

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,

1 fiscal affairs, and operations in relation to each activity;

2 (2) for each activity identified under Subdivision
3 (1):

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

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

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

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

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

25 (c) The total amount of expenditures attributable to
26 property tax revenue in the zero-based budget may not exceed the
27 amount calculated by multiplying the effective tax rate, as defined

1 by Section 26.04, Tax Code, of the school district or county
2 department of education by last year's total value, as defined by
3 Section 26.012, Tax Code, for the district or department.

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

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

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

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

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

25 (b) In addition to the annual itemized budget required under
26 Section 102.003, the budget officer shall prepare, in plain
27 language and an easily readable and understandable format, a

1 zero-based budget every 12th year that contains:

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

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

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

10 (2) for each activity identified under Subdivision
11 (1):

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

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

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

25 (3) a ranking of activities identified under
26 Subdivision (1) that illustrates the relative importance of each
27 activity to the overall goals and purposes of the municipality at

1 current service levels; and

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

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

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

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

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

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

27 Sec. 111.0345. PERIODIC ZERO-BASED BUDGET REQUIRED;

1 CONTENTS. (a) In addition to the annual itemized budget required
2 under Section 111.034, the county auditor shall prepare, in plain
3 language and an easily readable and understandable format, a
4 zero-based budget every 12th year that contains:

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

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

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

12 (2) for each activity identified under Subdivision
13 (1):

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

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

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

27 (3) a ranking of activities identified under

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

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

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

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

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

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

27 SECTION 4. Subchapter C, Chapter 111, Local Government

1 Code, is amended by adding Section 111.0635 to read as follows:

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

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

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

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

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

16 (2) for each activity identified under Subdivision
17 (1):

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

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

27 (C) an itemized account of expenditures required

1 to maintain the activity at the current level of service, with a
2 concise statement of the quantity and quality of service provided
3 at that level;

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

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

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

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

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

27 (f) At a public hearing held to adopt an annual itemized

1 budget under this subchapter, the commissioners court shall
2 consider information presented in the zero-based budget in addition
3 to the proposed annual itemized budget.

4 SECTION 5. The superintendent of a school district or
5 county department of education, the budget officer of a
6 municipality, or the county auditor or budget officer of a county,
7 as applicable, shall prepare an initial zero-based budget as
8 described by Section 44.0025, Education Code, or Section 102.0035,
9 111.0345, or 111.0635, Local Government Code, as added by this Act,
10 as applicable, for the fiscal year beginning on or after September
11 1, 2021.

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