

House Bill 1378
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

SECTION 1. Chapter 140, Local Government Code, is amended by adding Section 140.008 to read as follows:

Sec. 140.008. ANNUAL FINANCIAL REPORT; DEBT INFORMATION. (a) In this section:

(1) "Debt obligation" means an issued public security, as defined by Section 1201.002, Government Code.

(2) "Political subdivision" means a county, municipality, school district, junior college district, other special district, or other subdivision of state government.

(b) Except as provided by Subsections (c), (d), and (d-1), a political subdivision shall prepare an annual financial report that includes:

(1) financial information for each fund subject to the authority of the governing body of the political subdivision during the fiscal year, including:

(A) the total receipts of the fund, itemized by source of revenue, including taxes, assessments, service charges, grants of state money, gifts, or other general sources from which funds are derived;

(B) the total disbursements of the fund, itemized by the nature of the expenditure;

(C) the balance in the fund as of the last day of the fiscal year; and

(D) any other information required by law to be included by the political subdivision in an annual financial report or comparable annual financial statement, exhibit, or report;

(2) as of the last day of the preceding fiscal year, debt obligation information for the political subdivision that must state:

(A) the amount of all authorized debt obligations;

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SECTION 1. Chapter 140, Local Government Code, is amended by adding Section 140.008 to read as follows:

Sec. 140.008. ANNUAL REPORT OF CERTAIN FINANCIAL INFORMATION. (a) In this section:

(1) "Debt obligation" means debt secured by ad valorem taxation.

(2) "Political subdivision" means a county, municipality, school district, junior college district, other special district, or other subdivision of state government.

(b) A political subdivision shall annually compile and report the following financial information in the manner prescribed by this section:

(1) as of the last day of the preceding fiscal year, debt obligation information for the political subdivision that must state:

(A) the amount of all authorized debt obligations;

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(B) the principal of all outstanding debt obligations;
(C) the principal of each outstanding debt obligation;
(D) the combined principal and interest required to pay all outstanding debt obligations on time and in full;
(E) the combined principal and interest required to pay each outstanding debt obligation on time and in full;
(F) the amounts required by Paragraphs (A)-(E) limited to authorized and outstanding debt obligations secured by ad valorem taxation, expressed as a total amount and, if the political subdivision is a municipality, county, or school district, as a per capita amount; and
(G) the following for each debt obligation:
(i) the issued and unissued amount;
(ii) the spent and unspent amount;
(iii) the maturity date; and
(iv) the stated purpose for which the debt obligation was authorized;

(3) any other information that the political subdivision considers relevant or necessary to explain the values required by Subdivisions (2)(A)-(F), including:

(A) an amount required by Subdivision (2)(F) stated as a per capita amount if the political subdivision is not required to provide the amount under that paragraph;

(B) an explanation of the payment sources for the different types of debt; and

(C) a projected per capita amount of an amount required by Subdivision (2)(F), as of the last day of the maximum term of the most recent debt obligation issued by the political subdivision; and

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(B) the principal of all outstanding debt obligations;
(C) the principal of each outstanding debt obligation;
(D) the combined principal and interest required to pay all outstanding debt obligations on time and in full;
(E) the combined principal and interest required to pay each outstanding debt obligation on time and in full;
(F) if the political subdivision is a municipality, county, or school district, the amounts required by Paragraphs (A)-(E) expressed as a per capita amount; and

(G) the following for each debt obligation:

(i) the issued and unissued amount;

(ii) the spent and unspent amount;

(iii) the maturity date; and

(iv) the stated purpose for which the debt obligation was authorized;

(2) the current credit rating given by any nationally recognized credit rating organization to debt obligations of the political subdivision; and

(3) any other information that the political subdivision considers relevant or necessary to explain the values required by this subsection.

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(4) the credit rating of any debt held by the political subdivision, if applicable.

(c) Instead of replicating in the annual financial report information required by Subsection (b) that is posted separately on the political subdivision's Internet website, or on a website as authorized by Subsection (g)(2), the political subdivision may provide in the report a direct link to, or a clear statement describing the location of, the separately posted information.

(d) As an alternative to preparing an annual financial report, a political subdivision may provide to the comptroller the information described by Subsection (b) and any other related information required by the comptroller

in the form and in the manner prescribed by the comptroller. The comptroller shall post the information on the comptroller's Internet website in the format that the comptroller determines is appropriate. The political subdivision shall provide a link from the political subdivision's website, or a website as authorized by Subsection (g)(2), to the location on the comptroller's website where the political subdivision's financial information may be viewed. The comptroller shall adopt rules necessary to implement this subsection.

(d-1) This subsection applies only to a municipality with a

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No equivalent provision.

(c) Not later than the 90th day after the last day of each fiscal year, a political subdivision shall electronically submit to the comptroller the financial information described by Subsection (b) and any other related information required by the comptroller. The political subdivision must submit the information to the comptroller in the form and in the manner prescribed by rule by the comptroller.

(d) The comptroller shall as soon as practicable post the financial information submitted under Subsection (c) on the comptroller's Internet website and maintain the posting at all times. The comptroller shall update the information on the website when a political subdivision submits new information. The comptroller may post the information in the format that the comptroller determines appropriate, provided that the information for each political subdivision is easily located by searching the name of the political subdivision on the Internet.

No equivalent provision.

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population of less than 15,000 or a county with a population of less than 35,000. As an alternative to preparing an annual financial report, a municipality or county may provide to the comptroller a comparable financial report. For the purposes of this subsection, "comparable financial report" means the most recent financial statement, audit, exhibit, or other report that the municipality or county is required by other law to prepare. The comptroller shall post the information from the comparable financial report submitted under this subsection on the comptroller's Internet website on a web page that is easily located by searching the name of the municipality or county on the Internet. If the municipality or county maintains or causes to be maintained an Internet website, the municipality or county shall provide a link from the website to the web page on the comptroller's website where the information may be viewed. The posting requirements of Subsection (g) do not apply to a comparable financial report submitted under this subsection. The comptroller shall adopt rules necessary to implement this subsection.

(e) Except as provided by Subsection (d) or (d-1), the governing body of a political subdivision shall take action to ensure that:

(1) the political subdivision's annual financial report is made available for inspection by any person and is posted continuously on the political subdivision's Internet website, or on a website as authorized by Subsection (g)(2), until the political subdivision posts the next annual financial report; and

(2) the contact information for the main office of the political subdivision is continuously posted on the website, including

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the physical address, the mailing address, the main telephone number, and an e-mail address.

(f) A political subdivision shall maintain or cause to be maintained an Internet website to comply with this section, other than a political subdivision to which Subsection (d-1) or (g) applies.

No equivalent provision.

(g) This subsection does not apply to a county or municipality with a population of more than 2,000 or a school district or a junior college district. If a political subdivision did not maintain an Internet website or cause a website to be maintained on January 1, 2015, the political subdivision shall post the information required by this section on:

No equivalent provision.

(1) the political subdivision's website, if the political subdivision chooses to maintain the website or cause the website to be maintained; or

(2) a website in which the political subdivision controls the content of the posting, including a social media site, provided that the information is easily found by searching the name of the political subdivision on the Internet.

No equivalent provision.

(h) Notwithstanding any other provision of this section, a district, as defined by Section 49.001, Water Code, satisfies the requirements of this section if the district:

(1) complies with the requirements of Subchapter G, Chapter 49, Water Code, regarding audit reports, affidavits of financial dormancy, and annual financial reports; and

(2) submits the financial documents described by Subchapter

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G, Chapter 49, Water Code, to the comptroller.

(i) The comptroller shall post the documents submitted to the comptroller under Subsection (h) on the comptroller's Internet website. The comptroller shall adopt rules necessary to implement this subsection and Subsection (h).

No equivalent provision.

SECTION 2. Section 271.047, Local Government Code, is amended by adding Subsection (d) to read as follows:

(d) Except as provided by this subsection, the governing body of an issuer may not authorize a certificate to pay a contractual obligation to be incurred if a bond proposition to authorize the issuance of bonds for the same purpose was submitted to the voters during the preceding three years and failed to be approved. A governing body may authorize a certificate that the governing body is otherwise prohibited from authorizing under this subsection:

(1) in a case described by Sections 271.056(1)-(3); and
(2) to comply with a state or federal law, rule, or regulation if the political subdivision has been officially notified of noncompliance with the law, rule, or regulation.

No equivalent provision.

(e) If a political subdivision maintains an Internet website, the political subdivision shall maintain at all times on the website a direct link to the location on the comptroller's website where the financial information submitted to the comptroller under Subsection (c) may be viewed.

No equivalent provision.

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SECTION 3. Section 140.008, Local Government Code, as added by this Act, applies only to an annual financial report for a fiscal year ending on or after the effective date of this Act. An annual financial report for a fiscal year ending before the effective date of this Act is governed by the law in effect when the fiscal year ended, and the former law is continued in effect for that purpose.

SECTION 4. This Act takes effect September 1, 2015.

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SECTION 2. The requirements to compile and report information under Section 140.008, Local Government Code, as added by this Act, apply only to a fiscal year ending on or after the effective date of this Act.

SECTION 3. This Act takes effect January 1, 2016.

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