

By: Bettencourt

S.B. No. 1437

A BILL TO BE ENTITLED

AN ACT

relating to the requirement that certain municipalities and counties conduct an efficiency audit before holding an election to approve the adoption of certain ad valorem tax rates.

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

SECTION 1. Chapter 140, Local Government Code, is amended by adding Section 140.013 to read as follows:

Sec. 140.013. EFFICIENCY AUDITS OF CERTAIN MUNICIPALITIES AND COUNTIES. (a) This section applies only to:

(1) a municipality with a population of 500,000 or more; and

(2) a county with a population of one million or more.

(b) In this section, "efficiency audit" means an investigation of the operations of a municipality or county to examine fiscal management, efficiency, and utilization of resources.

(c) The governing body of a municipality or county shall conduct an efficiency audit before seeking voter approval under Section 26.07, Tax Code, of an adopted ad valorem tax rate. The municipality or county may not hold the election without complying with the requirements of this section.

(d) A municipality or county must pay for the costs associated with an efficiency audit.

(e) The governing body of a municipality or county must

1 select an auditor to conduct an efficiency audit:

2 (1) from the list of auditors approved by the state
3 auditor as required by Subsection (g); and

4 (2) not later than three months before the date on
5 which the municipality or county holds an election under Section
6 26.07, Tax Code.

7 (f) The state auditor's office shall establish guidelines
8 identifying the scope and areas of investigation of an efficiency
9 audit, including identification of resources being used
10 effectively and efficiently and identification of cost savings or
11 reallocations. The auditor selected by the governing body must
12 follow the guidelines established by the state auditor's office.

13 (g) The state auditor shall create and maintain a list of
14 approved auditors from which a municipality must choose an auditor
15 to conduct an efficiency audit. The state auditor must select
16 auditors to include on the list based on an auditor's:

17 (1) experience examining fiscal management and
18 efficiency of municipalities, counties, or other governmental
19 entities; and

20 (2) ability to minimize expenses associated with an
21 efficiency audit.

22 (h) An auditor selected to be included on the state
23 auditor's list under Subsection (g) must provide the state auditor
24 with information regarding fees and expenses, including the methods
25 for calculating audit fees. The state auditor must make this
26 information available to the governing body of a municipality or
27 county on request.

1 (i) An auditor selected by the governing body of a
2 municipality or county must maintain independence from the
3 municipality or county and complete the efficiency audit not later
4 than the 60th day after the date the auditor is selected.

5 (j) Before an election at which a municipality or county
6 seeks voter approval under Section 26.07, Tax Code, of an adopted ad
7 valorem tax rate, the governing body of the municipality or county
8 must hold an open meeting to discuss the results of the efficiency
9 audit conducted under this section. Not later than the 30th day
10 before the date of the election, the results of an efficiency audit
11 conducted under this section must be posted on the municipality's
12 or county's Internet website.

13 (k) A municipality or county shall provide all documents,
14 records, and personnel requested by the auditor as needed to
15 conduct the audit in an efficient manner.

16 (l) The state auditor may adopt rules necessary to implement
17 this section.

18 SECTION 2. Not later than December 1, 2021, the state
19 auditor's office shall establish the guidelines and create the list
20 of auditors required by Section 140.013, Local Government Code, as
21 added by this Act.

22 SECTION 3. Section 140.013, Local Government Code, as added
23 by this Act, applies only to an election to approve the adoption of
24 an ad valorem tax rate required to be held by Section 26.07, Tax
25 Code, that is held on or after January 1, 2022.

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