

By: Hinojosa

S.B. No. 427

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the eligibility of certain political subdivisions to
3 receive a state loan or grant following the political subdivision's
4 failure to comply with certain annual financial reporting
5 requirements.

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

7 SECTION 1. Chapter 140, Local Government Code, is amended
8 by adding Section 140.014 to read as follows:

9 Sec. 140.014. ELIGIBILITY FOR STATE LOANS OR GRANTS
10 FOLLOWING FAILURE TO COMPLY WITH CERTAIN ANNUAL FINANCIAL REPORTING
11 REQUIREMENTS. (a) In this section, "annual financial statement or
12 report" means:

13 (1) a municipality's annual financial statement
14 required to be filed under Section 103.003;

15 (2) a county's:

16 (A) annual report required to be filed under
17 Section 114.025; or

18 (B) annual financial exhibit required to be
19 published under Section 114.022 if the county does not have a county
20 auditor; or

21 (3) a political subdivision's annual financial
22 statement required to be published under Section 140.006.

23 (b) A political subdivision that fails to file or publish an
24 annual financial statement or report as required by law is not

1 eligible to receive a state loan or grant under a state program for
2 the political subdivision's fiscal year in which the political
3 subdivision was required to file or publish the statement or
4 report.

5 (c) Each application for a state program for which a
6 political subdivision may not be eligible for a loan or grant under
7 this section must:

8 (1) include a statement notifying the applicant of the
9 requirement of this section; and

10 (2) require the political subdivision to demonstrate
11 compliance in the manner prescribed by the state agency
12 administering the loan or grant.

13 SECTION 2. The change in law made by this Act applies only
14 to an annual financial statement or report, as defined by Section
15 140.014, Local Government Code, as added by this Act, required to be
16 filed or published on or after January 1, 2026.

17 SECTION 3. This Act takes effect September 1, 2025.