

By: Noble

H.B. No. 2695

A BILL TO BE ENTITLED

AN ACT

relating to municipalities and counties that adopt budgets that defund law enforcement agencies.

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

SECTION 1. Subtitle A, Title 4, Local Government Code, is amended by adding Chapter 109 to read as follows:

CHAPTER 109. MISCELLANEOUS FINANCIAL PROVISIONS AFFECTING MUNICIPALITIES

Sec. 109.001. REVENUE CAP ON DEFUNDING MUNICIPALITY. (a)

In this section:

(1) "Combined revenues" means the combined revenues of a municipality's general fund, enterprise funds, and special revenue funds. The term does not include:

(A) grant monies and other revenues received from other governmental entities; and

(B) transfers between funds of the municipality.

(2) "Defunding municipality" means a municipality that is a defunding local government under Section 140.013.

(3) "Revenues" has the definition assigned to the term for cities by the Governmental Accounting Standards Board and the Government Finance Officers Association. The term includes both operating and non-operating revenues.

(b) Except as provided by Subsection (c), a defunding municipality may not increase their combined revenues for a fiscal

1 year above their combined revenues for the immediately preceding
2 fiscal year.

3 (c) The limitation in Subsection (b) does not apply to
4 revenues used to repay voter approved bonded indebtedness,
5 excluding certificates of obligation.

6 (d) Before the governing body of a defunding municipality
7 may adopt a budget for a fiscal year, the chief fiscal officer for
8 the defunding municipality must verify in writing that the budget
9 complies with Subsection (b). If a defunding municipality adopts a
10 budget that exceeds the combined revenues allowed under Subsection
11 (b), a taxpayer of the defunding municipality may bring a lawsuit,
12 not later than the 30th day after the date the defunding
13 municipality adopts the budget, to obtain an injunction against the
14 budget or the property tax rate adopted for the same fiscal year.
15 It is a defense in a lawsuit for an injunction under this subsection
16 that the municipality does not qualify as a defunding municipality
17 or is no longer considered to be a defunding municipality for
18 purposes of this section.

19 (e) A municipality is no longer considered to be a defunding
20 municipality for purposes of this section when the criminal justice
21 division of the governor's office issues a written determination in
22 accordance with Section 140.013(b) finding that the municipality
23 has reversed the reductions described by Section 140.013(a)(1).

24 SECTION 2. Chapter 140, Local Government Code, is amended
25 by adding Section 140.013 to read as follows:

26 Sec. 140.013. DEFUNDING LOCAL GOVERNMENT. (a) A defunding
27 local government is a municipality or county:

1 (1) that adopts a budget for a fiscal year that, in
2 comparison to the local government's preceding fiscal year,
3 reduces:

4 (A) the appropriation to the local government's
5 law enforcement agency;

6 (B) the number of peace officers the local
7 government's law enforcement agency is authorized to employ;

8 (C) funding for peace officer overtime
9 compensation for the local government's law enforcement agency; or

10 (D) funding for the recruitment and training of
11 new peace officers to fill each vacant peace officer position in the
12 local government's law enforcement agency; and

13 (2) for which the criminal justice division of the
14 governor's office issues a written determination finding that the
15 local government has taken an action described by Subdivision (1).

16 (a-1) In making a determination of whether a local
17 government is a defunding local government according to the budget
18 adopted for the first fiscal year beginning on or after September 1,
19 2021, the criminal justice division of the governor's office shall
20 compare the funding and personnel in that budget to the funding and
21 personnel in the budget of the preceding fiscal year or the second
22 preceding fiscal year, whichever is greater. This subsection
23 expires September 1, 2023.

24 (b) A local government is considered to be a defunding local
25 government until the criminal justice division of the governor's
26 office issues a written determination finding that the local
27 government has reversed the reductions, adjusted for inflation,

1 described in Subsection (a)(1).

2 (c) The criminal justice division of the governor's office
3 shall:

4 (1) compute the inflation rate used to make
5 determinations under Subsection (b) each state fiscal year using a
6 price index that accurately reports changes in the purchasing power
7 of the dollar for local governments in this state; and

8 (2) publish the inflation rate in the Texas Register.

9 SECTION 3. Section 140.013, Local Government Code, as added
10 by this Act, applies only to the adoption of a budget by a
11 municipality or county for a fiscal year that begins on or after the
12 effective date of this Act.

13 SECTION 4. This Act takes effect September 1, 2021.