

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 20, 2017

TO: Honorable Eddie Lucio, Jr., Chair, Senate Committee on Intergovernmental Relations

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **SB625** by Kolkhorst (Relating to public access to financial and tax rate information of certain special purpose districts; imposing a civil penalty.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB625, Committee Report 1st House, Substituted: a negative impact of (\$344,000) through the biennium ending August 31, 2019. The Comptroller is not required to implement the legislation in the absence of an appropriation.

The potential revenue to the state resulting from the collection of penalties assessed to special purpose districts that do not comply with provisions of the bill are indeterminate.

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
2018	(\$262,000)
2019	(\$82,000)
2020	(\$82,000)
2021	(\$82,000)
2022	(\$82,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Change in Number of State Employees from FY 2017
2018	(\$262,000)	1.0
2019	(\$82,000)	1.0
2020	(\$82,000)	1.0
2021	(\$82,000)	1.0
2022	(\$82,000)	1.0

Fiscal Analysis

The bill would require the Comptroller of Public Accounts (Comptroller) to create and post on the internet a Special Purpose District Public Information Database containing certain information on special purpose districts that: (1) are authorized to impose an ad valorem tax or a sales and use tax, to impose an assessment, or to charge a fee, and (2) during the most recent fiscal year had bonds outstanding, had gross receipts in excess of \$250,000, or had cash and temporary investments in excess of \$250,000. The bill would require the Comptroller to include certain information for each district in the database, including, but not limited to, the following information: local debt information required under Section 140.008(b) or (g) of the Local Government Code; total amount of bonds authorized by voters and the aggregate initial principal amount of the bonds issued that are payable wholly or partly by ad valorem taxes; rate of any sales and use tax imposed; and ad valorem tax rate information. The bill would require the Comptroller to develop and post the database by January 1, 2018. The Comptroller would be required to update information in the database annually.

Districts would be required to transmit records and other information annually to the Comptroller, in a form and manner prescribed by the Comptroller, for the purpose of operating and updating the database. The bill would require the Comptroller to maintain a noncompliance list of districts that have not submitted the required information. The bill would require the Comptroller to provide written notice to a district that does not provide the required information that the district is in violation of Section 203.062 of the Local Government Code, as added by the bill, and that the district will be subject to a penalty of \$1,000 if the district does not report the required information on or before the 30th day after the date the notice is provided. If after 30 days the district does not submit the required information, the district would be subject to the \$1,000 civil penalty. The Comptroller would be required to provide a second notice informing the district that district is liable for the initial \$1,000 penalty and would be subject to an additional \$1,000 penalty if the district does not report the required information on or before the date the second notice is provided. The bill authorize the Office of the Attorney General (OAG) to sue to collect the civil penalties.

The bill would require the Comptroller to implement the provisions of the bill only if the Legislature appropriates funding specifically for that purpose and would allow the agency to implement the provisions using other appropriations if available. The bill would take effect on September 1, 2017.

Methodology

The bill has fiscal implications for the Comptroller. This analysis estimates the costs of implementing the provisions of the bill assuming that either the Legislature appropriates money specifically for that purpose or that the agency identifies available funds.

Based on the analysis of the Comptroller, there would be a General Revenue cost of \$262,000 in fiscal year 2018 and an ongoing cost of \$82,000 in each following year. This analysis includes a one-time technology cost of \$180,000 in fiscal year 2018 for the Comptroller to develop the Special Purpose District Public Information Database. The Comptroller also indicates there would be staff costs of \$82,000 for one program specialist IV to maintain and verify data submissions from districts. This estimate is based on the agency's current costs to review and post debt-related information submitted by political subdivisions.

The Office of the Attorney General indicates that their costs to implement provisions of the bill could be absorbed within existing resources.

The bill would provide for civil penalties of up to \$2,000 to a special purpose district which does not comply with provisions of the bill requiring the reporting of information to the Comptroller to operate and update the database. The frequency of which the penalties would be applied and collected is unknown and therefore, any potential revenue increase to the General Revenue Fund is indeterminate.

Technology

The Comptroller indicates a one-time technology cost of \$180,000 in General Revenue funds in fiscal year 2018 to develop the database. The cost reflects an estimated 1,200 hours of design, architecture, and coding, including the creation of mainframe tables, a security portal, an application to enter and update information, and an application to view and sort information for public use.

Local Government Impact

The bill requires the Comptroller to give notice and impose up to two penalties each of \$1,000 and authorizes the Office of the Attorney General to sue to collect penalties. This analysis assumes the imposition of state civil penalty could have a fiscal impact on special purpose districts for non-compliance.

Source Agencies: 302 Office of the Attorney General, 304 Comptroller of Public Accounts

LBB Staff: UP, JGA, WP, LCO, NV, JSm