

1-1 By: Nichols S.B. No. 1851
1-2 (In the Senate - Filed March 4, 2025; March 17, 2025, read
1-3 first time and referred to Committee on Local Government;
1-4 April 7, 2025, reported favorably by the following vote: Yeas 6,
1-5 Nays 0; April 7, 2025, sent to printer.)

1-6 COMMITTEE VOTE

1-7	Yea	Nay	Absent	PNV
1-8	Bettencourt	X		
1-9	Middleton	X		
1-10	Cook	X		
1-11	Gutierrez	X		
1-12	Nichols	X		
1-13	Paxton	X		
1-14	West		X	

1-15 A BILL TO BE ENTITLED
1-16 AN ACT

1-17 relating to the penalty for noncompliance with certain audit
1-18 requirements by a municipality.

1-19 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-20 SECTION 1. Chapter 103, Local Government Code, is amended
1-21 by adding Section 103.005 to read as follows:

1-22 Sec. 103.005. ANNUAL AUDIT AND FILING OF FINANCIAL
1-23 STATEMENT; PENALTY FOR NONCOMPLIANCE. (a) In this section:

1-24 (1) "No-new-revenue tax rate" means the
1-25 no-new-revenue tax rate calculated under Chapter 26, Tax Code.

1-26 (2) "Tax year" has the meaning assigned by Section
1-27 1.04, Tax Code.

1-28 (b) A person may submit a complaint to the attorney general
1-29 of a suspected violation of Section 103.001 or 103.003.

1-30 (c) Notwithstanding any other law, if the attorney general
1-31 determines that a municipality has not had its records and accounts
1-32 audited and an annual financial statement prepared based on the
1-33 audit as required by Section 103.001 or has not filed the financial
1-34 statement and the auditor's opinion on the statement in the office
1-35 of the municipal secretary or clerk before the 180th day after the
1-36 last day of the municipality's fiscal year as required by Section
1-37 103.003, the municipality may not adopt an ad valorem tax rate that
1-38 exceeds the municipality's no-new-revenue tax rate:

1-39 (1) for the tax year that begins on or after the date
1-40 of the attorney general's determination; or

1-41 (2) for a subsequent tax year that begins before the
1-42 date the municipality has had an annual audit completed and
1-43 financial statement prepared or filed the financial statement and
1-44 auditor's opinion on the financial statement with the municipal
1-45 clerk, as applicable.

1-46 SECTION 2. This Act applies only to the adoption of an ad
1-47 valorem tax rate for a tax year that begins on or after the
1-48 effective date of this Act.

1-49 SECTION 3. This Act takes effect September 1, 2025.

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