

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 767
By: Parker
Local Government
3/28/2023
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Transparency in municipal fees is essential because many new and increased city fees occur through the budgeting process with little notice to affected parties. Municipalities rely heavily on fees to fund various services and operations, such as trash collection, parking, and permits. However, these fees can have a significant impact on residents and businesses, and it is crucial that they are aware of any changes in fees that may affect them. Without transparency, citizens may be blindsided by unexpected fees, leading to financial hardship or frustration with local government. Moreover, lack of transparency can erode trust in local government and undermine its accountability to citizens. Thus, it is vital for municipalities to be transparent about any new or increased fees, including providing ample notice and clear explanations of why the fees are necessary and how they will be used.

S.B. 767 requires a fee schedule of new and increased fees to be included on the budget's cover page — similar to requirements cities already meet when proposing new property tax rates.

S.B. 767 also requires a separate vote by the city council to approve the use of the revenue raised by the new or increased fees.

Additionally, S.B. 767 requires the governing body of a municipality to designate an individual in the city manager, city secretary, or city budget director's office who can provide a comprehensive list of municipal fees to a person upon request.

Lastly, S.B. 767 allows interested parties to register for email notification about proposed new/increased fees. Cities within counties of less than 30,000 population are exempt from this provision.

(Original Author's/Sponsor's Statement of Intent)

C.S.S.B. 767 amends current law relating to notice requirements for certain municipal fees and the process to adopt a municipal budget that includes the use of revenue from those fees.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 102, Local Government Code, by adding Section 102.0001, as follows:

Sec. 102.0001. DEFINITION. Defines "fee."

SECTION 2. Amends Section 102.005, Local Government Code, by adding Subsection (b-1), as follows:

(b-1) Requires that a proposed budget that includes estimated revenue from a new fee or the increase of an existing fee contain a cover page with a certain statement. Sets forth the language required to be included on the cover page.

SECTION 3. Amends Section 102.006(c), Local Government Code, as follows:

(c) Requires that the notice of a hearing include, in type of a size at least equal to the type used for other items in the notice, any statement required to be included in the proposed budget under certain sections, including Section 102.005(b-1).

SECTION 4. Amends Section 102.0065(d), Local Government Code, as follows:

(d) Requires that notice under Section 102.0065 (Special Notice by Publication for Budget Hearing) include, in type of a size at least equal to the type used for other items in the notice, any statement required to be included in the proposed budget under certain sections, including Section 102.005(b-1). Authorizes the governing body of a municipality to include in the notice the exact Internet location or uniform resource locator (URL) address of the location on an Internet website maintained by the municipality where the information required to be included in the statement prescribed by Section 102.005(b-1) may be viewed instead of publishing that information in the notice.

SECTION 5. Amends Section 102.007, Local Government Code, by adding Subsection (c-1) and amending Subsection (d), as follows:

(c-1) Provides that adoption of a 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 the total amount of the revenue from all new or increased fees. Provides that a vote under this subsection is in addition to and separate from the vote to adopt the budget or a vote to adopt or increase the fee.

(d) Requires that an adopted budget contain a cover page that meets certain criteria, including containing one of certain statements, as applicable. Sets forth the language required to be included on the cover page. Makes nonsubstantive changes.

SECTION 6. Amends Section 102.008, Local Government Code, as follows:

Sec. 102.008. APPROVED BUDGET FILED WITH MUNICIPAL CLERK: POSTING ON INTERNET. (a)-(b) Makes conforming changes to these subsections.

SECTION 7. Amends Subtitle A, Title 4, Local Government Code, by adding Chapter 110, as follows:

CHAPTER 110. NOTIFICATION OF NEW OR INCREASED MUNICIPAL FEES

Sec. 110.001. DEFINITION. Defines "fee."

Sec. 110.002. E-MAIL NOTIFICATION SERVICE IN CERTAIN MUNICIPALITIES.
(a) Provides that this section does not apply to a municipality with a population of less than 20,000.

(b) Requires each municipality, except as provided by Subsection (c), to establish and maintain an e-mail notification service to which any person is authorized to electronically subscribe to receive information regarding new or increased municipal fees.

(c) Authorizes a municipality that does not maintain an e-mail notification service for any purpose on January 1, 2023, to 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) Requires that the e-mail notification service:

- (1) allow a subscriber to request notification of certain information;
- (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 second day after the date:
 - (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 (Proposed Budget Filed with Municipal Clerk; Public Inspection), 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. 110.003. LIST OF MUNICIPAL FEES. Requires the governing body of a municipality to designate an individual in the city manager, city secretary, or city budget director's office who can provide a comprehensive list of municipal fees to a person on request.

SECTION 8. Makes application of Sections 102.005, 102.006 (Public Hearing on Proposed Budget), 102.0065, 102.007 (Adoption of Budget), and 102.008, Local Government Code, as amended by this Act, prospective to January 1, 2024.

SECTION 9. Effective date: September 1, 2023.