

A BILL TO BE ENTITLED

AN ACT

relating to fiscal transparency and accountability of certain political subdivisions.

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

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

Sec. 140.008. ANNUAL FINANCIAL REPORT; DEBT INFORMATION.

(a) In this section:

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

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

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

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

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

(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:

25 (i) the median homestead value in the
26 political subdivision, computed by the appraisal district; and

27 (ii) the amount of taxes that would be

1 imposed on a home of that value to repay the political subdivision's
2 authorized and outstanding debt obligations secured by ad valorem
3 taxation; and

4 (G) the following for each debt obligation:

5 (i) the issued and unissued amount;

6 (ii) the spent and unspent amount;

7 (iii) the maturity date; and

8 (iv) the stated purpose for which the debt
9 obligation was authorized; and

10 (3) any other information that the political
11 subdivision considers relevant or necessary to explain the values
12 required by Subdivisions (2)(A)-(F), which may include:

13 (A) if not required to be provided under
14 Subdivision (2)(F):

15 (i) the median homestead value in the
16 political subdivision, computed by the appraisal district; and

17 (ii) the amount of taxes that would be
18 imposed on a home of that value to repay the political subdivision's
19 authorized and outstanding debt obligations secured by ad valorem
20 taxation;

21 (B) an explanation of the payment sources for the
22 different types of debt; and

23 (C) as of the last day of the maximum term of the
24 most recent debt obligation issued by the political subdivision,
25 the amount of taxes that would be imposed on a homestead with a
26 value equal to the median homestead value in the political
27 subdivision, as computed by the appraisal district, to repay the

1 political subdivision's authorized and outstanding debt
2 obligations secured by ad valorem taxation.

3 (c) Instead of replicating in the annual financial report
4 information required by Subsection (b) that is posted separately on
5 the political subdivision's Internet website, or on a website as
6 authorized by Subsection (g)(2), the political subdivision may
7 provide in the report a direct link to, or a clear statement
8 describing the location of, the separately posted information.

9 (d) As an alternative to preparing an annual financial
10 report, a political subdivision may provide to the comptroller the
11 information described by Subsection (b) and any other related
12 information required by the comptroller in the form and in the
13 manner prescribed by the comptroller. The comptroller shall post
14 the information on the comptroller's Internet website in the format
15 that the comptroller determines is appropriate. The political
16 subdivision shall provide a link from the political subdivision's
17 website, or a website as authorized by Subsection (g)(2), to the
18 location on the comptroller's website where the political
19 subdivision's financial information may be viewed. The comptroller
20 shall adopt rules necessary to implement this subsection.

21 (e) Except as provided by Subsection (d), the governing body
22 of a political subdivision shall take action to ensure that:

23 (1) the political subdivision's annual financial
24 report is made available for inspection by any person and is posted
25 continuously on the political subdivision's Internet website, or on
26 a website as authorized by Subsection (g)(2), until the political
27 subdivision posts the next annual financial report; and

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

5 (f) Except as provided by Subsection (g), a political
6 subdivision shall maintain or cause to be maintained an Internet
7 website to comply with this section.

8 (g) This subsection does not apply to a county or
9 municipality with a population of more than 2,000 or a school
10 district or a junior college district. If a political subdivision
11 did not maintain an Internet website or cause a website to be
12 maintained on January 1, 2013, the political subdivision shall post
13 the information required by this section on:

14 (1) the political subdivision's website, if the
15 political subdivision chooses to maintain the website or cause the
16 website to be maintained; or

17 (2) a website in which the political subdivision
18 controls the content of the posting, including a social media site,
19 provided that the information is easily found by searching the name
20 of the political subdivision on the Internet.

21 SECTION 2. Section [271.047](#), Local Government Code, is
22 amended by adding Subsections (d) and (e) to read as follows:

23 (d) Except as provided by Subsection (e), the governing body
24 of an issuer may not authorize a certificate to pay a contractual
25 obligation to be incurred if a bond proposition to authorize the
26 issuance of bonds for the same purpose was submitted to the voters
27 during the preceding three years and failed to be approved.

1 (e) The governing body of an issuer may authorize a
2 certificate that the governing body is otherwise prohibited from
3 authorizing under Subsection (d):

4 (1) in a case described by Sections 271.056(1)-(3);
5 and

6 (2) to comply with a state or federal law, rule, or
7 regulation if the political subdivision has been officially
8 notified of noncompliance with the law, rule, or regulation.

9 SECTION 3. Section 140.006, Local Government Code, is
10 repealed.

11 SECTION 4. (a) The governing body of a school district or
12 junior college district required to publish an annual financial
13 statement under Section 140.006, Local Government Code, as that
14 section existed immediately before the effective date of this Act,
15 shall publish an annual financial statement for the last fiscal
16 year ending before the effective date of this Act for which the
17 district has not published an annual financial statement.

18 (b) Section 140.008, Local Government Code, as added by this
19 Act, applies only to an annual financial report for a fiscal year
20 ending on or after the effective date of this Act. An annual
21 financial report for a fiscal year ending before the effective date
22 of this Act is governed by the law in effect when the fiscal year
23 ended, and the former law is continued in effect for that purpose.

24 SECTION 5. This Act takes effect September 1, 2015.