

LOCAL GOVERNMENT CODE

TITLE 4. FINANCES

SUBTITLE C. FINANCIAL PROVISIONS APPLYING TO MORE THAN ONE TYPE OF  
LOCAL GOVERNMENT

CHAPTER 140. MISCELLANEOUS FINANCIAL PROVISIONS AFFECTING  
MUNICIPALITIES, COUNTIES, AND OTHER LOCAL GOVERNMENTS

Sec. 140.001. RELIEF UNDER FEDERAL BANKRUPTCY LAWS FOR MUNICIPALITY, TAXING DISTRICT, OR OTHER POLITICAL SUBDIVISION. (a) A municipality, taxing district, or other political subdivision that is subject to this section may proceed under all federal bankruptcy laws intended to relieve municipal indebtedness.

(b) A municipality is subject to this section if it has the power to incur indebtedness through the action of its governing body. A taxing district or other political subdivision is subject to this section if it has the power to incur indebtedness either through the action of its governing body or through that of the county or municipality in which it is located.

(c) The officials and governing body of the municipality, taxing district, or other political subdivision may adopt all proceedings and take any action necessary or convenient to fully avail the entity of the federal bankruptcy laws.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 140.002. INVESTMENTS BY POLITICAL SUBDIVISION IN DEFENSE BONDS AND OTHER FEDERAL OBLIGATIONS. A political subdivision that has a balance remaining in any of its accounts at the end of a fiscal year may invest the balance in defense bonds or other obligations of the United States. If those funds are needed, the political subdivision shall sell or redeem the federal obligations in which the funds are invested and shall deposit the proceeds of the obligations in the account from which they were originally drawn.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 140.003. PURCHASING AND FINANCIAL ACCOUNTING FOR DISTRICT ATTORNEYS, JUVENILE BOARDS, AND PROBATION DEPARTMENTS.

(a) In this section, "specialized local entity" means:

- (1) a district or criminal district attorney;
- (2) a juvenile board, juvenile probation office, or juvenile department established for one or more counties; or
- (3) an adult probation office or department established for a judicial district.

(b) A specialized local entity shall purchase items in accordance with the same procedures and subject to the same requirements applicable to a county under Subchapter C, Chapter 262. For the purposes of this section, a specialized local entity is treated as if it were a county. A specialized local entity may make a contract with a county under which the county performs purchasing functions for the entity.

(c) Within 30 days after the date the fiscal year of a district or criminal district attorney's office begins, the attorney shall:

- (1) file with the commissioners court of each county in which the attorney has jurisdiction a complete financial statement of the office covering the preceding fiscal year; and
- (2) prepare a budget for the current fiscal year and file it with each commissioners court.

(d) If a district or criminal district attorney's office regularly prepares its budget at a time different from the time prescribed by Subsection (c), the attorney shall prepare the budget at the regular time and file it with the commissioners court within 10 days after the date of its adoption.

(e) The financial statement required by Subsection (c) must contain any information considered appropriate by the district or criminal district attorney and any information required by the commissioners court of each county in which the attorney has jurisdiction.

(f) Each specialized local entity shall deposit in the county treasury of the county in which the entity has jurisdiction the funds the entity receives. The county shall hold, deposit, disburse, invest, and otherwise care for the funds on behalf of the specialized local entity as the entity directs. If a specialized local entity has jurisdiction in more than one county, the district

judges having jurisdiction in those counties, by a majority vote, shall designate from among those counties the county responsible for managing the entity's funds.

(g) The county auditor, if any, of the county that manages a specialized local entity's funds has the same authority to audit the funds of the entity that the auditor has with regard to county funds.

Added by Acts 1989, 71st Leg., ch. 1250, Sec. 1, eff. Sept. 1, 1989.  
Amended by Acts 1991, 72nd Leg., ch. 600, Sec. 2, eff. June 15, 1991.

Sec. 140.004. BUDGETS OF CERTAIN JUVENILE BOARDS AND COMMUNITY SUPERVISION AND CORRECTIONS DEPARTMENTS. (a) This section applies only to:

(1) a juvenile board, juvenile probation office, or juvenile department established for one or more counties; and

(2) a community supervision and corrections department established for a judicial district.

(b) Before the 45th day before the first day of the fiscal year of a county, a juvenile board and a community supervision and corrections department that each have jurisdiction in the county shall:

(1) prepare a budget for the board's or department's next fiscal year; and

(2) hold a meeting to finalize the budget.

(c) Before the 14th day before the juvenile board or community supervision and corrections department has a meeting to finalize its budget, the board or department shall file with the commissioners court:

(1) a copy of the proposed budget; and

(2) a statement containing the date of the board's or department's meeting to finalize its budget.

(d) Before the later of the 90th day after the last day of the juvenile board's or community supervision and corrections department's fiscal year, or the date the county auditor's annual report is made to the commissioners court, the board or department shall file with the commissioners court a complete financial

statement of the board or department covering the board's or department's preceding fiscal year.

(e) The financial statement required by Subsection (d) must contain any information considered appropriate by the juvenile board or community supervision and corrections department and any information required by the commissioners court of each county in which the board or department has jurisdiction.

(f) The budget for a juvenile board or community supervision and corrections department may not include an automobile allowance for a member of the governing body of the board or department if the member holds another state, county, or municipal office. The budget may include reimbursement of actual travel expenses, including mileage for automobile travel, incurred while the member is engaged in the official business of the board or department.

Added by Acts 1991, 72nd Leg., ch. 600, Sec. 1, eff. June 15, 1991.  
Amended by Acts 1995, 74th Leg., ch. 713, Sec. 1, eff. Sept. 1, 1995.

Sec. 140.0045. ITEMIZATION OF CERTAIN EXPENDITURES REQUIRED IN CERTAIN POLITICAL SUBDIVISION BUDGETS. (a) Except as provided by Subsection (b), the proposed budget of a political subdivision must include, in a manner allowing for as clear a comparison as practicable between those expenditures in the proposed budget and actual expenditures for the same purpose in the preceding year, a line item indicating expenditures for:

(1) notices required by law to be published in a newspaper by the political subdivision or a representative of the political subdivision; and

(2) directly or indirectly influencing or attempting to influence the outcome of legislation or administrative action, as those terms are defined in Section [305.002](#), Government Code.

(b) Subsection (a)(1) does not apply to a junior college district.

Added by Acts 2017, 85th Leg., R.S., Ch. 563 (S.B. [622](#)), Sec. 1, eff. June 9, 2017.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 1070 (H.B. [1495](#)), Sec. 3, eff.

June 14, 2019.

Sec. 140.005. ANNUAL FINANCIAL STATEMENT OF SCHOOL, ROAD, OR OTHER DISTRICT. The governing body of a school district, open-enrollment charter school, junior college district, or a district or authority organized under Article III, Section 52, or Article XVI, Section 59, of the Texas Constitution, shall prepare an annual financial statement showing for each fund subject to the authority of the governing body during the fiscal year:

(1) the total receipts of the fund, itemized by source of revenue, including taxes, assessments, service charges, grants of state money, gifts, or other general sources from which funds are derived;

(2) the total disbursements of the fund, itemized by the nature of the expenditure; and

(3) the balance in the fund at the close of the fiscal year.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 37, eff. Sept. 1, 1993.

Amended by Acts 2001, 77th Leg., ch. 1504, Sec. 34, eff. Sept. 1, 2001.

Sec. 140.006. PUBLICATION OF ANNUAL FINANCIAL STATEMENT BY SCHOOL, ROAD, OR OTHER DISTRICT. (a) Except as provided by Subsections (c) and (e), the presiding officer of a governing body shall submit a financial statement prepared under Section 140.005 to a newspaper in each county in which the district or any part of the district is located.

(b) If a district is located in more than one county, the financial statement may be published in a newspaper that has general circulation in the district. If a newspaper is not published in the county, the financial statement may be published in a newspaper in an adjoining county.

(c) The presiding officer of a school district shall submit a financial statement prepared under Section 140.005 to a daily, weekly, or biweekly newspaper published within the boundaries of the district. If a daily, weekly, or biweekly newspaper is not published within the boundaries of the school district, the

financial statement shall be published in the manner provided by Subsections (a) and (b). The governing body of an open-enrollment charter school shall take action to ensure that the school's financial statement is made available in the manner provided by Chapter 552, Government Code, and is posted continuously on the school's Internet website.

(d) A statement shall be published not later than two months after the date the fiscal year ends, except that a school district's statement shall be published not later than the 150th day after the date the fiscal year ends and in accordance with the accounting method required by the Texas Education Agency.

(e) This section does not apply to an entity created under Section 52, Article III, or Section 59, Article XVI, Texas Constitution.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 37, eff. Sept. 1, 1993.

Amended by Acts 1997, 75th Leg., ch. 1070, Sec. 50, eff. Sept. 1, 1997; Acts 2001, 77th Leg., ch. 1504, Sec. 35, eff. Sept. 1, 2001.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 41 (H.B. 978), Sec. 1, eff. May 8, 2007.

Acts 2013, 83rd Leg., R.S., Ch. 1140 (S.B. 2), Sec. 46, eff. September 1, 2013.

Sec. 140.007. LEAST COST REVIEW PROGRAM. (a) To assist counties, the comptroller of public accounts may develop, promulgate, and widely distribute forms, with instruction, for cost accounting for public improvements. The comptroller shall consult with large and small governmental entities and the construction industry prior to the promulgation of the forms and instructions.

(b) The cost accounting forms shall be simple and concise and capable of being completed by the counties at a minimum cost. The form shall provide a simple comparison of the cost of public improvements constructed by a county's personnel, equipment, or facilities and a competitive bid submitted by the private sector.

(c) The forms and instructions promulgated and distributed shall provide for cost comparisons by all governmental entities, including but not limited to counties, municipalities, special

districts, and any other such entities that construct public improvements in-house. The cost comparison forms, with instruction, shall be promulgated and distributed by May 21, 1994. Added by Acts 1993, 73rd Leg., ch. 1042, Sec. 2, eff. Sept. 1, 1993. Renumbered from Local Government Code Sec. 140.005 by Acts 1995, 74th Leg., ch. 76, Sec. 17.01(37), eff. Sept. 1, 1995. Amended by Acts 2003, 78th Leg., ch. 785, Sec. 65, eff. Sept. 1, 2003.

Sec. 140.008. ANNUAL REPORT OF CERTAIN FINANCIAL INFORMATION. (a) In this section:

(1) "Debt obligation" means an issued public security, as defined by Section [1201.002](#), Government Code.

(2) "Political subdivision" means a county, municipality, school district, junior college district, other special district, or other subdivision of state government. The term does not include a special purpose district described by Section [403.0241\(b\)](#), Government Code.

(b) A political subdivision shall 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) the amounts required by Paragraphs (A)-(E) limited to authorized and outstanding debt obligations secured by ad valorem taxation, expressed as a total amount and, if the political subdivision is a municipality, county, or school

district, 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 Subdivisions (1)(A)-(F), including:

(A) an amount required by Subdivision (1)(F) stated as a per capita amount if the political subdivision is not required to provide the amount under that paragraph;

(B) an explanation of the payment sources for the different types of debt; and

(C) a projected per capita amount of an amount required by Subdivision (1)(F), as of the last day of the maximum term of the most recent debt obligation issued by the political subdivision.

(c) Instead of replicating in the annual report information required by Subsection (b) that is posted separately on the political subdivision's Internet website, the political subdivision may provide in the report a direct link to, or a clear statement describing the location of, the separately posted information.

(d) As an alternative to providing an annual report under Subsection (f), a political subdivision may provide to the comptroller the information described by Subsection (b) and any other related information required by the comptroller in the form and in the manner prescribed by the comptroller. The comptroller shall post the information provided by the political subdivision and any other information the comptroller considers relevant or necessary on the comptroller's Internet website. The comptroller may 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. If the political subdivision maintains an Internet website, the political subdivision shall provide a link from the website to the location on the comptroller's website where the political subdivision's financial information may be viewed. The comptroller shall adopt rules necessary to implement this subsection.

(e) This subsection applies only to a municipality with a population of less than 15,000 or a county with a population of less than 35,000. As an alternative to providing an annual report under Subsection (f), a municipality or county may provide to the comptroller, in the form and in the manner prescribed by the comptroller, a document that includes the information described by Subsection (b). The comptroller shall post the information from the document submitted under this subsection on the comptroller's Internet website on a web page that is easily located by searching the name of the municipality or county on the Internet. If the municipality or county maintains or causes to be maintained an Internet website, the municipality or county shall provide a link from the website to the web page on the comptroller's website where the information may be viewed. The comptroller shall adopt rules necessary to implement this subsection.

(f) Except as provided by Subsection (d) or (e), the governing body of a political subdivision shall take action to ensure that:

(1) the political subdivision's annual report is made available for inspection by any person and is posted continuously on the political subdivision's Internet website until the political subdivision posts the next annual report; and

(2) the contact information for the main office of the political subdivision is continuously posted on the website, including the physical address, the mailing address, the main telephone number, and an e-mail address.

(g) Notwithstanding any other provision of this section, a district, as defined by Section 49.001, Water Code, satisfies the requirements of this section if, on an annual basis, the district:

(1) complies with the requirements of Subchapter G, Chapter 49, Water Code, regarding audit reports, affidavits of financial dormancy, and annual financial reports; and

(2) either:

(A) submits the financial documents described by Subchapter G, Chapter 49, Water Code, to the comptroller in the form and manner prescribed by the comptroller; or

(B) takes action to ensure that the financial documents described by Subchapter G, Chapter 49, Water Code, are made available at a regular office of the district for inspection by any person and, if the district maintains an Internet website, are posted continuously for public viewing on the district's Internet website.

(h) The comptroller shall post the documents submitted to the comptroller under Subsection (g) and any other information the comptroller considers relevant or necessary on the comptroller's Internet website, to the extent that the documents as submitted to the comptroller are in a form that facilitates compliance with applicable technical accessibility standards and specifications established in the electronic and information resources accessibility policy adopted by the comptroller under other law. The comptroller shall adopt rules necessary to implement this subsection and Subsection (g).

(i) If information required to be posted by the comptroller under this section is posted separately on an Internet website that a state agency, the comptroller, or a political subdivision, including a district as defined by Section 49.001, Water Code, maintains or causes to be maintained, the comptroller may post on the comptroller's Internet website a direct link to, or a clear statement describing the location of, the separately posted information instead of or in addition to reproducing the required information on the comptroller's website.

Added by Acts 2015, 84th Leg., R.S., Ch. 923 (H.B. 1378), Sec. 1, eff. January 1, 2016.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 868 (H.B. 3001), Sec. 2, eff. September 1, 2019.

Acts 2019, 86th Leg., R.S., Ch. 868 (H.B. 3001), Sec. 3, eff. September 1, 2019.

Sec. 140.009. CONTRACT FOR COLLECTION OF AMOUNTS IN CIVIL CASES. (a) The governing body of a municipality or the commissioners court of a county may contract with a private attorney or public or private vendor for the collection of an amount owed to the municipality or county relating to a civil case, including an unpaid fine, fee, or court cost, if the amount is more than 60 days overdue.

(b) A municipality or county contracting with an attorney or a vendor under Subsection (a) may authorize the addition of a collection fee of 30 percent of the amount referred. The collection fee may be used only to compensate the attorney or vendor who collects the debt.

(c) This section does not apply to the collection of commercial bail bonds.

Added by Acts 2013, 83rd Leg., R.S., Ch. 677 (H.B. 2021), Sec. 1, eff. June 14, 2013.

Sec. 140.011. LOCAL GOVERNMENTS DISPROPORTIONATELY AFFECTED BY PROPERTY TAX RELIEF FOR DISABLED VETERANS. (a) In this section:

(1) "General fund revenue" means revenue generated by a local government from the following sources during a fiscal year and deposited in the dedicated general operating fund of the local government during that fiscal year:

- (A) ad valorem taxes;
- (B) sales and use taxes;
- (C) franchise taxes, fees, or assessments charged for use of the local government's right-of-way;
- (D) building and development fees, including permit and inspection fees;
- (E) court fines and fees;
- (F) other fees, assessments, and charges; and
- (G) interest earned by the local government.

(2) "Local government" means:

(A) a municipality adjacent to a United States military installation; and

(B) a county in which a United States military installation is wholly or partly located.

(3) "Qualified local government" means a local government entitled to a disabled veteran assistance payment under this section.

(b) To serve the state purpose of ensuring that the cost of providing ad valorem tax relief to disabled veterans is shared equitably among the residents of this state, a local government is entitled to a disabled veteran assistance payment from the state for each fiscal year that the local government is a qualified local government. A local government is a qualified local government for a fiscal year if the amount of lost ad valorem tax revenue calculated under Subsection (c) for that fiscal year is equal to or greater than two percent of the local government's general fund revenue for that fiscal year.

(c) For the purposes of this section, the amount of a local government's lost ad valorem tax revenue for a fiscal year is calculated by multiplying the ad valorem tax rate adopted by the local government under Section 26.05, Tax Code, for the tax year in which the fiscal year begins by the total appraised value of all property located in the local government that is granted an exemption from taxation under Section 11.131, Tax Code, for that tax year.

(d) A disabled veteran assistance payment made to a qualified local government for a fiscal year is calculated by subtracting from the local government's lost ad valorem tax revenue calculated under Subsection (c) for that fiscal year an amount equal to one percent of the local government's general fund revenue for that fiscal year.

(e) Not later than April 1 of the first year following the end of a fiscal year for which a qualified local government is entitled to a disabled veteran assistance payment, a qualified local government may submit an application to the comptroller to receive a disabled veteran assistance payment for that fiscal year. The application must be made on a form prescribed by the

comptroller. The comptroller may require the qualified local government to submit an independent audit otherwise required by law to be prepared for the local government for the fiscal year for which a qualified local government is entitled to the payment.

(f) A qualified local government that does not submit an application to the comptroller by the date prescribed by Subsection (e) is not entitled to a disabled veteran assistance payment for the fiscal year for which that deadline applies.

(g) The comptroller shall review each application by a local government to determine whether the local government is entitled to a disabled veteran assistance payment. If the comptroller determines that the local government is entitled to the payment, the comptroller shall remit the payment from available funds to the qualified local government not later than the 30th day after the date the application for the payment is made.

(h) The comptroller shall transfer funds to a newly created account in the state treasury for the purpose of reimbursement of local governments under this section.

(i) The comptroller shall adopt rules necessary to implement this section.

Added by Acts 2015, 84th Leg., R.S., Ch. 448 (H.B. 7), Sec. 25, eff. September 1, 2015.

Sec. 140.012. FISCAL YEAR OF CERTAIN POLITICAL SUBDIVISIONS CREATED ON OR AFTER SEPTEMBER 1, 2019. (a) This section does not apply to a political subdivision that is a special district created under Section 52, Article III, or Section 59, Article XVI, Texas Constitution.

(b) A political subdivision that is created on or after September 1, 2019, and that has authority to impose a tax must have the same fiscal year as the county in which the political subdivision is wholly or primarily located.

Added by Acts 2019, 86th Leg., R.S., Ch. 831 (H.B. 2617), Sec. 1, eff. September 1, 2019.

Sec. 140.013. BALANCE BILLING FOR COUNTY AND MUNICIPAL AMBULANCE SERVICES. (a) "Balance billing" means the practice of

charging an enrollee in a health benefit plan to recover from the enrollee the balance of a health care provider's fee for a service received by the enrollee from the health care provider that is not fully reimbursed by the enrollee's health benefit plan.

(b) A county or municipality may elect to consider a health benefit plan payment towards a claim for air or ground ambulance services provided by the county or municipality as payment in full for those services regardless of the amount the county or municipality charged for those services.

(c) A county or municipality may not practice balance billing for a claim for which the county or municipality makes an election under Subsection (b).

Added by Acts 2021, 87th Leg., R.S., Ch. 585 (S.B. [790](#)), Sec. 2, eff. September 1, 2021.