

**Date:** January 11, 2016

**Division:** Strategic Initiatives/Community

**Subject:** Resolution in support of the Transparency in Legislation Act

**Background Information:**

- Unfunded mandates remain one of the most pressing legislative priorities for LISD.
- The current state statute regarding financial impact of legislation only contains a definition and only applies to other statutes.
- Ms. Hassett is recommending legislation that requires the legislature to consider the cost of proposed legislation during the bill phase.
- The proposed legislation changes the fiscal note of legislation. Fiscal notes are documents that estimate the budgetary impact of proposed legislation. Currently the estimate stops at the state budget.
- Most of the proposed text was taken directly from the Legislative Budget Board's document. The LBB is currently in charge of the fiscal notes. The LBB is currently supposed to be doing most of what Ms. Hassett is proposing, however, they are not doing it consistently and they are not required by law to do so.

**Strategic Design:**

- Goal 7: Design an accountability system that transcends state/national mandates and reflects local values and expectations.

**Recommendations:**

- Approve Resolution in support of the Transparency in Legislation Act.

# **Resolution Concerning the Transparency in Legislation Act**

## I. Recitals

Each biennial legislative session, the Texas Legislature establishes new or additional requirements for local governmental entities, including school districts. Oftentimes, the Legislature does not provide any additional funding to assist in fulfilling those requirements. As such, the governmental entities are compelled to allocate their own local taxpayer-generated resources toward the satisfaction of the newly-mandated obligations.

While Lewisville ISD is not opposed to the creation of legislative mandates, as many are designed to positively impact our communities and schools, the fact remains that the District is too often required to pay for their implementation without additional assistance from the state.

Currently, local governmental agencies are not aware of the costs at the local level associated with these legislative mandates until after the requirements in the bills are passed into law. The Texas Legislative Budget Board is presently required to include information related to the cost of these legislative mandates at the state budget level, but is not required to consider or reveal costs beyond the state level.

Lewisville ISD believes that school districts and other local governmental entities should be aware of the projected costs of legislative mandates at the bill phase before they pass both houses of the legislature and become law. To that end, the Legislative Budget Board, in its fiscal note for each bill, should be required to project costs to downstream agencies and government bodies of any proposed legislative mandates, not just the costs at the state level. Such a requirement would establish transparency in the fiscal effect of the mandates on these governmental entities.

## II. Resolution

Based on the recitals above, the Lewisville Independent School District strongly urges the Texas Legislature to pass the Transparency in Legislation Act and require the Legislative Budget Board to consider and disclose the cost of legislative mandates on local governmental entities at the bill phase before they become law, thereby creating transparency in the fiscal impact of those mandates.

PASSED AND APPROVED on this 11<sup>th</sup> day of January, 2016.

By: \_\_\_\_\_  
Trisha Sheffield  
Board President

By: \_\_\_\_\_  
Angie Cox  
Board Member

By: \_\_\_\_\_  
Tracy Scott Miller  
Board Vice President

By: \_\_\_\_\_  
Kristi Hassett  
Board Member

By: \_\_\_\_\_  
Kris Vaughn  
Board Secretary

By: \_\_\_\_\_  
Brenda Latham  
Board Member

By: \_\_\_\_\_  
Krona Thimesch  
Board Member

GOVERNMENT CODE

TITLE 3. LEGISLATIVE BRANCH

SUBTITLE B. LEGISLATION

CHAPTER 314. FISCAL NOTES AND COST PROJECTIONS

Sec. 314.001. SYSTEM OF FISCAL NOTES. a) The Legislative Budget Board shall establish a system of fiscal notes identifying the probable costs of each bill or resolution that authorizes or requires the expenditure or diversion of ~~state~~public funds for a purpose other than one provided for in the general appropriations bill.

(b) The fiscal note shall:

(1) estimate the increase or decrease in revenues, expenditures or diversions of any public funds for any purpose, or that has an impact on units of local government that authorizes or diverts local funds or fees;

(2) cite the effect in dollar amounts;

(3) cite the statutory provisions affected;

(4) include the costs which may be absorbed without additional funds;

(5) include the assumptions used in determining the cost estimates; and

(6) specify any long-range implication.

(c) Unit of local government means a county, city, town, school district, conservation district, hospital district, political subdivision, or special district.

(d) Bill or resolution language limiting expenditures to amounts appropriated does not eliminate costs on a fiscal note.

(e) A bill or resolution not appropriating money for implementation does not prevent the fiscal note from reflecting the full costs associated with the bill.

(f) The estimated fiscal note is distinct from the amount appropriated through the legislative process. The Senate Finance Committee or House Committee on Appropriations determines how much of the cost indicated on the fiscal note should be funded, if any.

Acts 1985, 69th Leg., ch. 479, Sec. 1, eff. Sept. 1, 1985.

Sec. 314.002. COST ESTIMATES. In preparing a fiscal note,

(a) The board shall acquire fiscal analysis from affected state agencies or units of local government.

(b) The board shall include a detailed explanation of the fiscal impact with estimates of costs, impacts or caseloads provided by state agencies or units of local government.

(c) The board shall project cost estimates for a five-year period that begins on the effective date of the bill or resolution and shall state whether or not costs or diversions will be involved after that period.

(d) If the board's estimates differ from the information provided by the state agencies or units of local government, the board must describe the references and extent to which the board relied on the information/data.

(e) If the board determines the fiscal implications cannot be ascertained, the board shall explain in the fiscal note.

(f) If the agency is unable to develop sufficient information to prepare the fiscal note within 15 days of receiving the request, the board shall so state in the fiscal note.

Acts 1985, 69th Leg., ch. 479, Sec. 1, eff. Sept. 1, 1985.

Sec. 314.003. ATTACHMENT TO BILL OR RESOLUTION. (a) ~~If a~~<sup>A</sup> fiscal note is required on all bills or resolutions, it must be attached to the bill or resolution before a committee hearing on the bill or resolution may be conducted.

(b) The fiscal note must be printed on the first page of the committee report of the bill or resolution and on the first page of all subsequent printings.

(c) The fiscal note must remain with the bill or resolution throughout the legislative process, including submission to the governor.

(d) If the legislation amended by a committee, on the floor of either chamber, or if a state agency or unit of local government resubmits information that differs from their original submission, the board must amend the fiscal note and attach to the bill.

Acts 1985, 69th Leg., ch. 479, Sec. 1, eff. Sept. 1, 1985.

Sec. 314.004. EQUALIZED EDUCATION FUNDING IMPACT STATEMENT. (a) The board shall prepare for each bill or resolution that affects public education an equalized education funding impact statement.

(b) The impact statement must evaluate the effect of the bill or resolution on all state equalized funding requirements and policies.

(c) The impact statement must be attached to the bill or resolution immediately following:

- (1) the fiscal note attached under Section 314.003; or
- (2) if a dynamic fiscal impact statement is prepared under Section 314.005, ~~the dynamic fiscal impact statement.~~

Added by Acts 1990, 71st Leg., 6th C.S., ch. 1, Sec. 1.18, eff. Sept. 1, 1990.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 1108 (H.B. 464), Sec. 2, eff. September 1, 2009.

Sec. 314.005. DYNAMIC FISCAL IMPACT STATEMENT ON TAX OR FEE MEASURE.

(a) The board shall prepare a dynamic fiscal impact statement for each bill or joint resolution:

(1) that raises or lowers the rate or amount of a tax or fee or proposes an amendment to the Texas Constitution that would raise or lower the rate or amount of a tax or fee; and

(2) for which a fiscal note is prepared indicating a positive or negative impact on revenue of at least \$75 million annually.

(b) The dynamic fiscal impact statement must, based on dynamic scoring principles, project for the five-year period beginning on the proposed effective date of the change in the rate or amount of the tax or fee the estimated fiscal and economic impacts of raising or lowering the rate or amount of the tax or fee as proposed, including the impact on:

- (1) tax or fee receipts; and
- (2) the costs of the specific program, if any, that the tax or fee is designed to directly support.

(c) In this section, "dynamic scoring principles" means a method of estimating the pace of economic growth or the change in the aggregate level of economic output and incomes, in response to a change in the rate or amount of a tax or fee, that takes into consideration factors including:

- (1) the direct impact on tax or fee receipts and, if the tax or fee is designed to directly support a specific program, on program costs;

(2) the effects on incentives to work, save, invest, and conduct economic affairs;

(3) the resulting change in the overall level of economic activity;

(4) the impact of the resulting higher or lower level of economic activity on tax or fee receipts and, if the tax or fee is designed to directly support a specific program, on program costs; and

(5) a calculation of the net impact of the legislation proposing the change on the unified budget.

(d) The dynamic fiscal impact statement must be attached to the bill or resolution immediately following the fiscal note attached under Section [314.003](#).

(e) On the fifth anniversary of the effective date of a bill that becomes law for which a dynamic fiscal impact statement was prepared under this section, the comptroller shall prepare and submit to the presiding officer of each house of the legislature a report that assesses the accuracy of the relevant fiscal note prepared for the bill and the accuracy of the relevant dynamic fiscal impact statement prepared for the bill.

Added by Acts 2009, 81st Leg., R.S., Ch. 1108 (H.B. [464](#)), Sec. 1, eff. September 1, 2009.