

STATE AND LOCAL FINANCIAL  
RELATIONS IN TEXAS.

By

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IN TEXAS**

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The financial problems of the State and local governments are related in a variety of ways. The counties assess and collect certain State taxes, the school districts receive State aids which are voted by the Legislature, and all units are subject to State laws on budgeting and related financial procedures. If wasteful expenditures lead to excessive taxation in one unit of government, the difficulty of collecting taxes increases in other units occupying the same area. On the other hand, good financial practices in one unit of government tend, by example, to promote good practices in other units.

The problem of State and local financial relations, therefore, exists and cannot be avoided. The officials of the two levels of government must consult each other, must initiate actions which affect each other, and must share certain responsibilities. The resulting relations between public officials and the governments which they represent are not an end in themselves, but they are a necessary tool of procedure which assists materially in operating the 7,000 units of government in Texas. Furthermore, these relations provide one of the best opportunities for the improvement of government in all its phases.

The present pattern of State and local financial relations suffers greatly from a lack of coordination. On the one hand, actions which need to be taken are ignored, while on the other hand, actions which only partially satisfy a need are duplicated. While each session of the Legislature is confronted with numerous bills affecting this situation, relatively few of the bills attempt to coordinate the many related phases of the problem.

This bulletin outlines the State and local relations growing out of the general laws respecting budgeting, assessing and collecting taxes, accounting, auditing, public reporting, and the management of debts. In addition, contributions of the associations of public officials which have cooperated in seeking solutions to various phases of the problem are recognized and discussed.

On the basis of this study, it is evident that State and local financial relations in Texas can be improved in several respects. The section entitled summary and conclusions outlines the changes which this analysis indicates would be desirable. Fortunately, the coordinated system which is suggested would cost no more, and possibly less, than the present inadequate system is costing the citizens of Texas.

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