



**THE ATTORNEY GENERAL
OF TEXAS**

**JIM MATTOX
ATTORNEY GENERAL**

April 9, 1985

To All Bond Counsel:

Re: REVENUES PLEDGED ON COMBINATION CERTIFICATES OF OBLIGATION

Our division is re-assessing our position on the revenues which may be pledged in combination with taxes to sell certificates of obligation for cash under Section 8(a) of the Certificate of Obligation Act.

For the last five years the division has taken the position that if the revenues may be pledged to municipal obligations under any other statute, the revenues may be pledged to the certificates of obligation. That has meant in some instances that revenues have been pledged when the relevant statute also contains a specific proscription against the use of these revenues for any but the statutorily defined purposes.

In our opinion, such practice totally defeats the intent of the legislature to dedicate certain revenues to specific statutory purposes. We are of course aware that the legislature was expressing its intent in the Certificate of Obligation Act as well, but that expression of intent is general rather than specific. We take the position that revenues specifically dedicated to a given purpose, and no other, should not be permitted to be pledged to certificates of obligation which in no way relate to that purpose. If any of you wish to convince us otherwise, you have to the end of the month to brief the matter and convince us.

However, absent persuasive legal authority to the contrary, as of May 1, 1985, we will not permit revenues specifically pledged to a statutory purpose, and no other purpose, to be used as the revenue pledge in a certificate of obligation which bears no relation to that purpose. So you can pledge hotel occupancy tax to certificates of obligation issued to renovate tourist facilities, but you cannot pledge that tax to renovate the sheriff's office (unless of course you can make a good case for the sheriff's office being a tourist attraction).

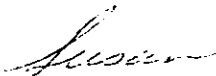
Please circulate to all of your attorneys.

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Thank you for your cooperation.

With best wishes, I am

Very truly yours,



Susan Lee Voss
Chief
Public Finance Division

SLV:jh