

By: Hickland

H.B. No. 178

A BILL TO BE ENTITLED

AN ACT

relating to efficiency audits for certain political subdivisions.

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

SECTION 1. Chapter 140, Local Government Code, is amended by adding Section 140.015 to read as follows:

Sec. 140.015. EFFICIENCY AUDIT. (a) In this section:

(1) "Efficiency audit" means an investigation of the operations of a political subdivision to examine fiscal management, efficiency, and utilization of resources.

(2) "No-new-revenue tax rate" means the no-new-revenue tax rate calculated under Chapter 26, Tax Code.

(3) "Tax year" has the meaning assigned by Section 1.04, Tax Code.

(b) This section applies only to a political subdivision other than a school district that is defined as a taxing unit by Section 1.04, Tax Code.

(c) Except as provided by Subsection (d), the governing body of a political subdivision that adopts an ad valorem tax rate that exceeds the no-new-revenue tax rate for five consecutive tax years shall conduct an efficiency audit.

(c-1) A tax year that occurred before the 2022 tax year is not included in a determination made under Subsection (c) that a political subdivision adopted an ad valorem tax rate that exceeds the no-new-revenue tax rate for five consecutive tax years. This

1 subsection expires January 1, 2027.

2 (d) The governing body of a political subdivision all or
3 part of which is located in an area declared a disaster area by the
4 governor under Chapter 418, Government Code, may hold an election
5 to seek voter approval to adopt a tax rate that exceeds the
6 no-new-revenue tax rate during the two-year period following the
7 date of the declaration without conducting an efficiency audit
8 otherwise required under this section.

9 (e) A political subdivision must pay for the costs
10 associated with an efficiency audit required under this section.

11 (f) An auditor selected by the governing body of a political
12 subdivision must maintain independence from the political
13 subdivision and complete the efficiency audit not later than three
14 months after the date the auditor was selected.

15 (g) The governing body of a political subdivision must hold
16 an open meeting to discuss the results of an efficiency audit
17 conducted under this section. Not later than 30 days after the date
18 of the open meeting, the results of an efficiency audit conducted
19 under this section must be posted on the political subdivision's
20 Internet website.

21 (h) A political subdivision shall provide all documents,
22 records, and personnel requested by the auditor as needed to
23 conduct the audit in an efficient manner.

24 SECTION 2. This Act takes effect on the 91st day after the
25 last day of the legislative session.