

SUBJECT: Additional requirements for county and municipal budget approval

COMMITTEE: Ways and Means — favorable, without amendment

VOTE: 6 ayes — Hilderbran, Otto, Bohac, Button, Eiland, N. Gonzalez

0 nays

3 absent — Martinez Fischer, Ritter, Strama

SENATE VOTE: On final passage, April 11 — 31-0

WITNESSES: No public hearing

BACKGROUND: Current law establishes some basic requirements for counties and municipalities to follow when adopting a budget. Following the final approval of a budget, the county or municipality is required to file it with the respective clerk and, if the entity maintains a website, post it online.

DIGEST: SB 656 would add requirements to budgeting processes of counties and municipalities.

Budget adoption. Under SB 656, counties and municipalities would have to approve a budget through a record vote. An adopted budget would have to include a cover page with:

- a specific statement about whether the budget raised more than, less than, or the same amount of revenue as last year's budget;
- the record vote of each member of the governing body on the budget;
- the property tax rates for the preceding fiscal year, and each municipal tax rate adopted or calculated for the current year; and
- the total amount of bonds and other debt obligations owed by the county or municipality.

The county or municipality would have to ensure that the cover page of the budget was amended to include the required property tax rates if they

were not included when the budget was adopted and filed.

Website. If the county or municipality maintained a website, it would have to post the record vote on the budget for at least one year from adoption.

Effective date. The bill would take effect September 1, 2013.

SUPPORTERS
SAY:

SB 656 would be a simple measure in furtherance of the 83rd Legislature's goal of increasing transparency in government operations. The bill would increase transparency on the local level by requiring each budget approved by a county or municipality to include a cover sheet with some basic facts about the budget: the result of the record vote, a statement of how spending compared with the prior year, tax rates for the current and prior year, and the total amount of bonds and other obligations.

The bill would improve accessibility of information for Texans who have neither the time nor the specialized knowledge required to sift through what are sometimes multi-hundred-page budget documents. Most people just want the basic facts about how their local governments are performing with regard to spending and debt. Making this information accessible and, equally important, readable, would force local governing boards to stand behind and justify their spending decisions to the public they serve. This added accountability would promote good governance on the local level.

OPPONENTS
SAY:

SB 656 would micromanage local affairs down to the level of creating requirements that would have to appear on a particular page of a document. This would create an additional administrative burden for counties and municipalities with little value added. The content on the budget sheet would be repeating information available elsewhere and could propagate some misleading information on debt.

OTHER
OPPONENTS
SAY:

The definition of debt in SB 656 would be problematic because it would not distinguish between tax-supported debt and revenue-supported debt. This is an important distinction made elsewhere in state law. Debt that is secured with a specific revenue stream does not affect taxpayers and should not be included in the cover sheet of the budget.