86R10984 SCL-D

By:  Bettencourt S.B. No. 1315

A BILL TO BE ENTITLED

AN ACT

relating to periodic zero-based budgeting for certain political subdivisions.

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

SECTION 1.  Subchapter A, Chapter 44, Education Code, is amended by adding Section 44.0025 to read as follows:

Sec. 44.0025.  PERIODIC ZERO-BASED BUDGET REQUIRED FOR CERTAIN SCHOOL DISTRICTS AND COUNTY DEPARTMENTS OF EDUCATION; CONTENTS. (a) This section applies only to:

(1)  a school district with a student enrollment of 50,000 or more; and

(2)  a county department of education in a county with a population of 3.3 million or more.

(b)  In addition to the required annual budget under Section 44.002, the superintendent of the school district or county department of education shall prepare, in plain language and an easily readable and understandable format, a zero-based budget every 12th year that contains:

(1)  a description of the discrete activities the district or department conducts or performs with:

(A)  a justification for each activity by reference to a statute, rule, or other legal authority; and

(B)  an evaluation of the effectiveness and efficiency of the district's or department's policies, management, fiscal affairs, and operations in relation to each activity;

(2)  for each activity identified under Subdivision (1):

(A)  a quantitative estimate of any adverse effects that may reasonably be expected to result if the activity were discontinued, with a description of the methods by which the adverse effects were estimated;

(B)  an itemized account of expenditures required to maintain the activity at any minimum level of service required by statute, rule, or other legal authority, with a concise statement of the quantity and quality of service required at that minimum level; and

(C)  an itemized account of expenditures required to maintain the activity at the current level of service, with a concise statement of the quantity and quality of service provided at that level;

(3)  a ranking of activities identified under Subdivision (1) that illustrates the relative importance of each activity to the overall goals and purposes of the district or department at current service levels; and

(4)  recommendations to the board of trustees of the district or department regarding whether the district or department should continue funding each activity identified under Subdivision (1) and, if so, at what level.

(c)  The total amount of expenditures attributable to property tax revenue in the zero-based budget may not exceed the amount calculated by multiplying the effective tax rate, as defined by Section 26.04, Tax Code, of the school district or county department of education by last year's total value, as defined by Section 26.012, Tax Code, for the district or department.

(d)  In preparing the zero-based budget, the superintendent of the school district or county department of education may require any district or department officer or employee to provide information necessary to properly prepare the budget.

(e)  The superintendent of the school district or county department of education shall file a copy of the zero-based budget with the agency on or before the date the proposed annual budget is filed, and the copy of the zero-based budget shall be available for public inspection in the district's or department's central administrative office. If the district or department maintains an Internet website, the district or department shall ensure that the zero-based budget is posted on the website.

(f)  At a public meeting held to adopt an annual budget, the board of trustees of the school district or county department of education shall consider information presented in the zero-based budget in addition to the proposed annual budget.

SECTION 2.  Chapter 102, Local Government Code, is amended by adding Section 102.0035 to read as follows:

Sec. 102.0035.  PERIODIC ZERO-BASED BUDGET REQUIRED; CONTENTS. (a) This section applies only to a municipality with a population of 225,000 or more.

(b)  In addition to the annual itemized budget required under Section 102.003, the budget officer shall prepare, in plain language and an easily readable and understandable format, a zero-based budget every 12th year that contains:

(1)  a description of the discrete activities the municipality conducts or performs with:

(A)  a justification for each activity by reference to a statute, charter provision, ordinance, or other legal authority; and

(B)  an evaluation of the effectiveness and efficiency of the municipality's policies, management, fiscal affairs, and operations in relation to each activity;

(2)  for each activity identified under Subdivision (1):

(A)  a quantitative estimate of any adverse effects that may reasonably be expected to result if the activity were discontinued, with a description of the methods by which the adverse effects were estimated;

(B)  an itemized account of expenditures required to maintain the activity at any minimum level of service required by statute, charter provision, ordinance, or other legal authority, with a concise statement of the quantity and quality of service required at that minimum level; and

(C)  an itemized account of expenditures required to maintain the activity at the current level of service, with a concise statement of the quantity and quality of service provided at that level;

(3)  a ranking of activities identified under Subdivision (1) that illustrates the relative importance of each activity to the overall goals and purposes of the municipality at current service levels; and

(4)  recommendations to the governing body of the municipality regarding whether the municipality should continue funding each activity identified under Subdivision (1) and, if so, at what level.

(c)  The total amount of expenditures attributable to property tax revenue in the zero-based budget may not exceed the amount calculated by multiplying the effective tax rate, as defined by Section 26.04, Tax Code, of the municipality by last year's total value, as defined by Section 26.012, Tax Code, for the municipality.

(d)  In preparing the zero-based budget, the budget officer may require any municipal officer or board to provide information necessary for the budget officer to properly prepare the budget.

(e)  The budget officer shall file a copy of the zero-based budget with the municipal clerk on or before the date the proposed annual itemized budget is filed, and the copy of the zero-based budget shall be available for public inspection. If the municipality maintains an Internet website, the municipal clerk shall ensure that the zero-based budget is posted on the website.

(f)  At a public hearing held to adopt an annual itemized budget under this chapter, the governing body of the municipality shall consider information presented in the zero-based budget in addition to the proposed annual itemized budget.

SECTION 3.  Subchapter B, Chapter 111, Local Government Code, is amended by adding Section 111.0345 to read as follows:

Sec. 111.0345.  PERIODIC ZERO-BASED BUDGET REQUIRED; CONTENTS. (a) In addition to the annual itemized budget required under Section 111.034, the county auditor shall prepare, in plain language and an easily readable and understandable format, a zero-based budget every 12th year that contains:

(1)  a description of the discrete activities the county conducts or performs with:

(A)  a justification for each activity by reference to a statute, order, or other legal authority; and

(B)  an evaluation of the effectiveness and efficiency of the county's policies, management, fiscal affairs, and operations in relation to each activity;

(2)  for each activity identified under Subdivision (1):

(A)  a quantitative estimate of any adverse effects that may reasonably be expected to result if the activity were discontinued, with a description of the methods by which the adverse effects were estimated;

(B)  an itemized account of expenditures required to maintain the activity at any minimum level of service required by statute, order, or other legal authority, with a concise statement of the quantity and quality of service required at that minimum level; and

(C)  an itemized account of expenditures required to maintain the activity at the current level of service, with a concise statement of the quantity and quality of service provided at that level;

(3)  a ranking of activities identified under Subdivision (1) that illustrates the relative importance of each activity to the overall goals and purposes of the county at current service levels; and

(4)  recommendations to the commissioners court of the county regarding whether the county should continue funding each activity identified under Subdivision (1) and, if so, at what level.

(b)  The total amount of expenditures attributable to property tax revenue in the zero-based budget may not exceed the amount calculated by multiplying the effective tax rate, as defined by Section 26.04, Tax Code, of the county by last year's total value, as defined by Section 26.012, Tax Code, for the county.

(c)  In preparing the zero-based budget, the county auditor may require any district, county, or precinct officer of the county to provide information necessary for the auditor to properly prepare the budget.

(d)  The county auditor shall file a copy of the zero-based budget with the county clerk on or before the date the proposed annual itemized budget is filed, and the copy of the zero-based budget shall be available for public inspection. If the county maintains an Internet website, the county clerk shall ensure that the zero-based budget is posted on the website.

(e)  At a public hearing held to adopt an annual itemized budget under this subchapter, the commissioners court shall consider information presented in the zero-based budget in addition to the proposed annual itemized budget.

SECTION 4.  Subchapter C, Chapter 111, Local Government Code, is amended by adding Section 111.0635 to read as follows:

Sec. 111.0635.  PERIODIC ZERO-BASED BUDGET REQUIRED; CONTENTS. (a) This section applies only to a county with a population of 225,000 or more.

(b)  In addition to the annual itemized budget required under Section 111.063, the budget officer shall prepare, in plain language and an easily readable and understandable format, a zero-based budget every 12th year that contains:

(1)  a description of the discrete activities the county conducts or performs with:

(A)  a justification for each activity by reference to a statute, order, or other legal authority; and

(B)  an evaluation of the effectiveness and efficiency of the county's policies, management, fiscal affairs, and operations in relation to each activity;

(2)  for each activity identified under Subdivision (1):

(A)  a quantitative estimate of any adverse effects that may reasonably be expected to result if the activity were discontinued, together with a description of the methods by which the adverse effects were estimated;

(B)  an itemized account of expenditures required to maintain the activity at any minimum level of service required by statute, order, or other legal authority, with a concise statement of the quantity and quality of service required at that minimum level; and

(C)  an itemized account of expenditures required to maintain the activity at the current level of service, with a concise statement of the quantity and quality of service provided at that level;

(3)  a ranking of activities identified under Subdivision (1) that illustrates the relative importance of each activity to the overall goals and purposes of the county at current service levels; and

(4)  recommendations to the commissioners court of the county regarding whether the county should continue funding each activity identified under Subdivision (1) and, if so, at what level.

(c)  The total amount of expenditures attributable to property tax revenue in the zero-based budget may not exceed the amount calculated by multiplying the effective tax rate, as defined by Section 26.04, Tax Code, of the county by last year's total value, as defined by Section 26.012, Tax Code, for the county.

(d)  In preparing the zero-based budget, the budget officer may require the county auditor or any other district, county, or precinct officer of the county to provide information necessary for the budget officer to properly prepare the budget.

(e)  The budget officer shall file a copy of the zero-based budget with the county clerk and county auditor on or before the date the proposed annual itemized budget is filed, and the copy of the zero-based budget shall be available for public inspection. If the county maintains an Internet website, the county clerk shall ensure that the zero-based budget is posted on the website.

(f)  At a public hearing held to adopt an annual itemized budget under this subchapter, the commissioners court shall consider information presented in the zero-based budget in addition to the proposed annual itemized budget.

SECTION 5.  The superintendent of a school district or county department of education, the budget officer of a municipality, or the county auditor or budget officer of a county, as applicable, shall prepare an initial zero-based budget as described by Section 44.0025, Education Code, or Section 102.0035, 111.0345, or 111.0635, Local Government Code, as added by this Act, as applicable, for the fiscal year beginning on or after September 1, 2021.

SECTION 6.  This Act takes effect September 1, 2019.