By:  Cain H.B. No. 17

A BILL TO BE ENTITLED

AN ACT

relating to a limit on municipal and county expenditures.

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

SECTION 1.  Chapter 140, Local Government Code, is amended by adding Section 140.014 to read as follows:

Sec. 140.014.  LIMIT ON ANNUAL EXPENDITURES. (a) In this section:

(1)  "Board" means the Legislative Budget Board.

(2)  "Consumer price index" means the average over a calendar year of the index the board considers to most accurately report changes in the purchasing power of the dollar for consumers in this state.

(3)  "Inflation rate" means the amount, expressed in decimal form rounded to the nearest thousandth, computed by determining the percentage change in the consumer price index for the preceding calendar year as compared to the consumer price index for the calendar year preceding that calendar year.

(4)  "Population growth rate" means the rate of growth of the state's population during the preceding calendar year, expressed in decimal form rounded to the nearest thousandth, determined by the board in accordance with the most recent population estimates published by the United States Census Bureau.

(b)  This section applies only to a political subdivision that is a municipality or county.

(c)  Except as provided by Subsection (e), a political subdivision's total expenditures from all available sources of revenue in a fiscal year may not exceed the greater of:

(1)  the political subdivision's total expenditures from all available sources of revenue in the preceding fiscal year; or

(2)  an amount determined by multiplying:

(A)  the political subdivision's total expenditures from all available sources of revenue in the preceding fiscal year; and

(B)  the sum of one and the rate most recently published by the board under Subsection (d).

(d)  Not later than January 31 of each year, the board shall publish a rate equal to the product of the population growth rate and the inflation rate.

(e)  A political subdivision's total expenditures from all available sources of local revenue in a fiscal year may exceed the amount described by Subsection (c) if:

(1)  the political subdivision's voters approve the additional expenditures for that fiscal year at an election called for that purpose and held on a uniform election date; or

(2)  the governor declares or renews a declaration of a state of disaster under Section 418.014, Government Code, in that fiscal year, and the governor's designation of the area threatened includes all or part of the geographic territory of the political subdivision.

(f)  For purposes of this section, the following are not considered an available source of revenue:

(1)  money received from the issuance of bonds approved by the voters; or

(2)  a grant, donation, or gift.

SECTION 2.  Section 140.014, Local Government Code, as added by this Act, applies only to a fiscal year of a municipality or county that begins on or after December 1, 2023.

SECTION 3.  This Act takes effect December 1, 2023.