

BILL ANALYSIS

Senate Research Center
83R27577 TJB-D

C.S.S.B. 14
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Finance
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

In 2012, the comptroller of public accounts of the State of Texas issued a series of reports that highlighted information related to local debt. In the last decade, local governments more than doubled their debt load to more than \$7,500 for every man, woman, and child in the state. Since 1993, the number of Texas special districts levying sales tax has increased by more than 1,900 percent. The number of Texas special districts levying property tax has risen by 45 percent. Certain interested parties believe that taxpayers have been asked to approve billions in debt without sufficient context—often with no idea of current debt load or annual debt service payments.

C.S.S.B. 14 seeks to provide transparency by requiring cities, counties, school districts, community college districts, universities and special districts that levy taxes or issue debt to provide more financial transparency to the public. Special districts include water districts, transit authorities, and hospital districts, among others. C.S.S.B. 14 ensures that voters will be more informed when they vote on new debt and limits the ability of governments to issue debt without voter approval. Additionally, C.S.S.B. 14 ensures that special-purpose taxing entities demonstrate that they serve the purposes for which they were created.

C.S.S.B. 14 amends current law relating to the fiscal transparency and accountability of certain entities responsible for public money.

[**Note:** While the statutory reference in this bill is to the Texas Natural Resource Conservation Commission (TNRCC), the following amendments affect the Texas Commission on Environmental Quality, as the successor agency to TNRCC.]

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the commissioner of education in SECTION 1 (Sections 46.101 and 46.102, Education Code) and SECTION 24 of this bill.

Rulemaking authority is expressly granted to the Texas Higher Education Coordinating Board in SECTION 3 (Section 61.0621, Education Code) of this bill.

Rulemaking authority is expressly granted to the secretary of state in SECTION 13 (Section 1251.052, Government Code) of this bill.

Rulemaking authority is expressly granted to the comptroller of public accounts of the State of Texas (comptroller) in SECTION 15 (Section 140.008, Local Government Code) of this bill.

Rulemaking authority previously granted to the comptroller is modified in SECTION 20 (Section 26.16, Tax Code) of this bill.

Rulemaking authority is expressly granted to the executive director of the Texas Commission on Environmental Quality [formerly TNRCC] in SECTION 22 (Section 49.201, Water Code) and SECTION 24 of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 46, Education Code, by adding Subchapter D, as follows:

SUBCHAPTER D. PUBLIC INFORMATION REGARDING FACILITIES

Sec. 46.101. AVAILABILITY OF INFORMATION REGARDING FACILITIES. (a) Requires a school district or open-enrollment charter school, for the purpose of providing information to the public regarding district or school facilities usage and taxpayer value, to:

(1) report data elements specified by commissioner of education (commissioner) rule to the Texas Education Agency (TEA) through the Texas Student Data System (TSDS) or a successor data management system maintained by TEA; and

(2) provide a direct link on the district's or school's Internet website to TSDS or a successor data management system maintained by TEA through which the facilities information relevant to the specific district or school may be readily accessed.

(b) Requires the commissioner of education (commissioner) to adopt rules necessary to implement this section, including rules ensuring that TSDS or a successor data management system maintained by TEA includes appropriate data elements regarding school facilities usage and taxpayer value.

(c) Requires the commissioner to adopt rules for purposes of Subsection (b) based on the recommendations of the Taxpayer Value and School Facilities Usage Advisory Committee established under Section 46.102. Provides that this subsection expires September 1, 2017.

Sec. 46.102. TAXPAYER VALUE AND SCHOOL FACILITIES USAGE ADVISORY COMMITTEE. (a) Provides that the Taxpayer Value and School Facilities Usage Advisory Committee (committee) is established to serve the function specified by this section.

(b) Provides that the committee consists of:

(1) the commissioner and the comptroller of public accounts of the State of Texas (comptroller), who serve as co-chairs of the committee; and

(2) the following persons, appointed jointly by the commissioner and comptroller from lists of persons recommended by the lieutenant governor and speaker of the house of representatives:

(A) a current school board member;

(B) a current school district administrator;

(C) a current public school teacher;

(D) a parent of a student currently enrolled in a public school;

(E) a representative of the school construction industry, who may be an engineer, architect, or contractor;

(F) a representative of the construction industry who does not work on school construction, who may be an engineer, architect, or contractor; and

(G) a member of the public.

(c) Requires the lieutenant governor and speaker of the house of representatives to submit to the commissioner and comptroller lists of persons recommended for appointment to the committee not later than October 15, 2013. Requires that the lists include recommended persons for each position described in Subsections (b)(2)(A)-(G). Requires the commissioner and comptroller to make the appointments required by Subsection (b) not later than December 1, 2013.

(d) Requires the committee to meet to develop recommendations regarding the data that should be considered in evaluating a school district's or open-enrollment charter school's facility usage and taxpayer value with regard to school facility construction and renovation. Requires the committee to hold its initial meeting as soon as possible after the committee members are selected, but not later than January 15, 2014.

(e) Requires the committee, not later than December 31, 2014, to develop its final recommendations and submit a report to the governor, lieutenant governor, and speaker of the house of representatives. Requires the committee to also make the report available electronically to members of the legislature.

(f) Requires the commissioner, based on the recommendations developed by the committee, to ensure that TSDS or a successor data management system maintained by TEA includes appropriate data elements regarding school facilities, and adopt rules for purposes of Section 46.101.

(g) Provides that a committee member is not entitled to reimbursement of expenses or to compensation.

(h) Provides that Chapter 2110 (State Agency Advisory Committees), Government Code, does not apply to the committee.

(i) Provides that this section expires September 1, 2017.

SECTION 2. Amends Section 51.005, Education Code, as follows:

Sec. 51.005. New heading: ANNUAL FINANCIAL REPORT. (a) Requires each institution of higher education to prepare a complete annual financial report as prescribed by Section 2101.011 (Financial Information Required of State Agencies), Government Code, and take action to ensure that the institution's most recent annual financial report is posted continuously on the institution's Internet website.

(b) Requires each institution of higher education, not later than November 30 of each year, to take action to ensure that a report showing the amount and a description of the institution's outstanding debt on the last day of the preceding state fiscal year is posted on the institution's Internet website. Requires that the report show, for a university system, the aggregate outstanding debt for the system and, to the extent that the debt is attributable to a specific institution, the outstanding debt for each system institution. Defines "university system" in this subsection.

(c) Requires each institution of higher education to maintain or cause to be maintained an Internet website to comply with this section.

SECTION 3. Amends Subchapter C, Chapter 61, Education Code, by adding Section 61.0621, as follows:

Sec. 61.0621. JUNIOR COLLEGE DISTRICT CONSTRUCTION COST REPORTING. (a) Requires the Texas Higher Education Coordinating Board (THECB) to require each junior college district to report building construction costs and related information to the

THECB for the purpose of determining the average cost per square foot, adjusted for inflation for the region of the state in which the project is located, and the average cost per full-time equivalent student for each junior college district.

(b) Requires THECB, in consultation with the governing boards of the state's junior college districts, to prescribe the form, manner, and times of reports required under this section.

(c) Requires THECB to compile the information reported under Subsection (a) for all junior college districts and periodically report its findings to the districts. Requires THECB and each junior college district to take action to ensure that THECB's findings are posted on each respective entity's Internet website.

(d) Requires THECB to adopt rules for the administration of this section.

(e) Requires THECB, in administering this section, to attempt to avoid duplicating other reporting requirements applicable to junior college districts.

(f) Requires each junior college district to maintain or cause to be maintained an Internet website to comply with this section.

SECTION 4. Amends Subchapter B, Chapter 403, Government Code, by adding Section 403.0117, as follows:

Sec. 403.0117. LOCAL TAX RATES PUBLISHED ON INTERNET. (a) Requires the comptroller to publish on the comptroller's Internet website, listed by county:

(1) the name of each political subdivision that imposes a sales and use tax and the sales and use tax rate for the political subdivision; and

(2) the tax rate information reported to the comptroller by each county assessor-collector under Section 26.16(e) (relating to requiring the comptroller by rule to prescribe the manner in which certain information is required to be presented), Tax Code.

(b) Requires the comptroller to update the information described by Subsection (a) at least annually.

SECTION 5. Amends Section 1202.008, Government Code, as follows:

Sec. 1202.008. New heading: COLLECTION AND REPORT OF INFORMATION ON LOCAL SECURITIES. (a) Defines "local security" in this section.

(b) Creates this subsection from existing text of Subsection (a). Requires the attorney general, in reviewing local securities under this chapter, to collect, in the form required by the Bond Review Board (BRB), information on each local security, rather than authorizing the attorney general, in reviewing public securities under this chapter, to collect, in the form required by BRB, information on public securities issued by a municipal corporation or political subdivision of this state.

(c) Redesignates existing Subsection (b) as Subsection (c). Requires that the information include:

(1) the terms of each local security, rather than the terms of the public securities;

(2) Makes a conforming change; and

(3) other information required by BRB.

(d) Redesignates existing Subsection (c) as Subsection (d). Requires the attorney general to send the information regarding each local security to BRB not later than the fifth day before the date the attorney general approves the local security under Section 1202.003 (Review and Approval of Public Securities), rather than requiring the attorney general to send the information to BRB for inclusion in the board's report of debt statistics under Section 1231.062 (Biennial Debt Statistics Report).

(e) Requires the bond finance office at BRB (bond finance office) to notify the person listed as the contact for the issuer if an issuer has not provided the information required by Subsection (c). Requires that the notice be in writing, describe the information that is required to be submitted to the bond finance office, and inform the issuer that the issuer will be placed on the noncompliance list if the information is not provided as required by this subsection. Requires an issuer to provide the information described in the notice to the bond finance office not later than the 90th day after the date the issuer receives the notice. Requires the bond finance office and the attorney general to maintain a noncompliance list of issuers that do not provide the information in the manner provided by this subsection.

(f) Prohibits the attorney general from approving a local security under Section 1202.003 submitted by an issuer that is included on the noncompliance list described by Subsection (e) until the attorney general receives written notification from the bond finance office that the office has received the information required by Subsection (c), or has agreed to a later date for the submission of the information.

SECTION 6. Amends the heading to Subtitle B, Title 9, Government Code, to read as follows:

SUBTITLE B. PROVISIONS APPLICABLE TO PUBLIC SECURITIES

SECTION 7. Amends Section 1232.001, Government Code, by adding Subdivision (4), to define "local security."

SECTION 8. Amends Subchapter B, Chapter 1231, Government Code, by adding Section 1231.24, as follows:

Sec. 1231.24. **CONTRACTS TO COLLECT INFORMATION.** Authorizes BRB to enter into one or more contracts to procure services to collect and maintain information regarding the indebtedness of state agencies and local governments.

SECTION 9. Amends Section 1231.062(b), Government Code, as follows:

(b) Requires that a report include total debt service as a percentage of total expenditures, ad valorem tax-supported debt, total revenue obligations, ad valorem tax-supported debt as a percentage of real property valuations, principal scheduled to be repaid in five years and in 10 years, recent issuances of short-term notes, recent trends in issuance costs, savings from recent refundings, debt outstanding, and other information BRB considers relevant.

Deletes existing text requiring that a report include tax-supported debt service as a percentage of general revenue expenditure, per capita total debt, per capita tax-supported debt, total debt and tax-supported debt as a percentage of personal income, total personal income per capita, total debt per capita as a percentage of total personal income per capita, total debt as a percentage of real property valuations, total debt and tax-supported debt as a percentage of annual revenues and expenditures, principal required to be repaid in five years and principal required to be repaid in 10 years, growth rates of total debt per capita and total debt per dollar of personal income, recent trends in the issuance of short-

term notes, recent trends in capitalized interest use, and debt service coverage ratios, if applicable.

SECTION 10. Amends the heading to Section 1231.102, Government Code, to read as follows:

Sec. 1231.102. STATE SECURITIES ANNUAL REPORT.

SECTION 11. Amends Subchapter F, Chapter 1231, Government Code, by adding Sections 1231.104 and 1231.105, as follows:

Sec. 1231.104. LOCAL SECURITIES ANNUAL REPORT. Requires the bond finance office, not later than the 180th day after the last day of each state fiscal year, to publish a report listing the amount of local securities outstanding, applicable repayment schedules, and other information the bond finance office considers relevant.

Sec. 1231.105. ONLINE ANNUAL LOCAL DEBT STATISTICS REPORT. Requires the bond finance office, not later than the 150th day after the last day of each state fiscal year, to publish on the bond finance office's Internet website a report that includes the statistical information listed in Section 1231.062(b) for all local securities for the preceding fiscal year.

SECTION 12. Amends Chapter 1251, Government Code, by designating Sections 1251.001, 1251.002, 1251.003, 1251.004, 1251.005, and 1251.006 as Subchapter A and adding a heading to Subchapter A to read as follows:

SUBCHAPTER A. COUNTIES AND MUNICIPALITIES

SECTION 13. Amends Chapter 1251, Government Code, by adding Subchapter B, as follows:

SUBCHAPTER B. BOND MATTERS AFFECTING MORE THAN ONE TYPE OF POLITICAL SUBDIVISION

Sec. 1251.051. DEFINITIONS. Defines "debt obligation," "political subdivision," and "secured self-supporting debt obligation" in this subchapter.

Sec. 1251.052. PUBLIC HEARING; VOTER INFORMATION DOCUMENT. (a) Requires the governing body of a political subdivision to conduct a public hearing at which persons interested in the issuance of the bonds are given the opportunity to be heard before the political subdivision is authorized to hold an election to authorize the issuance of bonds. Requires the governing body to hold the hearing not earlier than the day the governing body adopts the election order or later than the first day before the date the period for early voting by personal appearance begins for the election, as determined under Section 85.001 (Early Voting Period), Election Code.

(b) Requires the political subdivision, not earlier than the 30th day or later than the 15th day before the date of the hearing, to provide the notice of the hearing and each voter information document described by Subsection (c):

(1) by:

(A) publication in at least one newspaper of general circulation in the county in which the political subdivision is wholly or primarily located;

(B) inclusion in the political subdivision's newsletter or circular mailed or delivered to each registered voter in the political subdivision; or

(C) mail or hand delivery to each registered voter in the political subdivision; and

(2) if the political subdivision has at least 250 registered voters, by:

(A) posting the notice and each document on:

(i) the political subdivision's Internet website; or

(ii) a website as authorized by Section 1251.054(b)(2); or

(B) electronically submitting the notice and each document as authorized by Section 1251.055(c)(2) or 1251.056(c).

(c) Requires the political subdivision to prepare a separate voter information document for each proposition to be discussed at the hearing. Requires that each voter information document distinctly state:

(1) the language that will appear on the ballot;

(2) the purpose for which the bonds are to be authorized;

(3) that taxes sufficient to pay the annual principal of and interest on the bonds may be imposed;

(4) the maximum rate of interest for the bonds to be authorized;

(5) the maturity date of the bonds to be authorized or that the bonds may be issued to mature over a specified number of years not to exceed the maximum number of years authorized by law;

(6) the following information formatted as a table:

(A) the property tax debt rate expressed in dollars per \$100 valuation of all taxable property in the political subdivision, stated as:

(i) the existing rate;

(ii) the estimated rate if the bonds are authorized; and

(iii) the estimated increase in the rate if the bonds are authorized; and

(B) the amount expressed in dollars of the property tax debt levy of the political subdivision per residence with a taxable value of \$100,000, stated as:

(i) the existing levy;

(ii) the estimated levy if the bonds are authorized; and

(iii) the estimated increase in the levy if the bonds are authorized;

(7) the following information formatted as a second table and stated as a total amount and, if the political subdivision is a municipality, county, or school district, as a per capita amount:

(A) the principal of the bonds to be authorized;

(B) the estimated interest for the bonds to be authorized;

(C) the estimated combined principal and interest required to pay on time and in full the bonds to be authorized; and

(D) as of the date the political subdivision adopts the bond election order:

(i) the principal of all outstanding debt obligations of the political subdivision secured by and payable from property taxes;

(ii) the estimated remaining interest of all outstanding debt obligations of the political subdivision secured by and payable from property taxes; and

(iii) the estimated combined principal and interest required to pay on time and in full all outstanding debt obligations of the political subdivision secured by and payable from property taxes;

(8) the following information as of the date the political subdivision adopts the bond election order, formatted as a third table:

(A) the principal of all outstanding secured self-supporting debt obligations of the political subdivision;

(B) the estimated remaining interest of all outstanding secured self-supporting debt obligations of the political subdivision; and

(C) the estimated combined principal and interest required to pay on time and in full all outstanding secured self-supporting debt obligations of the political subdivision; and

(9) any other information that the political subdivision considers relevant or necessary to explain the values required by Subdivisions (4)-(8), including:

(A) an amount required by Subdivision (7) stated as a per capita amount if the political subdivision is not required to provide the amount under Subdivision (7);

(B) an explanation of the payment sources for the different types of debt; and

(C) a value for the following expressed as a good faith projection as of the last day of the maximum term of the bonds to be authorized:

(i) a per capita amount required by Subdivision (7);

(ii) an estimated rate required by Subdivision (6)(A)(ii); and

(iii) an estimated levy required by Subdivision (6)(B)(ii).

(d) Requires that each voter information document required by Subsection (c) be printed on not more than two pages that are not wider than 8-1/2 inches and not longer than 14 inches, in type not smaller than 12-point type, and in the form prescribed by the secretary of state.

(e) Requires the governing body of the political subdivision to make a copy of each voter information document available to each individual attending the hearing.

(f) Requires the secretary of state by rule to prescribe the form of a voter information document.

(g) Requires the Texas Ethics Commission (TEC) to provide guidelines for political subdivisions regarding how to conduct a hearing under this section and how to provide additional information on the form prescribed by the secretary of state under Subsection (f) without violating electioneering and political advertising laws, including Section 255.003 (Unlawful Use of Public Funds for Political Advertising), Election Code, and Section 11.169 (Electioneering Prohibited), Education Code.

(h) Provides that a good faith estimate or projection in a voter information document, and a good faith assumption made to determine the estimate or projection, of an estimate required by Subsections (c)(6)-(8) or an estimate or projection authorized by Subsection (c)(9) does not constitute a breach of contract with the voters solely because the assumption, estimate, or projection is later determined to be incorrect.

Sec. 1251.053. ONLINE SAMPLE BALLOT. Requires the governing body of a political subdivision that has at least 250 registered voters to take action to ensure that a sample of the ballot printed for an election to authorize a political subdivision to issue bonds is posted or submitted in a manner required by Section 1251.052(b)(2) as soon as practicable after the official ballots have been prepared and remains posted until the day following the election.

Sec. 1251.054. INTERNET WEBSITE. (a) Provides that this section applies only to a political subdivision that has at least 250 registered voters. Requires a political subdivision, except as provided by Subsection (b), to maintain or cause to be maintained an Internet website to comply with this subchapter.

(b) Provides that this subsection does not apply to a county or municipality with a population of more than 2,000 or a school district or a junior college district. Requires the political subdivision, if a political subdivision did not maintain an Internet website or cause a website to be maintained on January 1, 2013, to post the information required by Section 1251.052 on:

(1) the political subdivision's website, if the political subdivision chooses to maintain the website or cause the website to be maintained; or

(2) a website in which the political subdivision controls the content of the posting, including a social media site, provided that the information is easily found by searching the name of the political subdivision on the Internet.

Sec. 1251.055. ALTERNATIVE POSTING REQUIREMENT FOR CERTAIN WATER DISTRICTS. (a) Provides that this section applies only to a political subdivision that has at least 250 registered voters and that is a district as defined by Section 49.001(1) (defining "district"), Water Code.

(b) Provides that, notwithstanding any other provision of this subchapter, a political subdivision that is required by this subchapter to post information on a website may satisfy the posting requirement as provided by Subsection (c).

(c) Authorizes a political subdivision to:

- (1) post the information required by this subchapter on a website authorized by Section 1251.054; or
- (2) electronically submit the information to the executive director of the Texas Commission on Environmental Quality (TCEQ) to be posted on TCEQ's Internet website on a web page dedicated to the political subdivision, provided that the web page:

- (A) is easily located by searching the name of the political subdivision on the Internet; or

- (B) is linked or automatically opened from a web address maintained or caused to be maintained by the political subdivision that is easily located by searching the name of the political subdivision on the Internet.

- (d) Provides that a website described by Subsection (c)(2) or Section 1251.054(b)(2), and a web address described by Subsection (c)(2)(B), are not websites maintained by a political subdivision for the purpose of other law.

Sec. 1251.0555. TEMPORARY PROVISION: EFFECTIVE DATE OF CERTAIN PROVISIONS RELATING TO CERTAIN WATER DISTRICTS. (a) Provides that this section applies only to a political subdivision that is a district as defined by Section 49.001(1), Water Code.

- (b) Provides that a requirement in this subchapter that a political subdivision post on a website or electronically submit to the executive director of TCEQ a notice, voter information document, or ballot applies to an election called by the governing body of a political subdivision on or after September 1, 2014.

- (c) Provides that this section expires September 1, 2015.

Sec. 1251.056. ALTERNATIVE POSTING REQUIREMENT FOR SMALL COUNTIES AND MUNICIPALITIES. (a) Provides that this section applies only to a county with a population of 10,200 or less, and a municipality with a population of 5,000 or less.

- (b) Authorizes a county or municipality that is required by this subchapter to post on a website, notwithstanding any other provision of this subchapter, to satisfy the posting requirement as provided by Subsection (c).

- (c) Authorizes a county or municipality to electronically submit information required by this subchapter to be posted on a website to the comptroller to be posted on the comptroller's Internet website, provided that the web page on which the information may be viewed is easily located by searching the name of the county or municipality on the Internet, or is linked or automatically opened from a web address maintained or caused to be maintained by the county or municipality that is easily located by searching the name of the county or municipality on the Internet.

- (d) Provides that a website or web address described by Subsection (c) is not a website maintained by a county or municipality for the purpose of other law.

SECTION 14. Transfers Section 140.005, Local Government Code, to Subchapter D, Chapter 12, Education Code, redesignates it as Section 12.1191, Education Code, and amends it as follows:

Sec. 12.1191. New heading: ANNUAL FINANCIAL STATEMENT OF CHARTER SCHOOL. (a) Creates this subsection from existing text. Requires the governing body of

an open-enrollment charter school to prepare an annual financial statement showing for each fund subject to the authority of governing body during the fiscal year:

- (1) the total receipts of the fund, itemized by source of revenue, including taxes, assessments, service charges, grants of state money, gifts, or other general sources from which funds are derived;
- (2) the total disbursements of the fund, itemized by the nature of the expenditure; and
- (3) the balance in the fund at the close of the fiscal year.

Deletes existing text requiring the governing body of a school district, junior college district, or a district or authority organized under Section 52 (Counties, Cities or Other Political Corporations or Subdivisions; Lending Credit; Gants; Bonds), Article III, or Section 59 (Conservation and Development of Natural Resources and Parks and Recreational Facilities; Conservation and Reclamation Districts), Article XVI, of the Texas Constitution, to prepare an annual financial statement showing for each fund subject to the authority of the governing body during the fiscal year the total receipts of the fund, itemized by source of revenue, including taxes, assessments, service charges, grants of state money, gifts, or other general sources from which funds are derived; the total disbursements of the fund, itemized by the nature of the expenditure; and the balance in the fund at the close of the fiscal year.

(b) Requires the governing body of an open-enrollment charter school to take action to ensure that the school's annual financial statement is made available in the manner provided by Chapter 552 (Public Information), Government Code, and is posted continuously on the school's Internet website.

(c) Requires an open-enrollment charter school to maintain or cause to be maintained an Internet website to comply with this section.

SECTION 15. Amends Chapter 140, Local Government Code, by adding Section 140.008, as follows:

Sec. 140.008. ANNUAL FINANCIAL REPORT; DEBT INFORMATION. (a) Defines, in this section, "comparable financial report," "debt obligation," and "political subdivision."

(b) Provides that this section does not apply to a district as defined by Section 49.001(1), Water Code.

(c) Requires a political subdivision, except as provided by Subsections (d) and (e), to prepare an annual financial report that includes:

(1) financial information for each fund subject to the authority of the governing body of the political subdivision during the fiscal year, including:

(A) the total receipts of the fund;

(B) the total disbursements of the fund;

(C) the balance in the fund as of the last day of the fiscal year; and

(D) any other information required by law to be included by the political subdivision in an annual financial report or comparable annual financial statement, exhibit, or report;

(2) as of the last day of the preceding fiscal year, the following information for the political subdivision expressed as a total amount and, if the political subdivision is a municipality, county, or school district, as a per capita amount:

(A) the amount of all authorized debt obligations;

(B) the principal of all outstanding debt obligations;

(C) the principal of each outstanding debt obligation;

(D) the combined principal and interest required to pay all outstanding debt obligations on time and in full; and

(E) the combined principal and interest required to pay each outstanding debt obligation on time and in full;

(3) as of the last day of the preceding fiscal year, the following for each debt obligation:

(A) the issued and unissued amount; and

(B) the spent and unspent amount;

(4) the maturity date for each debt obligation;

(5) the stated purpose for which each debt obligation was authorized; and

(6) any other information that the political subdivision considers relevant or necessary to explain the values required by Subdivision (2), including:

(A) an amount stated as a per capita amount if the political subdivision is not required to provide the amount under Subdivision (2);

(B) an explanation of the payment sources for the different types of debt; and

(C) a projected per capita amount of an amount required by Subdivision (2), as of the last day of the maximum term of the most recent debt obligation issued by the political subdivision.

(d) Authorizes the political subdivision, instead of replicating in the annual financial report information required by Subsection (c) that is posted separately on the political subdivision's Internet website, or on a website as authorized by Subsection (h)(2), to provide in the report a direct link to, or a clear statement describing the location of, the separately posted information.

(e) Authorizes a political subdivision, as an alternative to preparing an annual financial report, to provide to the comptroller the information described by Subsection (c) and any other related information required by the comptroller in the form and in the manner prescribed by the comptroller. Requires the comptroller to post the information on the comptroller's Internet website in the format that the comptroller determines is appropriate. Requires the political subdivision to provide a link from the political subdivision's website, or a website as authorized by Subsection (h)(2), to the location on the comptroller's website where the political subdivision's financial information may be viewed. Requires the comptroller to adopt rules necessary to implement this subsection.

(f) Requires the governing body of a political subdivision, except as provided by Subsection (e), to take action to ensure that:

(1) the political subdivision's annual financial report is:

(A) made available for inspection by any person; and

(B) if the political subdivision has at least 250 registered voters:

(i) posted continuously on the political subdivision's Internet website until the political subdivision posts the next annual financial report; or

(ii) posted continuously on a website as authorized by Subsection (h)(2) until the political subdivision posts the next annual financial report; and

(2) if the political subdivision has at least 250 registered voters, the contact information for the main office of the political subdivision is continuously posted on the website, including the physical address, the mailing address, the main telephone number, and an e-mail address.

(g) Provides that this subsection applies only to a political subdivision that has at least 250 registered voters. Requires a political subdivision, except as provided by Subsection (h), to maintain or cause to be maintained an Internet website to comply with this section.

(h) Provides that this subsection applies only to a political subdivision that has at least 250 registered voters. Provides that this subsection does not apply to a county or municipality with a population of more than 2,000 or a school district or a junior college district. Requires a political subdivision, if the political subdivision did not maintain an Internet website or cause a website to be maintained on January 1, 2013, to post the information required by this section on:

(1) the political subdivision's website, if the political subdivision chooses to maintain the website or cause the website to be maintained; or

(2) a website in which the political subdivision controls the content of the posting, including a social media site, provided that the information is easily found by searching the name of the political subdivision on the Internet.

(i) Authorizes a county or municipality required to prepare an annual financial report under this section and post information described by Subsection (c) on an Internet website, notwithstanding any other provision of this section, to satisfy those requirements by:

(1) posting the comparable financial report of the county or municipality, as applicable, on:

(A) the website of the county or municipality, as applicable; or

(B) a website as authorized by Subsection (h)(2); or

(2) electronically submitting the comparable financial report of the county or municipality, as applicable, to the comptroller to be posted on the comptroller's website, provided that the web page on which the document may be viewed:

(A) is easily located by searching the name of the county or municipality on the Internet; or

(B) is linked or automatically opened from a web address maintained or caused to be maintained by the county or municipality that is easily located by searching the name of the county or municipality on the Internet.

(j) Provides that a website or web address described by Subsection (i)(1)(B) or (i)(2) is not a website maintained by a political subdivision for the purpose of other law.

SECTION 16. Amends Section 271.047, Local Government Code, by adding Subsection (d), as follows:

(d) Prohibits the governing body of an issuer, except as provided by this subsection, from authorizing a certificate to pay a contractual obligation to be incurred if a bond proposition to authorize the issuance of bonds for the same purpose was submitted to the voters during the preceding three years and failed to be approved. Authorizes a governing body to authorize a certificate that the governing body is otherwise prohibited from authorizing under this subsection:

(1) in a case described by Sections 271.056(1) (relating to providing that the provisions of this subchapter relating to the advertisement for competitive bids do not apply to a case of public calamity if it is necessary to act promptly to relieve the necessity of the residents or to preserve the property of the issuer), (2) (relating to providing that the provisions of this subchapter relating to the advertisement for competitive bids do not apply to a case in which it is necessary to preserve or protect the public health of the residents of the issuer), (3) (relating to providing that the provisions of this subchapter relating to the advertisement for competitive bids do not apply to a case of unforeseen damage to public machinery, equipment or other property); and

(2) to comply with a state or federal law, rule, or regulation if the political subdivision has been officially notified of noncompliance with the law, rule, or regulation.

SECTION 17. Amends Section 271.049, Local Government Code, by amending Subsections (a), (b), and (d) and adding Subsections (e), (f), and (g), as follows:

(a) Requires that notice of the intent to issue certificates by the issuer be published:

(1) once a week for two consecutive weeks in a newspaper, as defined by Subchapter C (Notice by Publication in Newspaper), Chapter 2051, Government Code, that is of general circulation in the area of the issuer, with the date of the first publication to be before the 30th day before the date tentatively set for the passage of the order or ordinance authorizing the issuance of the certificates; and

(2) continuously on the issuer's Internet website, or on a website as authorized by Subsection (f)(2), for at least 30 days before the date tentatively set for the passage of the order or ordinance authorizing the issuance of the certificates and until the first day after the date the issuer adopts the order or ordinance.

(b) Requires that the notice state:

(1) Makes no change to this subdivision;

(2) the purpose of the certificates to be authorized, rather than the maximum amount and purpose of the certificates to be authorized;

- (3) Makes a nonsubstantive change;
- (4) as of the date the issuer adopts the order or ordinance, the principal of all outstanding debt obligations of the issuer;
- (5) as of the date the issuer adopts the order or ordinance, the estimated remaining interest of all outstanding debt obligations of the issuer;
- (6) as of the date the issuer adopts the order or ordinance, the estimated combined principal and interest required to pay all outstanding debt obligations of the issuer on time and in full;
- (7) the maximum principal of the certificates to be authorized; and
- (8) the process by which a petition may be submitted requesting an election on the issuance of the certificates, in a certain form as set forth herein.

(d) Provides that this section does not apply to certificates issued for the purposes described by Sections 271.056(1)-(3), rather than Sections 271.056(1)-(4) (relating to providing that the provisions of this subchapter relating to the advertisement for competitive bids do not apply to a contract for personal or professional services).

(e) Requires an issuer, except as provided by Subsection (f), to maintain or cause to be maintained an Internet website to comply with this section.

(f) Provides that this subsection does not apply to a county or municipality with a population of more than 2,000. Requires an issuer, if the issuer did not maintain an Internet website or cause a website to be maintained on January 1, 2013, to post the information required by Subsection (b) on:

- (1) the issuer's website, if the issuer chooses to maintain the website or cause the website to be maintained; or
- (2) a website in which the issuer controls the content of the posting, including a social media site, provided that the information is easily found by searching the name of the issuer on the Internet.

(g) Defines, in this section, "debt obligation."

SECTION 18. Amends Subtitle C, Title 12, Local Government Code, by adding Chapter 399, as follows:

CHAPTER 399. COMPREHENSIVE REVIEW OF CERTAIN SPECIAL DISTRICTS

Sec. 399.001. DEFINITION. Defines, in this chapter, "special district" to mean a political subdivision of this state that has a limited geographic area, is created by local law or under general law for a special purpose, and is authorized to impose a tax, assessment, or fee. Provides that the term does not include a school district, a junior college district, or a political subdivision that receives financial assistance through the state water implementation fund created by the 83rd Legislature, Regular Session, 2013.

Sec. 399.002. COMPREHENSIVE REVIEW REQUIRED. (a) Requires the governing body of a special district that has outstanding debt or imposes a tax, assessment, or fee, at least once every six years, to conduct a comprehensive review of the district under this chapter.

(b) Requires the governing body of a special district that issues debt or imposes a tax, assessment, or fee for the first time on or after September 1, 2013, to conduct the first comprehensive review not later than the third anniversary of the date the governing body issues the debt or imposes the tax, assessment, or fee.

Sec. 399.003. COMPREHENSIVE SELF-EVALUATION REPORT. (a) Requires the governing body, after conducting the review, to prepare a written self-evaluation report not later than the 30th day before the date of the public hearing required by Section 399.005.

(b) Requires that the self-evaluation report, except as provided by Subsection (c), include:

(1) an identification of the statutory provision authorizing the creation of the special district;

(2) an identification of the purpose of the special district and an assessment of the extent to which the purpose has been achieved, has not been achieved, or is continuing to be achieved;

(3) an identification of the improvements and services provided by the special district and whether those improvements and services are provided by other governmental entities;

(4) a general description of any penalty and identification of each tax, assessment, or fee that the special district imposes or collects or has imposed or collected;

(5) a statement of the amount of revenue collected by the special district in each of the preceding six fiscal years, and an assessment of whether the amount is sufficient, is insufficient, or exceeds the amount needed to accomplish the purpose of the district; and

(6) an identification of the special district's financial liabilities, including bonds and other obligations.

(c) Authorizes the district, instead of replicating in the self-evaluation report information required by Subsection (b) that is posted separately on the special district's Internet website, or on a website as authorized by Section 399.006(b)(2) or 399.007(c)(2), to provide in the report a direct link to, or a clear statement describing the location of, the separately posted information.

(d) Requires the special district to make the self-evaluation report available for inspection in the manner provided by Chapter 552, Government Code.

(e) Requires a special district that has at least 250 registered voters, except as provided by Subsection (f), to ensure that the self-evaluation report is posted continuously on the district's Internet website, or on a website as authorized by Section 399.006(b)(2), beginning not later than the 30th day before the date of the public hearing required by Section 399.005 and until the first anniversary of the date the public hearing is held.

(f) Requires a special district that has at least 250 registered voters and that is a district as defined by Section 49.001(1), Water Code, to:

(1) post the self-evaluation in the manner provided by Subsection (e); or

(2) electronically submit the report to the executive director of the Texas Commission on Environmental Quality (TCEQ) not later than the 30th day before the date of the public hearing required by Section 399.005.

(g) Requires the executive director of TCEQ to, as soon as practicable, post a self-evaluation report submitted under Subsection (f)(2) continuously on the

commission's Internet website until the first anniversary of the date the public hearing required by Section 399.005 is held.

Sec. 399.004. NOTICE OF HEARING. (a) Requires the special district to provide notice of the public hearing required by Section 399.005 not earlier than the 30th day or later than the 15th day before the date of the hearing. Requires the district to:

(1) publish the notice in at least one newspaper of general circulation in the county in which the district is located; and

(2) if the district has at least 250 registered voters:

(A) post the notice until the conclusion of the hearing on the district's Internet website or a website as authorized by Section 399.006(b)(2); or

(B) electronically submit the notice as authorized by Section 399.007(c)(2) to be posted until the conclusion of the hearing.

(b) Requires that the notice contain a statement in a certain form. Sets forth the required form of the notice.

Sec. 399.005. PUBLIC HEARING. (a) Requires the governing body of a special district to conduct a public hearing at which persons interested in the self-evaluation report are given the opportunity to be heard.

(b) Requires the district, not later than the 10th day after the date the governing body of a special district that has at least 250 registered voters adopts the minutes for the public hearing, to post or submit the following in a manner required by Section 399.004(a)(2):

(1) the minutes of the hearing;

(2) the estimated number of members of the public in attendance at the hearing; and

(3) the number of witnesses testifying at the hearing.

Sec. 399.006. INTERNET WEBSITE. (a) Provides that this section applies only to a special district that has at least 250 registered voters. Requires a special district, except as provided by Subsection (b), to maintain or cause to be maintained an Internet website to comply with this chapter.

(b) Requires the special district, if a special district did not maintain an Internet website or cause a website to be maintained on January 1, 2013, to post the information required by this chapter on:

(1) the special district's website, if the special district chooses to maintain the website or cause the website to be maintained; or

(2) a website in which the special district controls the content of the posting, including a social media site, provided that the information is easily found by searching the name of the special district on the Internet.

Sec. 399.007. ALTERNATIVE POSTING REQUIREMENT FOR CERTAIN WATER DISTRICTS. (a) Provides that this section applies only to a special district that has at least 250 registered voters and that is a district as defined by Section 49.001(1), Water Code.

(b) Authorizes a special district that is required by this chapter to post information on a website, notwithstanding any other provision of this chapter, to satisfy the posting requirement as provided by Subsection (c).

(c) Authorizes a special district to:

(1) post the information required by this chapter on a website authorized by Section 399.006; or

(2) electronically submit the information to the executive director of TCEQ to be posted on TCEQ's Internet website on a web page dedicated to the district, provided that the web page:

(A) is easily located by searching the name of the district on the Internet; or

(B) is linked or automatically opened from a web address maintained or caused to be maintained by the district that is easily located by searching the name of the district on the Internet.

(d) Provides that a website described by Subsection (c)(2) or Section 399.006(b)(2), and a web address described by Subsection (c)(2)(B), are not websites maintained by a special district for the purpose of other law.

Sec. 399.0075. TEMPORARY PROVISION: EFFECTIVE DATE OF CERTAIN PROVISIONS RELATING TO CERTAIN WATER DISTRICTS. (a) Provides that this section applies only to a special district that is a district as defined by Section 49.001(1), Water Code.

(b) Provides that a requirement in this chapter that a special district post information on a website or electronically submit information to the executive director of TCEQ applies beginning on September 1, 2014.

(c) Provides that this section expires September 1, 2015.

SECTION 19. Amends the heading to Section 26.16, Tax Code, to read as follows:

Sec. 26.16. REPORTING OF TAX RATES AND POSTING OF RATES ON THE INTERNET.

SECTION 20. Amends Section 26.16, Tax Code, by amending Subsections (a), (b), and (e) and adding Subsections (f) and (g), as follows:

(a) Requires the county assessor-collector for each county, including those that do not participate in the assessment or collection of property taxes, except as provided by Subsection (g), to maintain or cause to be maintained an Internet website. Requires the county assessor-collector to post on the assessor-collector's website or on the website of the county or to provide on at least one of those websites a link to the location on the comptroller's website where may be viewed certain information for the most recent five tax years beginning with the 2012 tax year for each taxing unit all or part of the territory of which is located in the county, including the adopted tax rate, the maintenance and operations rate, the debt rate, the effective tax rate, the effective maintenance and operations rate, and the rollback tax rate. Deletes existing text requiring the county assessor-collector for each county that maintains an Internet website to post on the website of the county certain information for the most recent five tax years beginning with the 2012 tax year for each taxing unit all or part of the territory of which is located in the county.

(b) Requires each taxing unit to annually provide the information described by Subsection (a) pertaining to the taxing unit to the county assessor-collector of each

county in which all or part of the taxing unit's territory is located following the adoption of a tax rate by the taxing unit for the current tax year, rather than requiring each taxing unit all or part of the territory of which is located in the county to provide the information described by Subsection (a) pertaining to the taxing unit to the county assessor-collector annually following the adoption of a tax rate by the taxing unit for the current tax year.

(e) Requires the county assessor-collector for each county to report the tax rate information described by Subsection (a) for the current tax year to the comptroller.

(f) Requires the comptroller by rule to prescribe the time and manner in which the information described by this section is required to be reported and published, rather than requiring the comptroller by rule to prescribe the manner in which the information described by this section is required to be presented.

(g) Requires the assessor-collector, if a county assessor-collector or the county served by the assessor-collector did not maintain or cause to be maintained an Internet website on January 1, 2013, and the county has a population of 2,000 or less, to:

(1) post the information required by Subsection (a) on:

(A) the assessor-collector's or county's website, if the assessor-collector or county chooses to maintain the website or cause the website to be maintained; or

(B) a website in which the assessor-collector or county controls the content of the posting, including a social media site, provided that the information is easily found by searching the name of the county or the assessor-collector on the Internet; or

(2) provide on at least one website a link to the information on the comptroller's website, provided that the link is easily found by searching the name of the county or the assessor-collector on the Internet.

SECTION 21. Amends Section 49.192, Water Code, as follows:

Sec. 49.192. New heading: FORM OF AUDIT; ANNUAL FINANCIAL REPORT. Requires the Texas Natural Resource Commission (TNRCC) to require an audit or an annual financial report under Section 49.198 (Audit Report Exemption) to include the information required by Section 140.008(c), Local Government Code.

SECTION 22. Amends Subchapter G, Chapter 49, Water Code, by adding Section 49.201, as follows:

Sec. 49.201. DISTRICT DOCUMENTS ON COMMISSION WEBSITE. (a) Requires the executive director of TNRCC (executive director) to establish and maintain a separate dedicated web page on TNRCC's Internet website for each district that submits information described by Subsection (b).

(b) Requires the executive director to post the following information as soon as practicable on the dedicated web page of the applicable district:

(1) each audit, financial dormancy affidavit, or annual financial report filed under this subchapter; and

(2) each notice or other document electronically submitted to the executive director by a district as required or authorized by Subchapter B, Chapter 1251, Government Code and Chapter 399, Local Government Code.

(b-1) Provides that a requirement that the executive director post information filed or submitted as described by Subsection (b) applies to the executive director

beginning on September 1, 2014. Provides that this subsection expires September 1, 2015.

(c) Authorizes the executive director to adopt rules necessary to implement this section.

SECTION 23. Repealer: Section 140.006 (Publication of Annual Financial Statement by School, Road, or Other District), Local Government Code.

SECTION 24. (a) Provides that Section 46.101, Education Code, as added by this Act, applies to a school district or open-enrollment charter school beginning on the effective date of rules adopted by the commissioner of education under Section 46.101(b), Education Code, as added by this Act.

(b) Provides that Section 1251.052, Government Code, as added by this Act, applies only to a bond election ordered on or after January 1, 2014. Provides that a bond election ordered before January 1, 2014, is governed by the law in effect when the bond election was ordered, and the former law is continued in effect for that purpose.

(c) Requires the secretary of state, not later than January 1, 2014, make available on the secretary of state's Internet website a form of the voter information document described by Section 1251.052(c), Government Code, as added by this Act.

(d) Requires the Texas Ethics Commission, not later than January 1, 2014, to make available on the Texas Ethics Commission's Internet website the guidelines required by Section 1251.052(g), Government Code, as added by this Act.

(e) Requires the governing body of a school district or junior college district required to publish an annual financial statement under former Section 140.006, Local Government Code, to publish an annual financial statement for the last fiscal year ending before the effective date of this Act for which the district has not published an annual financial statement.

(f) Provides that Section 140.008, Local Government Code, as added by this Act, applies only to an annual financial report for a fiscal year ending on or after the effective date of this Act. Provides that an annual financial report for a fiscal year ending before the effective date of this Act is governed by the law in effect when the fiscal year ended, and the former law is continued in effect for that purpose.

(g) Provides that the changes in law made by this Act to Section 271.049, Local Government Code, apply only to a certificate of obligation for which the first notice of intention to issue the certificate is made on or after the effective date of this Act. Provides that a certificate of obligation for which the first notice of intention to issue the certificate is made before the effective date of this Act is governed by the law in effect when the notice of intention is made, and the former law is continued in effect for that purpose.

(h) Requires the governing body of a special district to which Section 399.002, Local Government Code, as added by this Act, applies that has issued debt or imposed a tax, assessment, or fee before the effective date of this Act, not later than September 1, 2014, to prepare a self-evaluation report as required by Section 399.003(a), Local Government Code, as added by this Act, for the first comprehensive review cycle.

(i) Requires TCEQ, not later than March 1, 2014, to update the accounting and auditing manuals required by Section 49.192, Water Code, as amended by this Act, to include the information required by Section 140.008(c), Local Government Code, as added by this Act.

(j) Requires the executive director of TCEQ, not later than March 1, 2014, to adopt the rules necessary to implement Section 49.201, Water Code, as added by this Act.

SECTION 25. Effective date: September 1, 2013.