

BILL ANALYSIS

Senate Research Center
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C.S.H.B. 1378
By: Flynn et al. (Bettencourt)
Finance
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

C.S.H.B. 1378 requires every local political subdivision in the state to report information relating to their debt burden each year.

C.S.H.B. 1378 requires each political subdivision to provide the following information about their debt obligations (debt secured by property taxes):

- the amount of authorized debt
- the principal of all debt outstanding
- the principal of each outstanding debt obligation
- the principal and interest payments needed to repay all the outstanding debt
- the principal and interest payments needed to repay each obligation

All the information required for cities, counties and school districts must also be shown on a per capita basis.

For each debt obligation, the following is also required:

- the issued or unissued amount
- the spent or unspent amount
- the maturity date
- the purpose for which it was originally issued

Each political subdivision is also required to provide information about the credit rating of the taxing unit along with any other information that is needed to explain the information provided.

All the information required must be submitted to the comptroller of public accounts of the State of Texas electronically 90 days after the taxing units fiscal year ends. The comptroller is required to post the data they receive online and update it each time new information is submitted. Political subdivisions that maintain their own website are required to post a link to their listing on the comptroller's website.

C.S.H.B. 1378 will make information about local debt and the revenues used to repay it more accessible and transparent to taxpayers.

C.S.H.B. 1378 amends current law relating to the fiscal transparency of political subdivisions.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the comptroller of public accounts of the State of Texas in SECTION 1 (Section 140.008, Local Government Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 140, Local Government Code, by adding Section 140.008, as follows:

Sec. 140.008. ANNUAL REPORT OF CERTAIN FINANCIAL INFORMATION. (a)
Defines "debt obligation" and "political subdivision."

(b) Requires a political subdivision to annually compile and report the following financial information in the manner prescribed by this section:

(1) as of the last day of the preceding fiscal year, debt obligation information for the political subdivision that must state:

(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;

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

(F) if the political subdivision is a municipality, county, or school district, the amounts required by Paragraphs (A)-(E) expressed as a per capita amount; and

(G) the following for each debt obligation:

(i) the issued and unissued amount;

(ii) the spent and unspent amount;

(iii) the maturity date; and

(iv) the stated purpose for which the debt obligation was authorized;

(2) the current credit rating given by any nationally recognized credit rating organization to debt obligations of the political subdivision; and

(3) any other information that the political subdivision considers relevant or necessary to explain the values required by this subsection.

(c) Requires a political subdivision to electronically submit to the comptroller of public accounts of the State of Texas (comptroller) the financial information described by Subsection (b) and any other related information required by the comptroller not later than the 90th day after the last day of each fiscal year. Requires the political subdivision to submit the information to the comptroller in the form and in the manner prescribed by rule by the comptroller.

(d) Requires the comptroller, as soon as practicable, to post the financial information submitted under Subsection (c) on the comptroller's Internet website and maintain the posting at all times. Requires the comptroller to update the information on the website when a political subdivision submits new information. Authorizes the comptroller to post the information in the format that the comptroller determines appropriate, provided that the information for each political subdivision is easily located by searching the name of the political subdivision on the Internet.

(e) Requires a political subdivision, if the political subdivision maintains an Internet website, to maintain at all times on the website a direct link to the location on the comptroller's website where the financial information submitted to the comptroller under Subsection (c) may be viewed.

SECTION 2. Provides that the requirements to compile and report information under Section 140.008, Local Government Code, as added by this Act, apply only to a fiscal year ending on or after the effective date of this Act.

SECTION 3. Effective date: January 1, 2016.