

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

Revision 1

April 27, 2021

TO: Honorable Chris Paddie, Chair, House Committee on State Affairs

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB1950 by Slawson (relating to the control and funding of law enforcement and public safety services in certain political subdivisions.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

However, there could be an indeterminate increase to state revenue if an applicable municipality is determined to have adopted a budget that reduces the appropriation to the police department.

The bill would amend the Local Government Code to add Chapter 109 regarding certain municipalities that defund police departments.

The chapter would apply only to cities with a population of more than 250,000. A defunding municipality would be defined as a city that reduces the appropriation to the police department and for which the Governor's office issues a written determination of such a funding reduction. The determination would stay in effect until the Governor's office issues a finding that the city has reversed the reduction, as adjusted for inflation as provided in the bill. The bill would provide for exceptions when certain reductions are not considered defunding.

The bill would amend the Local Government Code by adding Chapter 345 regarding the creation of law enforcement and public safety zones.

Chapter 345 would allow the Governor to designate a law enforcement and public safety zone within certain municipalities and would direct the Comptroller of Public Accounts to put into a special fund the municipality's share of municipal sales tax revenue for the purpose of funding zone operations. The chapter would only apply to municipalities that meet the definition of a defunding local government and are located in a county with a population between one and 1.5 million people.

According to the Comptroller of Public Accounts, the bill's provisions regarding municipal sales tax revenue could increase state revenue in the same amount that revenue to any local governments would be reduced.

This legislation could do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either in, with, or outside of the Treasury, or create a dedicated revenue source.

This bill would not make an appropriation, but could establish the basis for an appropriation.

Local Government Impact

The Chapter 345 population parameters would limit application of the chapter to municipalities located wholly or partially in Travis County. The future budget actions of governing bodies of municipalities to which the bill would apply is unknown; consequently, the fiscal impact to local governments cannot be determined.

Source Agencies: 300 Trusteed Programs - Gov, 304 Comptroller of Public Accounts

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