

BILL ANALYSIS

C.S.S.B. 737
By: Hancock
Urban Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties report that some cities provide little notice that a municipal fee increase is being contemplated and that it is often difficult to locate this information in city budget documents. C.S.S.B. 737 seeks to increase transparency and improve citizens' ability to fully participate in the city budgeting process by providing for notification requirements for proposed changes to municipal fees.

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.S.B. 737 amends the Local Government Code to require each municipality, other than a municipality located primarily in a county with a population of less than 30,000, to establish and maintain an email notification service to which any person may electronically subscribe to receive information regarding new or increased municipal fees, defined by the bill as any payment required by a municipality for a municipal action or approval. The bill requires the email notification service to allow a subscriber to request notification of each new fee proposed to be adopted by the municipality, each existing fee proposed to be increased by the municipality, proposed and adopted municipal budgets that include use of revenue from such fees, or a public hearing scheduled to be held at which such fees or such budgets are scheduled to be discussed. The email notification service must also include a specified link and notify the subscriber by email not later than the day the municipality, the municipality's budget officer, or the municipality's governing body takes certain actions. The bill authorizes a municipality that does not maintain an email notification service for any purpose on January 1, 2017, to post the applicable notifications on the municipality's website that are accessible from a prominently displayed link on the home page of that website instead of establishing the prescribed email notification service.

C.S.S.B. 737 requires a proposed municipal budget filed with the municipal clerk that includes estimated revenue from a new fee or the increase of an existing fee to contain a cover page with a specified statement regarding that fee and requires the cover page of an adopted municipal budget to include that same statement if applicable. The adoption of a municipal budget that includes estimated revenue from a new fee or the increase of an existing fee requires a separate vote of the governing body to ratify the use of that revenue. The bill establishes that such a vote is in addition to and separate from the vote to adopt the budget or a vote to adopt or increase the

fee.

C.S.S.B. 737 makes certain of its provisions regarding municipal budgets applicable only to a proposed or adopted budget for a fiscal year beginning on or after January 1, 2018.

EFFECTIVE DATE

September 1, 2017.

COMPARISON OF SENATE ENGROSSED AND SUBSTITUTE

While C.S.S.B. 737 may differ from the engrossed in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the engrossed and committee substitute versions of the bill.

SENATE ENGROSSED	HOUSE COMMITTEE SUBSTITUTE
SECTION 1. Chapter 102, Local Government Code, is amended.	SECTION 1. Same as engrossed version.
SECTION 2. Section 102.005, Local Government Code, is amended.	SECTION 2. Same as engrossed version.
SECTION 3. Section 102.006(c), Local Government Code, is amended.	SECTION 3. Same as engrossed version.
SECTION 4. Section 102.0065(d), Local Government Code, is amended.	SECTION 4. Same as engrossed version.
SECTION 5. Section 102.007, Local Government Code, is amended.	SECTION 5. Same as engrossed version.
SECTION 6. Section 102.008, Local Government Code, is amended.	SECTION 6. Same as engrossed version.
SECTION 7. Subtitle A, Title 4, Local Government Code, is amended by adding Chapter 109 to read as follows: <u>CHAPTER 109. NEW OR INCREASED MUNICIPAL FEES</u> <u>Sec. 109.001. DEFINITION. In this chapter, "fee" means any fee, charge, assessment, or similar payment required by a municipality for a privilege, service, authorization, permit, license, registration, certification, filing, or other municipal action or approval.</u> <u>Sec. 109.002. E-MAIL NOTIFICATION SERVICE.</u> <u>(a) This section does not apply to a municipality located primarily in a county with a population of less than 30,000.</u> <u>(b) Each municipality shall establish and</u>	SECTION 7. Subtitle A, Title 4, Local Government Code, is amended by adding Chapter 109 to read as follows: <u>CHAPTER 109. NOTIFICATION OF NEW OR INCREASED MUNICIPAL FEES</u> <u>Sec. 109.001. DEFINITION. In this chapter, "fee" means any fee, charge, assessment, or similar payment required by a municipality for a privilege, service, authorization, permit, license, registration, certification, filing, or other municipal action or approval.</u> <u>Sec. 109.002. E-MAIL NOTIFICATION SERVICE IN CERTAIN MUNICIPALITIES. (a) This section does not apply to a municipality located primarily in a county with a population of less than 30,000.</u> <u>(b) Except as provided by Subsection (c), each municipality shall establish and</u>

maintain an e-mail notification service to which any person may electronically subscribe to receive information regarding new or increased municipal fees.

(c) The e-mail notification service must:
(1) allow a subscriber to request notification of each:
(A) new fee proposed to be adopted by the municipality;
(B) existing fee proposed to be increased by the municipality;
(C) proposed budget of the municipality that includes use of revenue from a fee described by Paragraph (A) or (B);
(D) adopted budget of the municipality that includes use of revenue from a fee described by Paragraph (A) or (B); or
(E) public hearing scheduled to be held at which a fee or budget described by Paragraphs (A)-(D) is scheduled to be discussed;
(2) include a link in the notification to any web page maintained by the municipality on which the fee or budget may be viewed; and
(3) notify the subscriber by e-mail not later than the day:
(A) the municipality provides public notice of a public hearing at which a proposed new or increased fee or a proposed budget is scheduled to be discussed, for notification of a public hearing for a proposed fee or budget;
(B) the budget officer files a proposed budget with the municipal clerk as required by Section 102.005, for notification of a proposed budget; or
(C) the governing body files an adopted budget with the municipal clerk as required by Section 102.008, for notification of an adopted budget.
Sec. 109.003. PUBLIC HEARING ON NEW OR INCREASED FEE. (a) The governing body of a municipality may not adopt a new fee or the increase of an existing fee unless the governing body holds

maintain an e-mail notification service to which any person may electronically subscribe to receive information regarding new or increased municipal fees.

(c) A municipality that does not maintain an e-mail notification service for any purpose on January 1, 2017, may post the notifications described by Subsection (d)(1) on the Internet website of the municipality that are accessible from a prominently displayed link on the home page of that website instead of establishing an e-mail notification service as prescribed by this section.
(d) The e-mail notification service must:
(1) allow a subscriber to request notification of each:
(A) new fee proposed to be adopted by the municipality;
(B) existing fee proposed to be increased by the municipality;
(C) proposed budget of the municipality that includes use of revenue from a fee described by Paragraph (A) or (B);
(D) adopted budget of the municipality that includes use of revenue from a fee described by Paragraph (A) or (B); or
(E) public hearing scheduled to be held at which a fee or budget described by Paragraphs (A)-(D) is scheduled to be discussed;
(2) include a link in the notification to any web page maintained by the municipality on which the fee or budget may be viewed; and
(3) notify the subscriber by e-mail not later than the day:
(A) the municipality provides public notice of a public hearing at which a proposed new or increased fee or a proposed budget is scheduled to be discussed, for notification of a public hearing for a proposed fee or budget;
(B) the budget officer files a proposed budget with the municipal clerk as required by Section 102.005, for notification of a proposed budget; or
(C) the governing body files an adopted budget with the municipal clerk as required by Section 102.008, for notification of an adopted budget.

a public hearing at which members of the public are given the opportunity to be heard.
(b) The hearing required by Subsection (a) must be held not earlier than the 60th day or later than the 30th day before the date the governing body adopts the new fee or the increase of the existing fee.

SECTION 8. The changes in law made by Sections 102.005, 102.006, 102.0065, 102.007, and 102.008, Local Government Code, as amended by this Act, apply only to a proposed or adopted budget for a fiscal year beginning on or after January 1, 2018.

SECTION 9. This Act takes effect September 1, 2017.

SECTION 8. Same as engrossed version.

SECTION 9. Same as engrossed version.