

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION**

**April 5, 2021**

**TO:** Honorable Morgan Meyer, Chair, House Committee on Ways & Means

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB3021** by Burns (Relating to municipalities and counties that adopt budgets that defund law enforcement agencies.), **As Introduced**

**Because the number of municipalities that would meet the definition of a defunding local government in the future is unknown, the fiscal impacts cannot be determined at this time. There could be an indeterminate revenue gain to the General Revenue Fund.**

The bill would amend the Local Government Code to add new Section 140.013 regarding local governments that defund law enforcement.

The bill would define a defunding local government as a city or county that reduces certain funding or personnel for a local law enforcement agency and for which the Governor's office issues a written determination of such reduction. The determination stays in effect until the Governor's office issues a finding that the local government reversed the reductions, as adjusted for inflation as provided in the bill.

The bill would require the Comptroller to deduct the amount, as determined by the Governor's office, that was spent by the state to provide law enforcement services to a defunding municipality from the municipality's share of local sales tax revenue and deposit that money to the General Revenue Fund (GR) for appropriation only to the Department of Public Safety.

The bill's provisions regarding municipal sales tax revenue could increase revenue to GR in the same amount that revenue to local governments would be reduced. The future budget actions of governing bodies of cities and counties which might be subject to a written determination is unknown; consequently, the fiscal impact to the state or local governments cannot be determined.

The Office of the Governor indicates they could absorb their new responsibilities from the bill within existing resources.

The bill would 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. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Although this bill would not make an appropriation, it would establish the basis for an appropriation.

The bill would take effect September 1, 2021.

**Local Government Impact**

Because the number of municipalities that would meet the definition of a defunding local government in the future is unknown, the fiscal impacts cannot be determined at this time. There could be an indeterminate revenue loss to units of local government.

**Source Agencies:** 300 Trusteed Programs - Gov, 304 Comptroller of Public Accounts, 405 Department of Public Safety  
**LBB Staff:** JMc, KK, SD, AF