing debt for our utility operations. We made this choice as the alternative, revenue supported bonds, comes with higher interest rates and borrowing costs. In addition, revenue supported bonds come with a higher reserve requirement, thus increasing the overall cost of the issuances and creating detrimental impacts for rate payers.
- **Critical infrastructure needs:** The City of Tomball has used certificates of obligation to fund critical water and wastewater projects throughout this city. This proactive and fiscally prudent decision has allowed us to maintain our water and wastewater services and comply with all regulatory requirements. Under this bill, we would still be allowed to use certificates of obligation, but only once the need in our community was so critical that we had officially been notified of noncompliance. This essentially forces communities to wait to address critical infrastructure needs instead of taking a proactive and prudent approach.

Like yourself, we have been elected to represent and respond to the needs of our community. The families and businesses of Tomball trust us to make decisions, adopt ordinances, and fund programs that directly benefit them. When the Legislature preempts local authority, it creates unintended consequences that hinder our ability to provide efficient services, maintain infrastructure, and ensure public safety.

We urge you to consider the long-term impact such legislation would have on local governments across Texas. Thank you for your time and consideration, and for your continued service to the State of Texas.

Sincerely,

A handwritten signature in blue ink that reads "Mayor Lori Klein Quinn". The signature is written in a cursive, flowing style.

Lori Klein Quinn
Mayor

Cc:
The Honorable Tom Oliverson, Texas House of Representatives
The Honorable Valoree Swanson, Texas House of Representatives
The Honorable Sam Harless, Texas House of Representatives