87R9991 TYPED

By:  Goldman H.B. No. 1900

A BILL TO BE ENTITLED

AN ACT

relating to municipalities and counties that adopt budgets that defund law enforcement agencies.

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

ARTICLE 1. DEFUNDING LOCAL GOVERNMENTS

SECTION 1.01.  Chapter 140, Local Government Code, is amended by adding Section 140.013 to read as follows:

Sec. 140.013.  DEFUNDING LOCAL GOVERNMENT. (a) A defunding local government is a municipality or county:

(1)  that adopts a budget for a fiscal year that, in comparison to the local government's preceding fiscal year, reduces:

(A)  the appropriation to the local government's law enforcement agency;

(B)  the number of peace officers the local government's law enforcement agency is authorized to employ;

(C)  funding for peace officer overtime compensation for the local government's law enforcement agency; or

(D)  funding for the recruitment and training of new peace officers to fill each vacant peace officer position in the local government's law enforcement agency; and

(2)  for which the criminal justice division of the governor's office issues a written determination finding that the local government has taken an action described by Subdivision (1).

(a-1)  In making a determination of whether a local government is a defunding local government according to the budget adopted for the first fiscal year beginning on or after September 1, 2021, the criminal justice division of the governor's office shall compare the funding and personnel in that budget to the funding and personnel in the budget of the preceding fiscal year or the second preceding fiscal year, whichever is greater. This subsection expires September 1, 2023.

(b)  A local government is considered to be a defunding local government until the criminal justice division of the governor's office issues a written determination finding that the local government has reversed the reductions, adjusted for inflation, described in Subsection (a)(1).

(c)  The criminal justice division of the governor's office shall:

(1)  compute the inflation rate used to make determinations under Subsection (b) each state fiscal year using a price index that accurately reports changes in the purchasing power of the dollar for local governments in this state; and

(2)  publish the inflation rate in the Texas Register.

ARTICLE 2. ANNEXATION BY AND DISANNEXATION FROM DEFUNDING MUNICIPALITIES

SECTION 2.01.  Subchapter Z, Chapter 42, Local Government Code, is amended by adding Section 42.905 to read as follows:

Sec. 42.905.  EFFECT OF DISANNEXATION FROM DEFUNDING MUNICIPALITY. (a) For purposes of this section, a "defunding municipality" means a home-rule municipality that is a defunding local government under Section 140.013.

(b)  If an area is disannexed from a defunding municipality as a result of an election required to be held under Section 43.1465, the area is released from the defunding municipality's extraterritorial jurisdiction and is not included in any other municipality's extraterritorial jurisdiction.

(c)  A resident in the area may file with a municipality that is eligible to include the area in its extraterritorial jurisdiction under this chapter a petition for the area to become a part of the municipality's extraterritorial jurisdiction. The petition must:

(1)  comply with Chapter 277, Election Code;

(2)  be signed by more than 50 percent of the registered voters of the area described by the petition as of the preceding uniform election date;

(3)  satisfy the signature requirement described by Subdivision (2) not later than the 180th day after the date the first signature for the petition is obtained; and

(4)  include a map of and describe the area.

(d)  Except as provided by Subsection (e), on receipt of a valid petition and if the area has not already been included in the extraterritorial jurisdiction of another municipality, the municipality may by ordinance include the area in its extraterritorial jurisdiction.

(e)  If the municipality receiving a petition under this section is the defunding municipality that disannexed the area as described by Subsection (b), the defunding municipality may include the area in the defunding municipality's extraterritorial jurisdiction under this section only if the inclusion is approved by a majority of votes in an election on the issue held in the area.

(f)  If the area is not included in a municipality's extraterritorial jurisdiction on or after the second anniversary of the date that the area was disannexed as described by Subsection (b), a municipality, other than the defunding municipality that disannexed the area, that is eligible to include the area in its extraterritorial jurisdiction under this chapter may by ordinance include the area in its extraterritorial jurisdiction without the consent of the area.

SECTION 2.02.  Subchapter A, Chapter 43, Local Government Code, is amended by adding Section 43.004 to read as follows:

Sec. 43.004.  ANNEXATION BY DEFUNDING MUNICIPALITY PROHIBITED. (a) For purposes of this section, a "defunding municipality" means a home-rule municipality that is a defunding local government under Section 140.013.

(b)  A defunding municipality may not annex an area during the period beginning on the date that the criminal justice division of the governor's office issues the written determination that the municipality is a defunding local government and ending on the 10th anniversary of the date on which the criminal justice division of the governor's office issues a written determination in accordance with Section 140.013(b) finding that the defunding municipality has reversed the reductions described by Section 140.013(a)(1).

SECTION 2.03.  Subchapter G, Chapter 43, Local Government Code, is amended by adding Section 43.1465 to read as follows:

Sec. 43.1465.  DISANNEXATION FROM DEFUNDING MUNICIPALITY. (a) For purposes of this section, a "defunding municipality" means a home-rule municipality that is a defunding local government under Section 140.013.

(b)  On the next uniform election date that occurs after the date on which the criminal justice division of the governor's office issues a written determination that a municipality is a defunding local government and the time required by Section 3.005, Election Code, the defunding municipality shall hold a separate election in each area annexed in the preceding 30 years by the defunding municipality on the question of disannexing the area.

(c)  The defunding municipality shall immediately by ordinance disannex an area for which a majority of the votes received in the election held under Subsection (b) favor disannexation.

(d)  If an area is disannexed under Subsection (c), the defunding municipality may not attempt to annex the area before the 10th anniversary of the date on which the criminal justice division of the governor's office issues a written determination in accordance with Section 140.013(b) finding that the defunding municipality has reversed the reductions described by Section 140.013(a)(1).

(e)  A defunding municipality holding an election under Subsection (b) may not use public funds on informational campaigns relating to the election.

ARTICLE 3. TAX REVENUE AND DEFUNDING LOCAL GOVERNMENTS

SECTION 3.01.  Chapter 26, Tax Code, is amended by adding Section 26.0501 to read as follows:

Sec. 26.0501.  LIMITATION ON TAX RATE OF DEFUNDING TAXING UNIT. (a) For purposes of this section, a "defunding taxing unit" means a county or municipality that is a defunding local government under Section 140.013, Local Government Code.

(b)  Notwithstanding any other provision of this chapter or other law, the governing body of a defunding taxing unit may not adopt a tax rate for the current tax year that exceeds the lesser of the defunding taxing unit's no-new-revenue tax rate or voter-approval tax rate for that tax year.

(c)  For purposes of making the calculation required under Section 26.013, in a tax year in which a county or municipality is a defunding taxing unit, the difference between the taxing unit's actual tax rate and voter-approval tax rate is considered to be zero.

(d)  A county or municipality is no longer considered to be a defunding taxing unit for purposes of this section in the first tax year for which the criminal justice division of the governor's office issues a written determination in accordance with Section 140.013(b), Local Government Code, finding that the county or municipality has reversed the reductions described by Section 140.013(a)(1), Local Government Code.

SECTION 3.02.  Subchapter F, Chapter 321, Tax Code, is amended by adding Section 321.5025 to read as follows:

Sec. 321.5025.  DISTRIBUTION OF TRUST FUNDS TO DEFUNDING MUNICIPALITY. (a) For purposes of this section, a "defunding municipality" means a municipality that is a defunding local government under Section 140.013, Local Government Code.

(b)  Notwithstanding Section 321.502, the comptroller may not, before July 1 of each state fiscal year, send to a defunding municipality its share of the taxes collected by the comptroller under this chapter during the state fiscal year. Before sending the defunding municipality its share of the taxes, the comptroller shall deduct the amount reported to the comptroller for the defunding municipality under Subsection (c) and credit that deducted amount to the general revenue fund. Money credited to the general revenue fund under this subsection may be appropriated only to the Department of Public Safety.

(c)  Not later than August 1 of each state fiscal year, the criminal justice division of the governor's office shall report to the comptroller for each defunding municipality the amount of money the state spent in that state fiscal year to provide law enforcement services in that defunding municipality.

(d)  A municipality is no longer considered to be a defunding municipality for purposes of this section when the criminal justice division of the governor's office issues a written determination in accordance with Section 140.013(b), Local Government Code, finding that the municipality has reversed the reductions described by Section 140.013(a)(1), Local Government Code.

ARTICLE 4. MUNICIPALLY OWNED UTILITIES IN DEFUNDING MUNICIPALITIES

SECTION 4.01.  Subchapter B, Chapter 33, Utilities Code, is amended by adding Section 33.0211 to read as follows:

Sec. 33.0211.  RATES AND FEES CHARGED BY CERTAIN MUNICIPALLY OWNED UTILITIES. (a) This section applies only to a municipally owned utility that is located in a municipality that is a defunding local government under Section 140.013, Local Government Code.

(b)  The governing body of a municipally owned utility may not charge a customer:

(1)  at a rate higher than the rate the customer was charged or would have been charged on January 1 of the year that the municipality was determined to be a defunding local government;

(2)  any customer fees in amounts higher than the customer fees the customer was charged or would have been charged on January 1 of the year that the municipality was determined to be a defunding local government; or

(3)  any types of customer fees that the customer was not charged or would not have been charged on January 1 of the year that the municipality was determined to be a defunding local government.

ARTICLE 5. TRANSITION PROVISIONS; EFFECTIVE DATE

SECTION 5.01.  Section 140.013, Local Government Code, as added by this Act, applies only to the adoption of a budget by a municipality or county for a fiscal year that begins on or after the effective date of this Act.

SECTION 5.02.  Section 26.0501, Tax Code, as added by this Act, applies beginning with the 2021 tax year.

SECTION 5.03.  Section 321.5025, Tax Code, as added by this Act, applies only to a distribution of municipal sales and use tax revenue to a municipality in a state fiscal year that begins on or after the effective date of this Act.

SECTION 5.04.  (a) Section 33.0211, Utilities Code, as added by this Act, applies only to a proceeding for the establishment of rates for which the governing body of a municipally owned utility has not issued a final order or decision before the effective date of this Act.

(b)  A proceeding for which the governing body of a municipally owned utility has issued a final order or decision before the effective date of this Act is governed by the law in effect immediately before that date, and that law is continued in effect for that purpose.

SECTION 5.05.  This Act takes effect September 1, 2021.