

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 7, 2017

TO: Honorable Joan Huffman, Chair, Senate Committee on State Affairs

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB753 by Perry (Relating to financial accounting and reporting requirements for this state and political subdivisions of this state.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would repeal Government Code, Chapter 2266 which allows for a statutory modified accrual basis of accounting by the State and political subdivisions. Chapter 2266 also allows accounting for post-employment benefits (OPEB) other than pension benefits on a pay-as-you-go basis as an alternative standard to the Governmental Accounting Standards Board (GASB) related to OPEB. Repealing this chapter would require state and local governments to comply with GASB.

The bill would amend the Local Government Code adding that in a county with a population of 190,000 or more, the county auditor may not adopt a regulation that is inconsistent with generally accepted accounting principles as established by GASB.

The bill would take effect immediately if it receives a two-thirds vote in each house; otherwise, the bill would take effect September 1, 2017.

Local Government Impact

According to the Texas Association of Counties (TAC) the bill would cause inconsistencies among governments in accounting and reporting based on county population. As of 2010, 231 counties had a population below 190,000.

Also according to TAC, for counties with a population of 190,000 or more, certain programs such as those operated by Juvenile Probation and Community Supervision and Corrections Departments (CSCDs) have certain state reporting requirements that are inconsistent with GASB, and many grants have their own accounting requirements. The bill would require these programs to follow GASB.

Source Agencies: 304 Comptroller of Public Accounts, 320 Texas Workforce Commission, 352 Bond Review Board, 356 Texas Ethics Commission, 451 Department of Banking, 507 Texas Board of Nursing, 551 Department of Agriculture, 696 Department of Criminal Justice, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration, 323 Teacher Retirement System, 327 Employees Retirement System, 701 Texas Education Agency

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