

## **BILL ANALYSIS**

C.S.H.B. 3606

By: Krause

State & Federal Power & Responsibility, Select  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Interested parties contend that while federal funds provided to political subdivisions in Texas inevitably affect the state economy as a whole, regulation of the state's internal economy is a power vested in the state government, not the federal government. Therefore, to preserve the rightful duties of statewide officeholders, these parties call for transparency in the accounting, purposes, and conditions of the amounts of federal funds provided to local governments in Texas. These parties further contend that through monitoring and evaluating federal funding provided to local governments, the state will have at its disposal the information needed to more strategically partner with the federal government and will be better prepared to handle a reduction or cessation of those federal funds. C.S.H.B. 3606 seeks to address this issue by making the allocation of federal funds to political subdivisions in Texas more transparent.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 3606 amends the Local Government Code to require a political subdivision that receives or expends a federal grant or other federal funds that have not been appropriated by the legislature to report to the Legislative Budget Board, the comptroller of public accounts, and the governor not later than the 90th day of each fiscal year the total amount of federal funds received or expended in the previous fiscal year and the use or proposed use of those federal funds.

### **EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2015.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 3606 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Chapter 140, Local Government Code, is amended by adding Section 140.011 to read as follows:

Sec. 140.011. ACCEPTANCE AND EXPENDITURE OF FEDERAL FUNDS.

(a) Before a political subdivision may accept or expend a federal grant or other funds that have not been appropriated by the legislature, the political subdivision shall report to the Legislative Budget Board, the comptroller, and the governor:

(1) the total amount of federal funds to be received or expended;

(2) the proposed use of the federal funds; and

(3) the potential impact use of the federal funds may have on the state budget.

(b) A political subdivision may not accept or expend a federal grant or other funds if, on or before the 10th business day after the date a report was made under Subsection (a), the political subdivision receives a written disapproval of the acceptance or expenditure from the Legislative Budget Board, the comptroller, or the governor.

SECTION 2. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2015.

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Chapter 140, Local Government Code, is amended by adding Section 140.011 to read as follows:

Sec. 140.011. RECEIPT AND EXPENDITURE OF FEDERAL FUNDS.

A political subdivision that receives or expends a federal grant or other federal funds that have not been appropriated by the legislature shall report to the Legislative Budget Board, the comptroller, and the governor not later than the 90th day of each fiscal year:

(1) the total amount of federal funds received or expended in the previous fiscal year; and

(2) the use or proposed use of those federal funds.

No equivalent provision.

SECTION 2. Same as introduced version.