

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 26, 2015

TO: Honorable Dan Patrick, Lieutenant Governor, Senate
Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1378 by Flynn (Relating to the fiscal transparency and accountability of political subdivisions.), **Conference Committee Report**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1378, Conference Committee Report: a negative impact of (\$486,000) through the biennium ending August 31, 2017.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2016	(\$243,000)
2017	(\$243,000)
2018	(\$243,000)
2019	(\$243,000)
2020	(\$243,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund	Change in Number of State Employees from FY 2015
	1	
2016	(\$243,000)	3.0
2017	(\$243,000)	3.0
2018	(\$243,000)	3.0
2019	(\$243,000)	3.0
2020	(\$243,000)	3.0

Fiscal Analysis

The bill would amend the Local Government Code to require a political subdivision to compile and report certain debt information. The bill would permit a political subdivision to submit the financial information to the Comptroller, who would be required to post the debt obligation

information on the Comptroller's website. The bill would require a political subdivision to include on its website a link to the Comptroller's website where the debt information is located. The bill would permit certain counties or municipalities, as an alternative to the reporting requirements, to provide the Comptroller with the debt information and the Comptroller would be required to post the information on its website. Under the provisions of the bill, certain districts who comply with financial document requirements under Chapter 49, Water Code satisfy the requirements of the bill and must submit the documents to the Comptroller to be posted on the Comptroller's website.

The bill would prohibit, except under certain circumstances, a governing body of certain political subdivisions from authorizing a certificate to pay a contractual obligation if an issuance of bonds for the same purpose failed to be approved by voters within the preceding three years.

The bill would take effect January 1, 2016. The reporting requirements, as added by the bill, would apply only to a fiscal year ending on or after the effective date of the bill.

Methodology

The Comptroller estimates they would need 3 additional FTEs and \$243,000 per fiscal year to implement the provisions of the bill.

This administrative cost estimate reflects the funds that would be necessary to hire three program specialists to analyze, confirm, and organize financial debt data received from approximately 4,500 local governmental entities. This bill also requires the Comptroller's office to post the data on a searchable website. The Texas Bond Review Board (BRB) currently performs this task over the course of the state's fiscal year. The Comptroller's office would be responsible for ensuring that the data has been received and is correct. The agency currently repurposes and publicizes debt data from the BRB for approximately 2,500 entities as part of the agency's transparency efforts. This is done on an annual basis and requires 6 FTEs. Adding debt data from local entities would require three additional FTE's.

Local Government Impact

There could be costs to a political subdivision for implementing the bill depending on the resources of the political subdivision; costs could include employing additional personnel or modifying software to complete the report requirements.

There would be some administrative costs to local school districts to provide additional information; however, the costs are not anticipated to be significant.

Dallas Community College reported the report requirements are already available in the annual financial report. Ector County reported the report requirements are readily available. No significant fiscal impact is anticipated.

Odessa College, Cooke County, Northeast Texas Municipal Water District, Denco Area 911 District, the City of Baytown and Tom Green County reported no significant fiscal impact is anticipated.

The Texas Municipal League reported there could be costs associated with smaller municipalities needing additional personnel to assist in assembling the required fiscal information; however, costs cannot be determined.

The Texas Organization of Rural and Community Hospitals reported possible costs to districts

would be changes in accounting system software to meet the report requirements; however, costs cannot be determined.

Source Agencies: 304 Comptroller of Public Accounts, 352 Bond Review Board, 592 Soil and Water Conservation Board, 701 Central Education Agency

LBB Staff: UP, SD, KK, EK, JBi, ED, CL, LCO