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et al.

H.B. No. 1378

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the fiscal transparency and accountability of certain
3 entities responsible for public money.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Chapter 140, Local Government Code, is amended
6 by adding Section 140.008 to read as follows:

7 Sec. 140.008. ANNUAL FINANCIAL REPORT; DEBT INFORMATION.

8 (a) In this section:

9 (1) "Debt obligation" means an issued public security,
10 as defined by Section 1201.002, Government Code.

11 (2) "Political subdivision" means a county,
12 municipality, school district, junior college district, other
13 special district, or other subdivision of state government.

14 (b) Except as provided by Subsections (c), (d), and (d-1), a
15 political subdivision shall prepare an annual financial report that
16 includes:

17 (1) financial information for each fund subject to the
18 authority of the governing body of the political subdivision during
19 the fiscal year, including:

20 (A) the total receipts of the fund, itemized by
21 source of revenue, including taxes, assessments, service charges,
22 grants of state money, gifts, or other general sources from which
23 funds are derived;

24 (B) the total disbursements of the fund, itemized

1 by the nature of the expenditure;

2 (C) the balance in the fund as of the last day of
3 the fiscal year; and

4 (D) any other information required by law to be
5 included by the political subdivision in an annual financial report
6 or comparable annual financial statement, exhibit, or report;

7 (2) as of the last day of the preceding fiscal year,
8 debt obligation information for the political subdivision that must
9 state:

10 (A) the amount of all authorized debt
11 obligations;

12 (B) the principal of all outstanding debt
13 obligations;

14 (C) the principal of each outstanding debt
15 obligation;

16 (D) the combined principal and interest required
17 to pay all outstanding debt obligations on time and in full;

18 (E) the combined principal and interest required
19 to pay each outstanding debt obligation on time and in full;

20 (F) the amounts required by Paragraphs (A)-(E)
21 limited to authorized and outstanding debt obligations secured by
22 ad valorem taxation, expressed as a total amount and, if the
23 political subdivision is a municipality, county, or school
24 district, as a per capita amount; and

25 (G) the following for each debt obligation:

26 (i) the issued and unissued amount;

27 (ii) the spent and unspent amount;

1 (iii) the maturity date; and
2 (iv) the stated purpose for which the debt
3 obligation was authorized;

4 (3) any other information that the political
5 subdivision considers relevant or necessary to explain the values
6 required by Subdivisions (2)(A)-(F), including:

7 (A) an amount required by Subdivision (2)(F)
8 stated as a per capita amount if the political subdivision is not
9 required to provide the amount under that paragraph;

10 (B) an explanation of the payment sources for the
11 different types of debt; and

12 (C) a projected per capita amount of an amount
13 required by Subdivision (2)(F), as of the last day of the maximum
14 term of the most recent debt obligation issued by the political
15 subdivision; and

16 (4) the credit rating of any debt held by the political
17 subdivision, if applicable.

18 (c) Instead of replicating in the annual financial report
19 information required by Subsection (b) that is posted separately on
20 the political subdivision's Internet website, or on a website as
21 authorized by Subsection (g)(2), the political subdivision may
22 provide in the report a direct link to, or a clear statement
23 describing the location of, the separately posted information.

24 (d) As an alternative to preparing an annual financial
25 report, a political subdivision may provide to the comptroller the
26 information described by Subsection (b) and any other related
27 information required by the comptroller in the form and in the

1 manner prescribed by the comptroller. The comptroller shall post
2 the information on the comptroller's Internet website in the format
3 that the comptroller determines is appropriate. The political
4 subdivision shall provide a link from the political subdivision's
5 website, or a website as authorized by Subsection (g)(2), to the
6 location on the comptroller's website where the political
7 subdivision's financial information may be viewed. The comptroller
8 shall adopt rules necessary to implement this subsection.

9 (d-1) This subsection applies only to a municipality with a
10 population of less than 15,000 or a county with a population of less
11 than 35,000. As an alternative to preparing an annual financial
12 report, a municipality or county may provide to the comptroller a
13 comparable financial report. For the purposes of this subsection,
14 "comparable financial report" means the most recent financial
15 statement, audit, exhibit, or other report that the municipality or
16 county is required by other law to prepare. The comptroller shall
17 post the information from the comparable financial report submitted
18 under this subsection on the comptroller's Internet website on a
19 web page that is easily located by searching the name of the
20 municipality or county on the Internet. If the municipality or
21 county maintains or causes to be maintained an Internet website,
22 the municipality or county shall provide a link from the website to
23 the web page on the comptroller's website where the information may
24 be viewed. The posting requirements of Subsection (g) do not apply
25 to a comparable financial report submitted under this subsection.
26 The comptroller shall adopt rules necessary to implement this
27 subsection.

1 (e) Except as provided by Subsection (d) or (d-1), the
2 governing body of a political subdivision shall take action to
3 ensure that:

4 (1) the political subdivision's annual financial
5 report is made available for inspection by any person and is posted
6 continuously on the political subdivision's Internet website, or on
7 a website as authorized by Subsection (g)(2), until the political
8 subdivision posts the next annual financial report; and

9 (2) the contact information for the main office of the
10 political subdivision is continuously posted on the website,
11 including the physical address, the mailing address, the main
12 telephone number, and an e-mail address.

13 (f) A political subdivision shall maintain or cause to be
14 maintained an Internet website to comply with this section, other
15 than a political subdivision to which Subsection (d-1) or (g)
16 applies.

17 (g) This subsection does not apply to a county or
18 municipality with a population of more than 2,000 or a school
19 district or a junior college district. If a political subdivision
20 did not maintain an Internet website or cause a website to be
21 maintained on January 1, 2015, the political subdivision shall post
22 the information required by this section on:

23 (1) the political subdivision's website, if the
24 political subdivision chooses to maintain the website or cause the
25 website to be maintained; or

26 (2) a website in which the political subdivision
27 controls the content of the posting, including a social media site,

1 provided that the information is easily found by searching the name
2 of the political subdivision on the Internet.

3 (h) Notwithstanding any other provision of this section, a
4 district, as defined by Section 49.001, Water Code, satisfies the
5 requirements of this section if the district:

6 (1) complies with the requirements of Subchapter G,
7 Chapter 49, Water Code, regarding audit reports, affidavits of
8 financial dormancy, and annual financial reports; and

9 (2) submits the financial documents described by
10 Subchapter G, Chapter 49, Water Code, to the comptroller.

11 (i) The comptroller shall post the documents submitted to
12 the comptroller under Subsection (h) on the comptroller's Internet
13 website. The comptroller shall adopt rules necessary to implement
14 this subsection and Subsection (h).

15 SECTION 2. Section 271.047, Local Government Code, is
16 amended by adding Subsection (d) to read as follows:

17 (d) Except as provided by this subsection, the governing
18 body of an issuer may not authorize a certificate to pay a
19 contractual obligation to be incurred if a bond proposition to
20 authorize the issuance of bonds for the same purpose was submitted
21 to the voters during the preceding three years and failed to be
22 approved. A governing body may authorize a certificate that the
23 governing body is otherwise prohibited from authorizing under this
24 subsection:

25 (1) in a case described by Sections 271.056(1)-(3);
26 and

27 (2) to comply with a state or federal law, rule, or

1 regulation if the political subdivision has been officially
2 notified of noncompliance with the law, rule, or regulation.

3 SECTION 3. Section 140.008, Local Government Code, as added
4 by this Act, applies only to an annual financial report for a fiscal
5 year ending on or after the effective date of this Act. An annual
6 financial report for a fiscal year ending before the effective date
7 of this Act is governed by the law in effect when the fiscal year
8 ended, and the former law is continued in effect for that purpose.

9 SECTION 4. This Act takes effect September 1, 2015.