

LOCAL GOVERNMENT CODE

TITLE 4. FINANCES

SUBTITLE A. MUNICIPAL FINANCES

CHAPTER 109. DETERMINATION OF DEFUNDING MUNICIPALITIES

Sec. 109.001. DEFINITION. In this chapter, "division" means the criminal justice division of the office of the governor. Added by Acts 2021, 87th Leg., R.S., Ch. 199 (H.B. 1900), Sec. 1.01, eff. September 1, 2021.

Sec. 109.002. APPLICABILITY OF CHAPTER. This chapter applies only to a municipality with a population of more than 250,000. Added by Acts 2021, 87th Leg., R.S., Ch. 199 (H.B. 1900), Sec. 1.01, eff. September 1, 2021.

Sec. 109.003. DEFUNDING DETERMINATION. Except as provided by Section 109.004, a defunding municipality is a municipality:

(1) that adopts a budget for a fiscal year that, in comparison to the municipality's preceding fiscal year, reduces the appropriation to the municipality's police department; and

(2) for which the division issues a written determination finding that the municipality has made the reduction described by Subdivision (1).

Added by Acts 2021, 87th Leg., R.S., Ch. 199 (H.B. 1900), Sec. 1.01, eff. September 1, 2021.

Sec. 109.0035. INITIAL DETERMINATION. In making a determination of whether a municipality is a defunding municipality under Section 109.003 according to the budget adopted for the first fiscal year beginning on or after September 1, 2021, the division shall compare the appropriation to the municipality's police department in that budget to the appropriation to that department in the budget of the preceding fiscal year or the second preceding fiscal year, whichever is greater. This section applies to the budget adopted for the municipality's first fiscal year beginning on or after September 1, 2021, regardless of the date of

adoption. This section expires September 1, 2023.

Added by Acts 2021, 87th Leg., R.S., Ch. 199 (H.B. 1900), Sec. 1.01, eff. September 1, 2021.

Sec. 109.004. EXCEPTIONS. (a) A municipality is not considered to be a defunding municipality under Section 109.003 if:

(1) for a fiscal year in which the municipality adopts a budget that is less than the budget for the preceding fiscal year, the percentage reduction to the appropriation to the municipality's police department does not exceed the percentage reduction to the total budget; or

(2) before the adoption of a budget, the municipality applies for and is granted approval from the division for a reduction to the appropriation to the municipality's police department to account for:

(A) capital expenditures related to law enforcement during the preceding fiscal year;

(B) the municipality's response to a state of disaster declared under Section 418.014, Government Code; or

(C) another reason approved by the division.

(b) For purposes of making a determination of whether a municipality is a defunding municipality under this chapter, a municipality's appropriation to the municipality's police department does not include:

(1) any grant money received by the municipality during any fiscal year; or

(2) any sales and use tax revenue received by the municipality for the purpose of financing a crime control and prevention district under Chapter 363.

Added by Acts 2021, 87th Leg., R.S., Ch. 199 (H.B. 1900), Sec. 1.01, eff. September 1, 2021.

Sec. 109.005. TERMINATION OF DEFUNDING DETERMINATION. A municipality's defunding determination under Section 109.003 continues until the division issues a written determination finding that the municipality has reversed the reduction, adjusted for inflation, described by Section 109.003(1).

Added by Acts 2021, 87th Leg., R.S., Ch. 199 (H.B. 1900), Sec. 1.01, eff. September 1, 2021.

Sec. 109.006. DIVISION DUTIES. (a) The division shall:

(1) compute the inflation rate used to make determinations under Section 109.005 each state fiscal year using a price index that accurately reports changes in the purchasing power of the dollar for municipalities in this state; and

(2) publish the inflation rate in the Texas Register.

(b) The division shall adopt rules establishing the criteria the division uses to approve reductions under Section 109.004(2).

Added by Acts 2021, 87th Leg., R.S., Ch. 199 (H.B. 1900), Sec. 1.01, eff. September 1, 2021.