

BILL ANALYSIS

Senate Research Center
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S.B. 1315
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Property Tax
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Interested parties observe that a zero-based budget provides taxpayer-supported government budget transparency with a clearer picture of where tax monies are spent. Zero-based budgeting provides flexibility, operations-focus, reduced budget implementation and oversight burden, and increased expenditure justification. Fundamental to a zero-based budget is its allocation of taxpayer funds not based upon budget history but rather upon program necessity and efficiency.

S.B. 1315 would require certain counties, cities, and school districts to conduct periodic zero-based budgeting every twelve years.

S.B. 1315 would require school districts with 50,000 or more students, a county department of education in a county with a population of 3.3 million or more, and cities or counties with a population of 225,000 to conduct a full review of their respective budget and produce and consider a zero-based budget every 12 years.

Starting with the 2021 budget cycle, in conjunction with an annual itemized budget, an entity's budget must be prepared that includes a description of the discrete activities the entity performs along with a justification for each activity by reference to a statute, rule, or other legal authority as well as an evaluation of the effectiveness and efficiency of the district's or department's policies, management, fiscal affairs, and operations in relation to all activities the entity conducts or performs and a justification of each activity. Once prepared, the zero-based budget must be open for public inspection prior to adoption.

As proposed, S.B. 1315 amends current law relating to periodic zero-based budgeting for certain political subdivisions.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter A, Chapter 44, Education Code, by adding Section 44.0025, as follows:

Sec. 44.0025. PERIODIC ZERO-BASED BUDGET REQUIRED FOR CERTAIN SCHOOL DISTRICTS AND COUNTY DEPARTMENTS OF EDUCATION; CONTENTS. (a) Provides that this section applies only to a school district with a student enrollment of 50,000 or more and to a county department of education in a county with a population of 3.3 million or more.

(b) Requires the superintendent of the school district or county department of education, in addition to the required annual budget under Section 44.002 (Preparation of Budget), to prepare, in plain language and an easily readable and understandable format, a zero-based budget every 12th year that contains certain information.

(c) Prohibits the total amount of expenditures attributable to property tax revenue in the zero-based budget from exceeding the amount calculated by multiplying the effective tax rate, as defined by Section 26.04 (Submission of Roll to Governing Body; Effective and Rollback Tax Rates), Tax Code, of the school district or county department of education by last year's total value, as defined by Section 26.012 (Definitions), Tax Code, for the district or department.

(d) Authorizes the superintendent of the school district or county department of education, in preparing the zero-based budget, to require any district or department officer or employee to provide information necessary to properly prepare the budget.

(e) Requires the superintendent of the school district or county department of education to file a copy of the zero-based budget with the Texas Education Agency on or before the date the proposed annual budget is filed, and requires the copy of the zero-based budget to be available for public inspection in the district's or department's central administrative office. Requires the district or department, if the district or department maintains an Internet website, to ensure that the zero-based budget is posted on the website.

(f) Requires the board of trustees of the school district or county department of education, at a public meeting held to adopt an annual budget, to consider information presented in the zero-based budget in addition to the proposed annual budget.

SECTION 2. Amends Chapter 102, Local Government Code, by adding Section 102.0035, as follows:

Sec. 102.0035. PERIODIC ZERO-BASED BUDGET REQUIRED; CONTENTS. (a) Provides that this section applies only to a municipality with a population of 225,000 or more.

(b) Requires the budget officer, in addition to the annual itemized budget required under Section 102.003 (Itemized Budget; Contents), to prepare, in plain language and an easily readable and understandable format, a zero-based budget every 12th year that contains certain information.

(c) Prohibits the total amount of expenditures attributable to property tax revenue in the zero-based budget from exceeding the amount calculated by multiplying the effective tax rate, as defined by Section 26.04, Tax Code, of the municipality by last year's total value, as defined by Section 26.012, Tax Code, for the municipality.

(d) Authorizes the budget officer, in preparing the zero-based budget, to require any municipal officer or board to provide information necessary for the budget officer to properly prepare the budget.

(e) Requires the budget officer to file a copy of the zero-based budget with the municipal clerk on or before the date the proposed annual itemized budget is filed, and requires the copy of the zero-based budget to be available for public inspection. Requires the municipal clerk, if the municipality maintains an Internet website, to ensure that the zero-based budget is posted on the website.

(f) Requires the governing body of the municipality, at a public hearing held to adopt an annual itemized budget under this chapter (Municipal Budget), to consider information presented in the zero-based budget in addition to the proposed annual itemized budget.

SECTION 3. Amends Subchapter B, Chapter 111, Local Government Code, by adding Section 111.0345, as follows:

Sec. 111.0345. PERIODIC ZERO-BASED BUDGET REQUIRED; CONTENTS. (a) Requires the county auditor, in addition to the annual itemized budget required under Section 111.034 (Itemized Budget; Contents), to prepare, in plain language and an easily readable and understandable format, a zero-based budget every 12th year that contains certain information.

(b) Prohibits the total amount of expenditures attributable to property tax revenue in the zero-based budget from exceeding the amount calculated by multiplying the effective tax rate, as defined by Section 26.04, Tax Code, of the county by last year's total value, as defined by Section 26.012, Tax Code, for the county.

(c) Authorizes the county auditor, in preparing the zero-based budget, to require any district, county, or precinct officer of the county to provide information necessary for the auditor to properly prepare the budget.

(d) Requires the county auditor to file a copy of the zero-based budget with the county clerk on or before the date the proposed annual itemized budget is filed, and requires the copy of the zero-based budget to be available for public inspection. Requires the county clerk, if the county maintains an Internet website, to ensure that the zero-based budget is posted on the website.

(e) Requires the commissioners court, at a public hearing held to adopt an annual itemized budget under this subchapter, to consider information presented in the zero-based budget in addition to the proposed annual itemized budget.

SECTION 4. Amends Subchapter C, Chapter 111, Local Government Code, by adding Section 111.0635, as follows:

Sec. 111.0635. PERIODIC ZERO-BASED BUDGET REQUIRED; CONTENTS. (a) Provides that this section applies only to a county with a population of 225,000 or more.

(b) Requires the budget officer, in addition to the annual itemized budget required under Section 111.063 (Itemized Budget; Contents), to prepare, in plain language and an easily readable and understandable format, a zero-based budget every 12th year that contains certain information.

(c) Prohibits the total amount of expenditures attributable to property tax revenue in the zero-based budget from exceeding the amount calculated by multiplying the effective tax rate, as defined by Section 26.04, Tax Code, of the county by last year's total value, as defined by Section 26.012, Tax Code, for the county.

(d) Authorizes the budget officer, in preparing the zero-based budget, to require the county auditor or any other district, county, or precinct officer of the county to provide information necessary for the budget officer to properly prepare the budget.

(e) Requires the budget officer to file a copy of the zero-based budget with the county clerk and county auditor on or before the date the proposed annual itemized budget is filed, and requires the copy of the zero-based budget to be available for public inspection. Requires the county clerk, if the county maintains an Internet website, to ensure that the zero-based budget is posted on the website.

(f) Requires the commissioners court, at a public hearing held to adopt an annual itemized budget under this subchapter, to consider information presented in the zero-based budget in addition to the proposed annual itemized budget.

SECTION 5. Requires the superintendent of a school district or county department of education, the budget officer of a municipality, or the county auditor or budget officer of a county, as applicable, to prepare an initial zero-based budget as described by Section 44.0025, Education

Code, or Section 102.0035, 111.0345, or 111.0635, Local Government Code, as added by this Act, as applicable, for the fiscal year beginning on or after September 1, 2021.

SECTION 6. Effective date: September 1, 2019.