

1-1 By: Bettencourt S.B. No. 1315
 1-2 (In the Senate - Filed February 28, 2019; March 7, 2019,
 1-3 read first time and referred to Committee on Property Tax;
 1-4 April 15, 2019, reported favorably by the following vote: Yeas 5,
 1-5 Nays 0; April 15, 2019, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7 Bettencourt	X			
1-8 Paxton	X			
1-9 Creighton	X			
1-10 Hancock	X			
1-11 Hinojosa	X			

1-13 A BILL TO BE ENTITLED
 1-14 AN ACT

1-15 relating to periodic zero-based budgeting for certain political
 1-16 subdivisions.

1-17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-18 SECTION 1. Subchapter A, Chapter 44, Education Code, is
 1-19 amended by adding Section 44.0025 to read as follows:

1-20 Sec. 44.0025. PERIODIC ZERO-BASED BUDGET REQUIRED FOR
 1-21 CERTAIN SCHOOL DISTRICTS AND COUNTY DEPARTMENTS OF EDUCATION;
 1-22 CONTENTS. (a) This section applies only to:

1-23 (1) a school district with a student enrollment of
 1-24 50,000 or more; and

1-25 (2) a county department of education in a county with a
 1-26 population of 3.3 million or more.

1-27 (b) In addition to the required annual budget under Section
 1-28 44.002, the superintendent of the school district or county
 1-29 department of education shall prepare, in plain language and an
 1-30 easily readable and understandable format, a zero-based budget
 1-31 every 12th year that contains:

1-32 (1) a description of the discrete activities the
 1-33 district or department conducts or performs with:

1-34 (A) a justification for each activity by
 1-35 reference to a statute, rule, or other legal authority; and

1-36 (B) an evaluation of the effectiveness and
 1-37 efficiency of the district's or department's policies, management,
 1-38 fiscal affairs, and operations in relation to each activity;

1-39 (2) for each activity identified under Subdivision
 1-40 (1):

1-41 (A) a quantitative estimate of any adverse
 1-42 effects that may reasonably be expected to result if the activity
 1-43 were discontinued, with a description of the methods by which the
 1-44 adverse effects were estimated;

1-45 (B) an itemized account of expenditures required
 1-46 to maintain the activity at any minimum level of service required by
 1-47 statute, rule, or other legal authority, with a concise statement
 1-48 of the quantity and quality of service required at that minimum
 1-49 level; and

1-50 (C) an itemized account of expenditures required
 1-51 to maintain the activity at the current level of service, with a
 1-52 concise statement of the quantity and quality of service provided
 1-53 at that level;

1-54 (3) a ranking of activities identified under
 1-55 Subdivision (1) that illustrates the relative importance of each
 1-56 activity to the overall goals and purposes of the district or
 1-57 department at current service levels; and

1-58 (4) recommendations to the board of trustees of the
 1-59 district or department regarding whether the district or department
 1-60 should continue funding each activity identified under Subdivision
 1-61 (1) and, if so, at what level.

2-1 (c) The total amount of expenditures attributable to
2-2 property tax revenue in the zero-based budget may not exceed the
2-3 amount calculated by multiplying the effective tax rate, as defined
2-4 by Section 26.04, Tax Code, of the school district or county
2-5 department of education by last year's total value, as defined by
2-6 Section 26.012, Tax Code, for the district or department.

2-7 (d) In preparing the zero-based budget, the superintendent
2-8 of the school district or county department of education may
2-9 require any district or department officer or employee to provide
2-10 information necessary to properly prepare the budget.

2-11 (e) The superintendent of the school district or county
2-12 department of education shall file a copy of the zero-based budget
2-13 with the agency on or before the date the proposed annual budget is
2-14 filed, and the copy of the zero-based budget shall be available for
2-15 public inspection in the district's or department's central
2-16 administrative office. If the district or department maintains an
2-17 Internet website, the district or department shall ensure that the
2-18 zero-based budget is posted on the website.

2-19 (f) At a public meeting held to adopt an annual budget, the
2-20 board of trustees of the school district or county department of
2-21 education shall consider information presented in the zero-based
2-22 budget in addition to the proposed annual budget.

2-23 SECTION 2. Chapter 102, Local Government Code, is amended
2-24 by adding Section 102.0035 to read as follows:

2-25 Sec. 102.0035. PERIODIC ZERO-BASED BUDGET REQUIRED;
2-26 CONTENTS. (a) This section applies only to a municipality with a
2-27 population of 225,000 or more.

2-28 (b) In addition to the annual itemized budget required under
2-29 Section 102.003, the budget officer shall prepare, in plain
2-30 language and an easily readable and understandable format, a
2-31 zero-based budget every 12th year that contains:

2-32 (1) a description of the discrete activities the
2-33 municipality conducts or performs with:

2-34 (A) a justification for each activity by
2-35 reference to a statute, charter provision, ordinance, or other
2-36 legal authority; and

2-37 (B) an evaluation of the effectiveness and
2-38 efficiency of the municipality's policies, management, fiscal
2-39 affairs, and operations in relation to each activity;

2-40 (2) for each activity identified under Subdivision
2-41 (1):

2-42 (A) a quantitative estimate of any adverse
2-43 effects that may reasonably be expected to result if the activity
2-44 were discontinued, with a description of the methods by which the
2-45 adverse effects were estimated;

2-46 (B) an itemized account of expenditures required
2-47 to maintain the activity at any minimum level of service required by
2-48 statute, charter provision, ordinance, or other legal authority,
2-49 with a concise statement of the quantity and quality of service
2-50 required at that minimum level; and

2-51 (C) an itemized account of expenditures required
2-52 to maintain the activity at the current level of service, with a
2-53 concise statement of the quantity and quality of service provided
2-54 at that level;

2-55 (3) a ranking of activities identified under
2-56 Subdivision (1) that illustrates the relative importance of each
2-57 activity to the overall goals and purposes of the municipality at
2-58 current service levels; and

2-59 (4) recommendations to the governing body of the
2-60 municipality regarding whether the municipality should continue
2-61 funding each activity identified under Subdivision (1) and, if so,
2-62 at what level.

2-63 (c) The total amount of expenditures attributable to
2-64 property tax revenue in the zero-based budget may not exceed the
2-65 amount calculated by multiplying the effective tax rate, as defined
2-66 by Section 26.04, Tax Code, of the municipality by last year's total
2-67 value, as defined by Section 26.012, Tax Code, for the
2-68 municipality.

2-69 (d) In preparing the zero-based budget, the budget officer

3-1 may require any municipal officer or board to provide information
3-2 necessary for the budget officer to properly prepare the budget.

3-3 (e) The budget officer shall file a copy of the zero-based
3-4 budget with the municipal clerk on or before the date the proposed
3-5 annual itemized budget is filed, and the copy of the zero-based
3-6 budget shall be available for public inspection. If the
3-7 municipality maintains an Internet website, the municipal clerk
3-8 shall ensure that the zero-based budget is posted on the website.

3-9 (f) At a public hearing held to adopt an annual itemized
3-10 budget under this chapter, the governing body of the municipality
3-11 shall consider information presented in the zero-based budget in
3-12 addition to the proposed annual itemized budget.

3-13 SECTION 3. Subchapter B, Chapter 111, Local Government
3-14 Code, is amended by adding Section 111.0345 to read as follows:

3-15 Sec. 111.0345. PERIODIC ZERO-BASED BUDGET REQUIRED;
3-16 CONTENTS. (a) In addition to the annual itemized budget required
3-17 under Section 111.034, the county auditor shall prepare, in plain
3-18 language and an easily readable and understandable format, a
3-19 zero-based budget every 12th year that contains:

3-20 (1) a description of the discrete activities the
3-21 county conducts or performs with:

3-22 (A) a justification for each activity by
3-23 reference to a statute, order, or other legal authority; and

3-24 (B) an evaluation of the effectiveness and
3-25 efficiency of the county's policies, management, fiscal affairs,
3-26 and operations in relation to each activity;

3-27 (2) for each activity identified under Subdivision
3-28 (1):

3-29 (A) a quantitative estimate of any adverse
3-30 effects that may reasonably be expected to result if the activity
3-31 were discontinued, with a description of the methods by which the
3-32 adverse effects were estimated;

3-33 (B) an itemized account of expenditures required
3-34 to maintain the activity at any minimum level of service required by
3-35 statute, order, or other legal authority, with a concise statement
3-36 of the quantity and quality of service required at that minimum
3-37 level; and

3-38 (C) an itemized account of expenditures required
3-39 to maintain the activity at the current level of service, with a
3-40 concise statement of the quantity and quality of service provided
3-41 at that level;

3-42 (3) a ranking of activities identified under
3-43 Subdivision (1) that illustrates the relative importance of each
3-44 activity to the overall goals and purposes of the county at current
3-45 service levels; and

3-46 (4) recommendations to the commissioners court of the
3-47 county regarding whether the county should continue funding each
3-48 activity identified under Subdivision (1) and, if so, at what
3-49 level.

3-50 (b) The total amount of expenditures attributable to
3-51 property tax revenue in the zero-based budget may not exceed the
3-52 amount calculated by multiplying the effective tax rate, as defined
3-53 by Section 26.04, Tax Code, of the county by last year's total
3-54 value, as defined by Section 26.012, Tax Code, for the county.

3-55 (c) In preparing the zero-based budget, the county auditor
3-56 may require any district, county, or precinct officer of the county
3-57 to provide information necessary for the auditor to properly
3-58 prepare the budget.

3-59 (d) The county auditor shall file a copy of the zero-based
3-60 budget with the county clerk on or before the date the proposed
3-61 annual itemized budget is filed, and the copy of the zero-based
3-62 budget shall be available for public inspection. If the county
3-63 maintains an Internet website, the county clerk shall ensure that
3-64 the zero-based budget is posted on the website.

3-65 (e) At a public hearing held to adopt an annual itemized
3-66 budget under this subchapter, the commissioners court shall
3-67 consider information presented in the zero-based budget in addition
3-68 to the proposed annual itemized budget.

3-69 SECTION 4. Subchapter C, Chapter 111, Local Government

4-1 Code, is amended by adding Section 111.0635 to read as follows:
4-2 Sec. 111.0635. PERIODIC ZERO-BASED BUDGET REQUIRED;
4-3 CONTENTS. (a) This section applies only to a county with a
4-4 population of 225,000 or more.

4-5 (b) In addition to the annual itemized budget required under
4-6 Section 111.063, the budget officer shall prepare, in plain
4-7 language and an easily readable and understandable format, a
4-8 zero-based budget every 12th year that contains:

4-9 (1) a description of the discrete activities the
4-10 county conducts or performs with:

4-11 (A) a justification for each activity by
4-12 reference to a statute, order, or other legal authority; and

4-13 (B) an evaluation of the effectiveness and
4-14 efficiency of the county's policies, management, fiscal affairs,
4-15 and operations in relation to each activity;

4-16 (2) for each activity identified under Subdivision
4-17 (1):

4-18 (A) a quantitative estimate of any adverse
4-19 effects that may reasonably be expected to result if the activity
4-20 were discontinued, together with a description of the methods by
4-21 which the adverse effects were estimated;

4-22 (B) an itemized account of expenditures required
4-23 to maintain the activity at any minimum level of service required by
4-24 statute, order, or other legal authority, with a concise statement
4-25 of the quantity and quality of service required at that minimum
4-26 level; and

4-27 (C) an itemized account of expenditures required
4-28 to maintain the activity at the current level of service, with a
4-29 concise statement of the quantity and quality of service provided
4-30 at that level;

4-31 (3) a ranking of activities identified under
4-32 Subdivision (1) that illustrates the relative importance of each
4-33 activity to the overall goals and purposes of the county at current
4-34 service levels; and

4-35 (4) recommendations to the commissioners court of the
4-36 county regarding whether the county should continue funding each
4-37 activity identified under Subdivision (1) and, if so, at what
4-38 level.

4-39 (c) The total amount of expenditures attributable to
4-40 property tax revenue in the zero-based budget may not exceed the
4-41 amount calculated by multiplying the effective tax rate, as defined
4-42 by Section 26.04, Tax Code, of the county by last year's total
4-43 value, as defined by Section 26.012, Tax Code, for the county.

4-44 (d) In preparing the zero-based budget, the budget officer
4-45 may require the county auditor or any other district, county, or
4-46 precinct officer of the county to provide information necessary for
4-47 the budget officer to properly prepare the budget.

4-48 (e) The budget officer shall file a copy of the zero-based
4-49 budget with the county clerk and county auditor on or before the
4-50 date the proposed annual itemized budget is filed, and the copy of
4-51 the zero-based budget shall be available for public inspection. If
4-52 the county maintains an Internet website, the county clerk shall
4-53 ensure that the zero-based budget is posted on the website.

4-54 (f) At a public hearing held to adopt an annual itemized
4-55 budget under this subchapter, the commissioners court shall
4-56 consider information presented in the zero-based budget in addition
4-57 to the proposed annual itemized budget.

4-58 SECTION 5. The superintendent of a school district or
4-59 county department of education, the budget officer of a
4-60 municipality, or the county auditor or budget officer of a county,
4-61 as applicable, shall prepare an initial zero-based budget as
4-62 described by Section 44.0025, Education Code, or Section 102.0035,
4-63 111.0345, or 111.0635, Local Government Code, as added by this Act,
4-64 as applicable, for the fiscal year beginning on or after September
4-65 1, 2021.

4-66 SECTION 6. This Act takes effect September 1, 2019.

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