

By: Krause

H.B. No. 459

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to zero-based budgeting for certain entities funded by  
3 this state and submission of a zero-based budget by and performance  
4 of a financial audit of an agency undergoing review by the Sunset  
5 Advisory Commission.

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

7 SECTION 1. Section 322.007, Government Code, is amended to  
8 read as follows:

9 Sec. 322.007. ESTIMATES AND REPORTS; SCHEDULED ZERO-BASED  
10 BUDGET PLANNING. (a) Each institution, department, agency,  
11 officer, employee, or agent of the state shall submit to the board  
12 any estimate or report relating to appropriations requested by the  
13 board or under the board's direction.

14 (b) The board shall adopt a schedule for the submission of  
15 zero-based budget plans by institutions, departments, and agencies  
16 of this state so that:

17 (1) one-third of the entities, or as near as possible  
18 to one-third of the entities, are scheduled to submit a zero-based  
19 budget plan before each regular legislative session; and

20 (2) each entity is scheduled to submit a zero-based  
21 budget plan before every third regular legislative session.

22 (c) Each institution, department, and agency of this state  
23 that receives an appropriation shall submit to the board a  
24 zero-based budget plan in accordance with the schedule adopted

1 under Subsection (b). A zero-based budget plan must contain:

2 (1) a description of the discrete activities the  
3 entity is charged with conducting or performing, together with a  
4 justification for each activity by reference to a statute or other  
5 legal authority;

6 (2) for each activity identified under Subdivision  
7 (1), a quantitative estimate of any adverse effects that reasonably  
8 may be expected to result if the activity were discontinued,  
9 together with a description of the methods by which the adverse  
10 effects were estimated;

11 (3) for each activity identified under Subdivision  
12 (1), an itemized account of expenditures required to maintain the  
13 activity at the minimum level of service required by the statute or  
14 other legal authority, together with a concise statement of the  
15 quantity and quality of service required at that minimum level;

16 (4) for each activity identified under Subdivision  
17 (1), an itemized account of expenditures required to maintain the  
18 activity at the current level of service, together with a concise  
19 statement of the quantity and quality of service provided at that  
20 level; and

21 (5) a ranking of activities identified under  
22 Subdivision (1) that illustrates the relative importance of each  
23 activity to the overall goals and purposes of the institution,  
24 department, or agency at current service levels.

25 (d) Each zero-based budget plan and each estimate or report  
26 shall be submitted at a time set by the board and in the manner and  
27 form prescribed by board rules.

1        (e) Each zero-based budget plan and each [~~(c) An~~] estimate  
2 or report required under this section is in addition to a budget  
3 plan or an estimate or report required by other law, including those  
4 estimates or reports relating to appropriations required by Chapter  
5 401.

6        SECTION 2. Section 322.008(a), Government Code, is amended  
7 to read as follows:

8        (a) Based on information provided under Section 322.007,  
9 the [~~The~~] director, under the direction of the board, shall prepare  
10 the general appropriations bill for introduction at each regular  
11 legislative session.

12        SECTION 3. The heading to Section 325.007, Government Code,  
13 is amended to read as follows:

14        Sec. 325.007. AGENCY REPORT TO COMMISSION; ZERO-BASED  
15 BUDGET REPORTS.

16        SECTION 4. Section 325.007, Government Code, is amended by  
17 amending Subsection (b) and adding Subsection (c) to read as  
18 follows:

19        (b) Before November 1 of the odd-numbered year before the  
20 year in which a state agency subject to this chapter is abolished,  
21 the agency shall present to the commission a zero-based budget for  
22 the state fiscal year that begins on the date the agency is  
23 scheduled to be abolished that:

24        (1) describes the discrete activities the entity is  
25 charged with conducting or performing, together with a  
26 justification for each activity by reference to a statute or other  
27 legal authority;

1           (2) for each activity identified under Subdivision  
2 (1), provides a quantitative estimate of any adverse effects that  
3 reasonably may be expected to result if the activity were  
4 discontinued, together with a description of the methods by which  
5 the adverse effects were estimated;

6           (3) for each activity identified under Subdivision  
7 (1), provides an itemized account of expenditures required to  
8 maintain the activity at the minimum level of service required by  
9 the statute or other legal authority, together with a concise  
10 statement of the quantity and quality of service required at that  
11 minimum level;

12           (4) for each activity identified under Subdivision  
13 (1), provides an itemized account of expenditures required to  
14 maintain the activity at the current level of service, together  
15 with a concise statement of the quantity and quality of service  
16 provided at that level; and

17           (5) ranks activities identified under Subdivision (1)  
18 in a manner that illustrates the relative importance of each  
19 activity to the overall goals and purposes of the institution,  
20 department, or agency at current service levels.

21           (c) The reports under this section [~~Subsection (a)~~] must be  
22 submitted in electronic format only. The commission shall  
23 prescribe the electronic format to be used.

24           SECTION 5. Chapter 325, Government Code, is amended by  
25 adding Section 325.0074 to read as follows:

26           Sec. 325.0074. FINANCIAL AUDIT. The state auditor shall  
27 conduct a financial audit under Section 321.0131 of each state

1 agency scheduled to be abolished on a date certain if not continued  
2 in accordance with this chapter. The state auditor shall conduct  
3 the audit at a time so that the completed audit may be sent to the  
4 commission on September 1 of the odd-numbered year before the year  
5 the agency is scheduled to be abolished.

6 SECTION 6. Section 401.0445(a), Government Code, is amended  
7 to read as follows:

8 (a) The governor shall compile the biennial appropriation  
9 budget using information:

10 (1) submitted to the governor in the uniform budget  
11 estimate forms; ~~and~~

12 (2) obtained at public hearings, from inspections, and  
13 from other sources; and

14 (3) submitted to the Legislative Budget Board under  
15 Section 322.007.

16 SECTION 7. (a) The changes in law made by Sections 1, 2, and  
17 6 of this Act apply only in regard to information for developing a  
18 biennial appropriation budget for a state fiscal biennium beginning  
19 on or after the effective date of this Act.

20 (b) The changes in law made by Sections 4 and 5 of this Act  
21 apply only in relation to the review by the Sunset Advisory  
22 Commission of agencies scheduled to be abolished on or after  
23 September 1, 2019, if not continued in accordance with Chapter 325,  
24 Government Code, and in relation to any other agencies that by law  
25 are reviewed during those review periods by the Sunset Advisory  
26 Commission.

27 SECTION 8. This Act takes effect September 1, 2015.