

# A CITY OF HOUSTON, TEXAS CHARTER AMENDMENT TO FURNISH DIRECT VOTER CONTROL OVER THE RATE OF GROWTH IN OVERALL COST OF CITY GOVERNMENT

To the Mayor and City Council of the City of Houston, Texas (“City”): We, the undersigned registered voters of the City of Houston, Texas, under Section 9.004 of the Texas Local Government Code, hereby petition for an election to amend the Charter of the City of Houston, Texas to add the following as a separate section of the City Charter to read as follows:

Subsection One-The interpretation of this amendment shall be voter control over the rate of growth in the overall cost of operating the City of Houston, Texas, through direct voter control of the City’s overall access to monies.

Subsection Two-City’s Unrestricted Fund Balances. This Charter Amendment hereby prohibits the City from incurring any future year-end deficiencies in “Unrestricted Fund Balances” (See Subsection Nine for definition) greater in amount than that shown in the audited Statement of Net Assets for the last fiscal year ended before the first fiscal year in which this Amendment becomes effective.

Subsection Three-Limitation on Rate of Growth in Total Revenues. City Council shall not, without the prior approval of 60% of those voting at a uniform election date, increase the City’s “Total Revenues” (see Subsection Nine for definition) for any fiscal year in an amount greater than the City’s Total Revenues allowable under this Subsection Three for the immediately preceding fiscal year, increased/decreased for: (a) the rate of change in the federal Consumer Price Index (“CPI”) in the immediately preceding full calendar year for the Houston, TX Primary Metropolitan Statistical Area (“PMSA”); and (b) the rate of change in the City’s “Population” (see Subsection Nine for the source of population data) in the last twelve months for which such data is available from the specified source.

If the actual Total Revenues in any one fiscal year result in an amount less than the amount allowed above under this Subsection Three, then such reduced amount shall become that year’s Total Revenues base amount for the following year’s computation, unless the actual Total Revenues for that year is also less than the actual Total Revenues for the immediately preceding year. If that is the case, then the lesser of (a) the immediately preceding year’s actual Total Revenues or (b) the immediately preceding year’s allowable Total Revenues shall become that year’s base Total Revenues amount for the immediately following year’s computation.

If the City is included in any National Disaster Area by federal declaration, the City may immediately increase its Total Revenues. Such emergency amounts must be limited to the amount of emergency expenditures specifically identified and justified in the City’s accounting records. Such emergency amounts will not be included in computing the following year’s allowable Total Revenues. If the City is reimbursed by the federal or state governments for National Disaster Area expenditures, the City must place such reimbursement monies in the Taxpayers Relief Fund referred to in Subsection Four.

Subsection Four-Certification of City Compliance. Before each year’s City budget can be officially authorized by City Council, the City Controller must furnish written verification that the budget complies with the requirements of Subsection Three of this Charter amendment. Further, within six months after the end of each fiscal year, the City’s independent accountants (firm that performs the City’s regular financial audit) shall furnish a written verification that the City complied during such complete fiscal year with Subsection Three of this Charter amendment, or specify the amount of noncompliance. If the City exceeds the Total Revenues allowed under Subsection Three, then, within 30 days after receiving notification from the City’s independent accountants, the City shall transfer such excess amount to an interest-bearing Taxpayers Relief Fund. Monies in the Taxpayers Relief Fund cannot be used for City expenditures. Any time the Taxpayers Relief Fund balance reaches ten million dollars (\$10,000,000) the entire balance shall be refunded to Houston citizens and business owners within 90 days in the manner deemed by City Council to be the most equitable and the most practicable. Within 30 days after the last refund has been accomplished, the City Controller shall furnish written assurance to City Council that all refunds have been accomplished, in what total amount, in what manner the refunds were calculated and accomplished and the total costs of calculating, preparing and distributing the refunds. The total cost of calculating, preparing, and distributing such refunds must be paid for out of the City’s General Fund for the year in which the refunds are made, not out of the Taxpayers Relief Fund.

Subsection Five-Voter Approval of Long-term Debt. City Council must have the prior approval of a simple majority of those voting at a uniform election date before issuing or assuming any new long-term debt, regardless of Fund in which it is issued or assumed. New long-term debt includes bonds, notes, commercial paper,

contracts, obligations to pension plans, long-term liabilities of annexed districts or authorities of any kind, long-term debt of annexed incorporated or unincorporated areas, and all other debt intended to be paid out over more than one year, whether collateralized or not. New long-term debt includes rolled over short-term debt. New long-term debt does not include debt refinanced to reduce overall debt service costs.

Subsection Six-Voter Covenants with Bondholders. The City shall always honor its covenants with bondholders on long-term debt. However, Subsection Three of this Charter Amendment is inviolate. Therefore, shortfalls in debt coverage on long-term debt shall be made up from reductions in other expenditures.

Subsection Seven-Required Election Notices. Before any election required for voter approval under Subsections Three or Five, City Council shall: (a) at least six weeks prior to the election date, have published in the City's largest circulated (within **Houston**) newspaper, analyses of specified debt service and projected revenues, expenditures, cash flows, and debt service coverage for the ensuing five years; and (b) hold at least three public hearings thereon, of at least two hours each, at least ten days before the election, each at least a week apart from any other such hearing (one of such required public hearings will be held on any day of the week commencing at 7:00 PM, one on a Saturday commencing at 2:00 PM, and one during the days from Monday through Friday commencing at 2:00 PM). Additionally, before any election required for voter approval under Subsection Three, at least 30 days before the election date, the City shall mail, at the least cost, an election notice addressed to "All Registered City Voters" at each address of one or more registered voters. Such notice will present the election date, hours, ballot title, text and the telephone number to call for further information, along with two summaries, up to 1,000 words each, one for and one against the proposal, of written comments filed with the City Secretary by 45 days before the election. No summary shall mention names of persons or private groups, nor any endorsements of or resolutions for or against the proposal. The principal (City Council or Political Action Committee that has expended the most monies, as applicable) proponents and opponents of any future ballot issue related to this charter section shall have the authority and responsibility for submitting the summary for their position, following the preceding rules. The same information mailed to "All Registered City Voters" shall be placed on the City's official website at least 30 days before the election, and the placement of such information on the City's website shall be advertised in a full page notice in the City's largest circulated (within **Houston**) newspaper on the day after the previously mailed information is actually placed on the City's official website.

Subsection Eight-Effective Date of This Amendment. This Charter Amendment shall become effective with the City's first fiscal year beginning after the date this Amendment is approved by the voters. The allowable Total Revenues for the City for the initially effective fiscal year will be determined by using the actual Total Revenues presented in the City's audited Financial Statements for the fiscal year ended in 2011, increased by: (a) the percentage by which the estimated population (see Subsection Eight for source) of the City at the last available reportable date prior to the beginning of this first effective fiscal year exceeds or drops below the City's population per the official 2010 Census by the United States Department of Commerce-Bureau of the Census; plus (b) the percentage by which the CPI for the **Houston, TX** PMSA at the end of the calendar year immediately preceding the beginning of this initially effective fiscal year exceeds or drops below the CPI for the **Houston, TX** PMSA at the end of calendar year 2009. For fiscal years ending after this initially effective fiscal year the allowable Total Revenues shall be computed as described in Subsection Three.

Subsection Nine-Definitions. Within this Charter Amendment:

- a. "Unrestricted Fund Balances" means those amounts so designated in the City's audited annual Statement of Net Assets, from either Government Activities or Business-Type Activities.
- b. "Total Revenues" means the sum total of all Revenues presented in the City's audited annual Statement of Activities, exclusive of federal and state grants.
- c. The annual "Population" data shall be obtained from the State of Texas' State Data Center, and will be adjusted every ten years to the City's official census per the United States Department of Commerce-Bureau of the Census.

Subsection Ten-Enforcement and Sanctions for Violation. Any registered voter of the City shall have the right and standing to enforce the provisions of this Amendment by injunction, declaratory judgment, contempt and/or any other remedy provided by law, notwithstanding any other valid law of equal or lesser authority in conflict, including all of the above paragraphs of this Amendment. Related individual or class action enforcement suits shall have the highest civil priority of resolution. Successful plaintiffs are allowed costs and reasonable attorney fees, plus 10% annual interest, but the City is not permitted any cost recovery unless a suit against it is ruled frivolous. Any elected City official who willfully and knowingly attempts to impede or prevent the implementation of and/or full functioning of this Amendment shall be subject to a **\$10,000** per day fine, commencing with the date that his/her related actions or inaction commenced, and any such fines are the violator's personal

responsibility, as are his/her attorney fees and other related expenses, and none are reimbursable out of City monies. The full amount of such fines shall be deposited into the Taxpayers Relief Fund and be apportioned as provided under Subsection Four.

Subsection Eleven-Severability. If any provision or paragraph of this Charter Amendment is declared unlawful by a court of proper jurisdiction then such portion shall be deleted from the Charter and the remainder of this Amendment will remain in effect.

Precinct	Cert. No.	Street Address	City	Zip	Printed Name	Date of Birth	Signature	Date
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**INSTRUCTIONS:** Do not sign unless you are a registered voter in the city of **Houston**, Texas. Voters please completely fill in this form. Please use ink, not pencil. **DO NOT E-MAIL OR FAX PETITIONS BACK. E-MAILS, FAXES AND OTHER COPIES ARE NOT LEGAL.** Be sure to return all pages.