

By: Murr

H.B. No. 38

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to the elimination of certain property taxes for school  
3 district maintenance and operations and the provision of public  
4 education funding by increasing the rates of certain state taxes.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 ARTICLE 1. PUBLIC SCHOOL FINANCE

7 SECTION 1.01. Section 11.1511(c), Education Code, is  
8 amended to read as follows:

9 (c) The board may:

10 (1) issue bonds and levy, pledge, assess, and collect  
11 an annual ad valorem tax to pay the principal and interest on the  
12 bonds as authorized under Sections 45.001 and 45.003;

13 (2) levy, assess, and collect an annual ad valorem tax  
14 for enrichment [~~maintenance and operation~~] of the district as  
15 authorized under Sections 45.002 and 45.003;

16 (3) employ a person to assess or collect the district's  
17 taxes as authorized under Section 45.231; and

18 (4) enter into contracts as authorized under this code  
19 or other law and delegate contractual authority to the  
20 superintendent as appropriate.

21 SECTION 1.02. Section 12.013(b), Education Code, is amended  
22 to read as follows:

23 (b) A home-rule school district is subject to:

24 (1) a provision of this title establishing a criminal

1 offense;

2 (2) a provision of this title relating to limitations  
3 on liability; and

4 (3) a prohibition, restriction, or requirement, as  
5 applicable, imposed by this title or a rule adopted under this  
6 title, relating to:

7 (A) the Public Education Information Management  
8 System (PEIMS) to the extent necessary to monitor compliance with  
9 this subchapter as determined by the commissioner;

10 (B) educator certification under Chapter 21 and  
11 educator rights under Sections 21.407, 21.408, and 22.001;

12 (C) criminal history records under Subchapter C,  
13 Chapter 22;

14 (D) student admissions under Section 25.001;

15 (E) school attendance under Sections 25.085,  
16 25.086, and 25.087;

17 (F) inter-district or inter-county transfers of  
18 students under Subchapter B, Chapter 25;

19 (G) elementary class size limits under Section  
20 25.112, in the case of any campus in the district that fails to  
21 satisfy any standard under Section 39.054(e);

22 (H) high school graduation under Section 28.025;

23 (I) special education programs under Subchapter  
24 A, Chapter 29;

25 (J) bilingual education under Subchapter B,  
26 Chapter 29;

27 (K) prekindergarten programs under Subchapter E,

1 Chapter 29;

2 (L) safety provisions relating to the  
3 transportation of students under Sections 34.002, 34.003, 34.004,  
4 and 34.008;

5 (M) computation and distribution of state aid  
6 under Chapters 31, 43, and 48;

7 (N) extracurricular activities under Section  
8 33.081;

9 (O) health and safety under Chapter 38;

10 (P) public school accountability under  
11 Subchapters B, C, D, and J, Chapter 39, and Chapter 39A;

12 (Q) ~~[options for local revenue levels in excess~~  
13 ~~of entitlement under Chapter 49,~~

14 [~~(R)~~] a bond or other obligation or tax rate  
15 under Chapters 43, 45, and 48; and

16 (R) [~~(S)~~] purchasing under Chapter 44.

17 SECTION 1.03. Section 12.029(b), Education Code, is amended  
18 to read as follows:

19 (b) If [~~Except as provided by Subchapter H, Chapter 49, if~~]  
20 two or more school districts having different status, one of which  
21 is home-rule school district status, consolidate into a single  
22 district, the petition under Section 13.003 initiating the  
23 consolidation must state the status for the consolidated district.  
24 The ballot shall be printed to permit voting for or against the  
25 proposition: "Consolidation of (names of school districts) into a  
26 single school district governed as (status of school district  
27 specified in the petition)."

1 SECTION 1.04. Section 12.106(a), Education Code, is amended  
2 to read as follows:

3 (a) A charter holder is entitled to receive for the  
4 open-enrollment charter school funding under Chapter 48 equal to  
5 the amount of funding per student in weighted average daily  
6 attendance, excluding the adjustment under Section 48.052, the  
7 funding under Sections 48.101, 48.110, 48.111, and 48.112, and  
8 enrichment funding under Section 48.202(a), to which the charter  
9 holder would be entitled for the school under Chapter 48 if the  
10 school were a school district [~~without a tier one local share for~~  
11 ~~purposes of Section 48.266~~].

12 SECTION 1.05. Sections 13.054(f) and (i), Education Code,  
13 are amended to read as follows:

14 (f) For five years beginning with the school year in which  
15 the annexation occurs, a school district shall receive additional  
16 funding as provided by Subchapter G [~~under this subsection or~~  
17 ~~Subsection (h). The amount of funding shall be determined by~~  
18 ~~multiplying the lesser of the enlarged district's local fund~~  
19 ~~assignment computed under Section 48.256 or the enlarged district's~~  
20 ~~total cost of tier one by a fraction, the numerator of which is the~~  
21 ~~number of students residing in the territory annexed to the~~  
22 ~~receiving district preceding the date of the annexation and the~~  
23 ~~denominator of which is the number of students residing in the~~  
24 ~~district as enlarged on the date of the annexation, and multiplying~~  
25 ~~the resulting product by the quotient of the enlarged district's~~  
26 ~~maximum compressed tax rate, as determined under Section 48.2551,~~  
27 ~~for the current school year divided by the receiving district's~~

1 ~~maximum compressed tax rate, as determined under Section 48.2551,~~  
2 ~~for the year in which the annexation occurred].~~

3 (i) The funding provided under Subsection (f) or ~~(g)~~ ~~(or~~  
4 ~~(h)~~] is in addition to other funding the district receives through  
5 other provisions of this code, including Chapter ~~[Chapters]~~ 48 ~~[and~~  
6 ~~49]~~.

7 SECTION 1.06. Section 21.402(a), Education Code, is amended  
8 to read as follows:

9 (a) Except as provided by Subsection (e-1) or (f), a school  
10 district must pay each classroom teacher, full-time librarian,  
11 full-time school counselor certified under Subchapter B, or  
12 full-time school nurse not less than the minimum monthly salary,  
13 based on the employee's level of experience in addition to other  
14 factors, as determined by commissioner rule, determined by the  
15 following formula:

$$MS = SF \times FS$$

16 where:

17 "MS" is the minimum monthly salary;

18 "SF" is the applicable salary factor specified by Subsection  
19 (c); and

20 "FS" is the amount, as determined by the commissioner under  
21 Subsection (b), of the basic allotment as provided by Section  
22 48.051(a) or (b) ~~[for a school district with a maintenance and~~  
23 ~~operations tax rate at least equal to the state maximum compressed~~  
24 ~~tax rate, as defined by Section 48.051(a)].~~

25 SECTION 1.07. Section 25.081(f), Education Code, is amended  
26 to read as follows:  
27

1 (f) The commissioner may proportionally reduce the amount  
2 of funding a district receives under Chapter 46 or[7] 48[7, ~~or 49~~]  
3 and the average daily attendance calculation for the district if  
4 the district operates on a calendar that provides fewer minutes of  
5 operation than required under Subsection (a).

6 SECTION 1.08. Section 29.008(b), Education Code, is amended  
7 to read as follows:

8 (b) Except as provided by Subsection (c), costs of an  
9 approved contract for residential placement may be paid from a  
10 combination of federal and[7] state[7, ~~and local~~] funds. [~~The local  
11 share of the total contract cost for each student is that portion of  
12 the local tax effort that exceeds the district's local fund  
13 assignment under Section 48.256, divided by the average daily  
14 attendance in the district. If the contract involves a private  
15 facility, the state share of the total contract cost is that amount  
16 remaining after subtracting the local share. If the contract  
17 involves a public facility, the state share is that amount  
18 remaining after subtracting the local share from the portion of the  
19 contract that involves the costs of instructional and related  
20 services. For purposes of this subsection, "local tax effort"  
21 means the total amount of money generated by taxes imposed for debt  
22 service and maintenance and operation less any amounts paid into a  
23 tax increment fund under Chapter 311, Tax Code.~~]

24 SECTION 1.09. Section 29.087(j), Education Code, is amended  
25 to read as follows:

26 (j) For purposes of funding under Chapters 46 and[7] 48,  
27 [~~and 49,~~] a student attending a program authorized by this section

1 may be counted in attendance only for the actual number of hours  
2 each school day the student attends the program, in accordance with  
3 Section 25.081.

4 SECTION 1.10. Section 29.203(b), Education Code, is amended  
5 to read as follows:

6 (b) A school district is entitled to the allotment provided  
7 by Section 48.107 for each eligible student using a public  
8 education grant. A [~~If the district has a local revenue level  
9 greater than the guaranteed local revenue level but less than the  
10 level established under Section 48.257, a~~] school district is  
11 entitled under rules adopted by the commissioner to additional  
12 state aid in an amount equal to the difference between the cost to  
13 the district of providing services to a student using a public  
14 education grant and the sum of the state aid received because of the  
15 allotment under Section 48.107 and money from the available school  
16 fund attributable to the student.

17 SECTION 1.11. Sections 30.003(b), (f-1), and (f-2),  
18 Education Code, are amended to read as follows:

19 (b) If the student is admitted to the school for a full-time  
20 program for the equivalent of two long semesters, the district's  
21 share of the cost is an amount equal to the sum of:

- 22 (1) the dollar amount of enrichment [~~maintenance~~] and  
23 debt service taxes imposed by the district for that year divided by  
24 the district's average daily attendance for the preceding year; and  
25 (2) a dollar amount determined by the commissioner.

26 (f-1) The commissioner shall determine the total amount  
27 that the Texas School for the Blind and Visually Impaired and the

1 Texas School for the Deaf would have received from school districts  
2 in accordance with this section if [~~the following provisions had~~  
3 ~~not reduced the districts' share of the cost of providing education~~  
4 ~~services.~~

5 [~~(1)~~] H.B. No. 1, Acts of the 79th Legislature, 3rd  
6 Called Session, 2006[~~+~~

7 [~~(2)~~] Section ~~45.0032,~~

8 [~~(3)~~] Section ~~48.255,~~ and

9 [~~(4)~~] Section ~~48.2551.~~

10 [~~(f-2)~~] ~~The amount determined under Subsection (f-1)], had  
11 not reduced the districts' share of the cost of providing education  
12 services. That amount, minus any amount the schools do receive from  
13 school districts, shall be set aside as a separate account in the  
14 foundation school fund and appropriated to those schools for  
15 educational purposes.~~

16 SECTION 1.12. Section ~~37.0061,~~ Education Code, is amended  
17 to read as follows:

18 Sec. 37.0061. FUNDING FOR ALTERNATIVE EDUCATION SERVICES IN  
19 JUVENILE RESIDENTIAL FACILITIES. A school district that provides  
20 education services to pre-adjudicated and post-adjudicated  
21 students who are confined by court order in a juvenile residential  
22 facility operated by a juvenile board is entitled to count such  
23 students in the district's average daily attendance for purposes of  
24 receipt of state funds under the Foundation School Program. [~~If the~~  
25 ~~district has a local revenue level greater than the guaranteed~~  
26 ~~local revenue level but less than the level established under~~  
27 ~~Section 48.257,~~ the district in which the student is enrolled on the

1 ~~date a court orders the student to be confined to a juvenile~~  
2 ~~residential facility shall transfer to the district providing~~  
3 ~~education services an amount equal to the difference between the~~  
4 ~~average Foundation School Program costs per student of the district~~  
5 ~~providing education services and the sum of the state aid and the~~  
6 ~~money from the available school fund received by the district that~~  
7 ~~is attributable to the student for the portion of the school year~~  
8 ~~for which the district provides education services to the student.]~~

9 SECTION 1.13. Section 44.004, Education Code, is amended by  
10 amending Subsections (c), (c-1), (c-2), and (i) and adding  
11 Subsections (c-3) and (c-4) to read as follows:

12 (c) The notice of public meeting to discuss and adopt the  
13 budget and the proposed tax rate may not be smaller than one-quarter  
14 page of a standard-size or a tabloid-size newspaper, and the  
15 headline on the notice must be in 18-point or larger type. Subject  
16 to Subsection (d), the notice must:

17 (1) contain a statement in the following form:

18 "NOTICE OF PUBLIC MEETING TO DISCUSS BUDGET AND PROPOSED TAX RATE  
19 "The (name of school district) will hold a public meeting at  
20 (time, date, year) in (name of room, building, physical location,  
21 city, state). The purpose of this meeting is to discuss the school  
22 district's budget that will determine the tax rate that will be  
23 adopted. Public participation in the discussion is invited." The  
24 statement of the purpose of the meeting must be in bold type. In  
25 reduced type, the notice must state: "The tax rate that is  
26 ultimately adopted at this meeting or at a separate meeting at a  
27 later date may not exceed the proposed rate shown below unless the

1 district publishes a revised notice containing the same information  
2 and comparisons set out below and holds another public meeting to  
3 discuss the revised notice.";

4 (2) contain a section entitled "Comparison of Proposed  
5 Budget with Last Year's Budget," which must show the difference,  
6 expressed as a percent increase or decrease, as applicable, in the  
7 amounts budgeted for the preceding fiscal year and the amount  
8 budgeted for the fiscal year that begins in the current tax year for  
9 each of the following:

- 10 (A) enrichment [~~maintenance and operations~~];
- 11 (B) debt service; and
- 12 (C) total expenditures;

13 (3) contain a section entitled "Total Appraised Value  
14 and Total Taxable Value," which must show the total appraised value  
15 and the total taxable value of all property and the total appraised  
16 value and the total taxable value of new property taxable by the  
17 district in the preceding tax year and the current tax year as  
18 calculated under Section 26.04, Tax Code;

19 (4) contain a statement of the total amount of the  
20 outstanding and unpaid bonded indebtedness of the school district;

21 (5) contain a section entitled "Comparison of Proposed  
22 Rates with Last Year's Rates," which must:

- 23 (A) show in rows the tax rates described by  
24 Subparagraphs (i)-(iii), expressed as amounts per \$100 valuation of  
25 property, for columns entitled "Enrichment," [~~"Maintenance &  
26 Operations~~,"] "Interest & Sinking Fund," and "Total," which is the  
27 sum of "Enrichment" [~~"Maintenance & Operations~~"] and "Interest &

1 Sinking Fund":

2 (i) the school district's "Last Year's  
3 Rate";

4 (ii) the "Rate to Maintain Same Level of  
5 Enrichment [~~Maintenance & Operations~~] Revenue & Pay Debt Service,"  
6 which:

7 (a) in the case of "Enrichment,"  
8 [~~"Maintenance & Operations,"~~] is the tax rate that, when applied to  
9 the current taxable value for the district, as certified by the  
10 chief appraiser under Section 26.01, Tax Code, and as adjusted to  
11 reflect changes made by the chief appraiser as of the time the  
12 notice is prepared, would impose taxes in an amount that, when added  
13 to state funds to be distributed to the district under Subchapter E,  
14 Chapter 48, would provide the same amount of enrichment  
15 [~~maintenance and operations~~] taxes and state funds distributed  
16 under Subchapter E, Chapter 48, per student in average daily  
17 attendance for the applicable school year that was available to the  
18 district in the preceding school year; and

19 (b) in the case of "Interest & Sinking  
20 Fund," is the tax rate that, when applied to the current taxable  
21 value for the district, as certified by the chief appraiser under  
22 Section 26.01, Tax Code, and as adjusted to reflect changes made by  
23 the chief appraiser as of the time the notice is prepared, and when  
24 multiplied by the district's anticipated collection rate, would  
25 impose taxes in an amount that, when added to state funds to be  
26 distributed to the district under Chapter 46 and any excess taxes  
27 collected to service the district's debt during the preceding tax

1 year but not used for that purpose during that year, would provide  
2 the amount required to service the district's debt; and

3 (iii) the "Proposed Rate";

4 (B) contain fourth and fifth columns aligned with  
5 the columns required by Paragraph (A) that show, for each row  
6 required by Paragraph (A):

7 (i) the "Local Revenue per Student," which  
8 is computed by multiplying the district's total taxable value of  
9 property, as certified by the chief appraiser for the applicable  
10 school year under Section 26.01, Tax Code, and as adjusted to  
11 reflect changes made by the chief appraiser as of the time the  
12 notice is prepared, by the total tax rate, and dividing the product  
13 by the number of students in average daily attendance in the  
14 district for the applicable school year; and

15 (ii) the "State Revenue per Student," which  
16 is computed by determining the amount of state aid received or to be  
17 received by the district under Chapters 43, 46, and 48 and dividing  
18 that amount by the number of students in average daily attendance in  
19 the district for the applicable school year; and

20 (C) contain an asterisk after each calculation  
21 for "Interest & Sinking Fund" and a footnote to the section that, in  
22 reduced type, states "The Interest & Sinking Fund tax revenue is  
23 used to pay for bonded indebtedness on construction, equipment, or  
24 both. The bonds, and the tax rate necessary to pay those bonds,  
25 were approved by the voters of this district.";

26 (6) contain a section entitled "Comparison of Proposed  
27 Levy with Last Year's Levy on Average Residence," which must:

1 (A) show in rows the information described by  
2 Subparagraphs (i)-(iv), rounded to the nearest dollar, for columns  
3 entitled "Last Year" and "This Year":

4 (i) "Average Market Value of Residences,"  
5 determined using the same group of residences for each year;

6 (ii) "Average Taxable Value of Residences,"  
7 determined after taking into account the limitation on the  
8 appraised value of residences under Section 23.23, Tax Code, and  
9 after subtracting all homestead exemptions applicable in each year,  
10 other than exemptions available only to disabled persons or persons  
11 65 years of age or older or their surviving spouses, and using the  
12 same group of residences for each year;

13 (iii) "Last Year's Rate Versus Proposed  
14 Rate per \$100 Value"; and

15 (iv) "Taxes Due on Average Residence,"  
16 determined using the same group of residences for each year; and

17 (B) contain the following information: "Increase  
18 (Decrease) in Taxes" expressed in dollars and cents, which is  
19 computed by subtracting the "Taxes Due on Average Residence" for  
20 the preceding tax year from the "Taxes Due on Average Residence" for  
21 the current tax year;

22 (7) contain the following statement in bold print:  
23 "Under state law, the dollar amount of school taxes imposed on the  
24 residence of a person 65 years of age or older or of the surviving  
25 spouse of such a person, if the surviving spouse was 55 years of age  
26 or older when the person died, may not be increased above the amount  
27 paid in the first year after the person turned 65, regardless of

1 changes in tax rate or property value."; and

2 (8) [~~contain the following statement in bold print:~~  
3 ~~"Notice of Voter-Approval Rate: The highest tax rate the district~~  
4 ~~can adopt before requiring voter approval at an election is (the~~  
5 ~~school district voter-approval rate determined under Section~~  
6 ~~26.08, Tax Code). This election will be automatically held if the~~  
7 ~~district adopts a rate in excess of the voter-approval rate of (the~~  
8 ~~school district voter-approval rate)."; and~~

9 [~~(9)~~] contain a section entitled "Fund Balances,"  
10 which must include the estimated amount of interest and sinking  
11 fund balances and the estimated amount of enrichment [~~maintenance~~  
12 ~~and operation~~] or general fund balances remaining at the end of the  
13 current fiscal year that are not encumbered with or by  
14 corresponding debt obligation, less estimated funds necessary for  
15 the operation of the district before the receipt of the first  
16 payment under Chapter 48 in the succeeding school year.

17 (c-1) The notice described by Subsection (c) must state in a  
18 distinct row or on a separate or individual line for each of the  
19 following taxes:

20 (1) the proposed rate of the school district's  
21 enrichment [~~maintenance~~] tax described by Section 45.003, under the  
22 heading "Enrichment [~~Maintenance~~] Tax"; and

23 (2) if the school district has issued ad valorem tax  
24 bonds under Section 45.001, the proposed rate of the tax to pay for  
25 the bonds, under the heading "School Debt Service Tax Approved by  
26 Local Voters."

27 (c-2) The notice described by Subsection (c) must include a

1 statement that a school district may not increase the district's  
2 enrichment [~~maintenance and operations~~] tax rate to create a  
3 surplus in enrichment [~~maintenance and operations~~] tax revenue for  
4 the purpose of paying the district's debt service.

5 (c-3) For the notice required by Subsection (c) for the 2025  
6 tax year:

7 (1) the rows required by Subsection (c)(5) entitled  
8 "Last Year's Rate" and the rows required by Subsection (c)(6)(A)  
9 entitled "Last Year's Rate Versus Proposed Rate per \$100 Value" and  
10 "Taxes Due on Average Residence" and the item required by  
11 Subsection (c)(6)(B) entitled "Increase (Decrease) in Taxes" must  
12 contain an asterisk and a footnote to that section that, in reduced  
13 type, states "The 87th Legislature eliminated certain school  
14 district maintenance and operations taxes. The tax rate shown as  
15 'Last Year's Rate' and the 'Taxes Due on Average Residence' for last  
16 year are based on the sum of the interest and sinking fund tax rate  
17 adopted by the district for the 2024 tax year and the rate of any tax  
18 the district imposed for enrichment for that tax year, not the total  
19 tax rate."; and

20 (2) the computation required by Subsection (c)(6)(B)  
21 shall be made using:

22 (A) for the 2024 tax year, the sum of the interest  
23 and sinking fund tax rate adopted by the district for that tax year  
24 and the rate of any tax the district imposed for enrichment for that  
25 tax year; and

26 (B) for the 2025 tax year, the sum of the  
27 district's proposed interest and sinking fund tax rate for that tax

1 year and the district's proposed enrichment tax rate for that tax  
2 year.

3 (c-4) Subsection (c-3) and this subsection expire January  
4 1, 2026.

5 (i) A school district that uses a certified estimate, as  
6 authorized by Subsection (h), may adopt a budget at the public  
7 meeting designated in the notice prepared using the estimate, but  
8 the district may not adopt a tax rate before the district receives  
9 the certified appraisal roll for the district required by Section  
10 26.01(a), Tax Code. After receipt of the certified appraisal roll,  
11 the district must publish a revised notice and hold another public  
12 meeting before the district may adopt a tax rate that exceeds[+

13 [~~(1)~~] the rate proposed in the notice prepared using  
14 the estimate[~~, or~~

15 [~~(2) the district's voter-approval rate determined~~  
16 ~~under Section 26.08, Tax Code, using the certified appraisal roll]~~.

17 SECTION 1.14. The heading to Subchapter A, Chapter 45,  
18 Education Code, is amended to read as follows:

19 SUBCHAPTER A. TAX BONDS AND ENRICHMENT [~~MAINTENANCE~~] TAXES

20 SECTION 1.15. Section 45.002, Education Code, is amended to  
21 read as follows:

22 Sec. 45.002. ENRICHMENT [~~MAINTENANCE~~] TAXES. The governing  
23 board of an independent school district, including the city council  
24 or commission that has jurisdiction over a municipally controlled  
25 independent school district, the governing board of a rural high  
26 school district, and the commissioners court of a county, on behalf  
27 of each common school district under its jurisdiction, may levy,

1 assess, and collect annual ad valorem taxes for the enrichment  
2 [~~further maintenance~~] of public schools in the district, subject to  
3 Section 45.003.

4 SECTION 1.16. Section 45.003, Education Code, is amended by  
5 adding Subsections (a-1) and (a-2) and amending Subsection (d) to  
6 read as follows:

7 (a-1) The governing board or commissioners court may levy  
8 the tax described by Section 45.002 at a rate of \$0.05 or less per  
9 \$100 of taxable value without an election.

10 (a-2) A governing board or commissioners court that, for the  
11 2024 tax year, levied an enrichment tax at a rate in excess of \$0.05  
12 per \$100 of taxable value may continue to levy the tax at a rate that  
13 does not exceed that rate without an election.

14 (d) A proposition submitted to authorize the levy of  
15 enrichment [~~maintenance~~] taxes must include the question of whether  
16 the governing board or commissioners court may levy, assess, and  
17 collect annual ad valorem taxes for the enrichment [~~further~~  
18 ~~maintenance~~] of public schools, at a rate not to exceed the rate  
19 stated in the proposition. For any year, the enrichment  
20 [~~maintenance~~] tax rate adopted by the district may not exceed \$0.17  
21 per \$100 of taxable value [~~adopted by the district may not exceed~~  
22 ~~the rate equal to the sum of \$0.17 and the district's maximum~~  
23 ~~compressed rate, as determined under Section 48.2551~~].

24 SECTION 1.17. Sections 45.006(b), (c), (d), (e), and (f),  
25 Education Code, are amended to read as follows:

26 (b) A [~~Notwithstanding Section 45.003, a~~] school district  
27 may levy, assess, and collect maintenance taxes [~~at a rate that~~

1 ~~exceeds \$1.50 per \$100 valuation of taxable property]~~ if:

2 (1) the ~~[additional ad valorem]~~ taxes are necessary to  
3 pay a debt of the district that:

4 (A) resulted from the rendition of a judgment  
5 against the district before May 1, 1995;

6 (B) is greater than \$5 million;

7 (C) decreases a property owner's ad valorem tax  
8 liability;

9 (D) requires the district to refund to the  
10 property owner the difference between the amount of taxes paid by  
11 the property owner and the amount of taxes for which the property  
12 owner is liable; and

13 (E) is payable according to the judgment in more  
14 than one of the district's fiscal years; and

15 (2) the ~~[additional]~~ taxes are:

16 (A) imposed at a rate that, when added to the rate  
17 of any ad valorem tax imposed by the district under Section 45.002  
18 or 45.007, produces a rate that does not exceed \$0.17 per \$100 of  
19 taxable value; and

20 (B) approved by the voters of the district at an  
21 election held for that purpose.

22 (c) Except as provided by Subsection (e), any ~~[additional]~~  
23 maintenance taxes that the district collects under this section may  
24 be used only to pay the district's debt under Subsection (b)(1).

25 (d) Except as provided by Subsection (e), the authority of a  
26 school district to levy the ~~[additional]~~ ad valorem taxes under  
27 this section expires when the judgment against the district is

1 paid.

2 (e) The governing body of a school district shall pay the  
3 district's debt under Subsection (b)(1) in a lump sum. To satisfy  
4 the district's debt under Subsection (b)(1), the governing body may  
5 levy and collect ~~[additional]~~ maintenance taxes as provided by  
6 Subsection (b) and may issue bonds. If bonds are issued:

7 (1) the district may use any ~~[additional]~~ maintenance  
8 taxes collected by the district under this section to pay debt  
9 service on the bonds; and

10 (2) the authority of the district to levy the  
11 ~~[additional]~~ ad valorem taxes expires when the bonds are paid in  
12 full or the judgment is paid, whichever occurs later.

13 (f) The governing body of a school district that adopts a  
14 tax rate under this section ~~[that exceeds \$1.50 per \$100 valuation~~  
15 ~~of taxable property]~~ may set the amount of the exemption from  
16 taxation authorized by Section 11.13(n), Tax Code, at any time  
17 before the date the governing body adopts the district's tax rate  
18 for the tax year in which the election approving the ~~[additional]~~  
19 taxes is held.

20 SECTION 1.18. Subchapter A, Chapter 45, Education Code, is  
21 amended by adding Section 45.007 to read as follows:

22 Sec. 45.007. AD VALOREM TAX FOR JUNIOR COLLEGE PURPOSES IN  
23 CERTAIN SCHOOL DISTRICTS. (a) This section applies only to an  
24 independent school district in a county with a population of more  
25 than two million.

26 (b) Subject to Subsection (e), the governing body of an  
27 independent school district that governs a junior college district

1 under Subchapter B, Chapter 130, may impose an ad valorem tax at a  
2 rate not to exceed \$0.05 on the \$100 valuation of taxable property  
3 in the district for the use of the junior college district for  
4 facilities and equipment or for the maintenance and operating  
5 expenses of the junior college district.

6 (c) All real property purchased with proceeds of a tax  
7 imposed under this section or with funds dedicated under Section  
8 45.105(e) as that section existed January 1, 2024, is the property  
9 of the school district but is subject to the exclusive control of  
10 the governing body of the junior college district for as long as the  
11 junior college district uses the property for educational purposes.

12 (d) An independent school district that, under Section  
13 45.105(e) as that section existed January 1, 2024, dedicated a  
14 specific percentage of the school district's tax levy to the use of  
15 a junior college district governed by the school district for  
16 facilities and equipment or for the maintenance and operating  
17 expenses of the junior college district is not required to hold an  
18 election to impose a tax under this section.

19 (e) The tax authorized under this section may not be imposed  
20 at a rate that, when added to the rate of any ad valorem tax imposed  
21 by the district under Section 45.002 or 45.006, produces a rate that  
22 exceeds \$0.17 per \$100 of taxable value.

23 SECTION 1.19. Section 45.104(a), Education Code, is amended  
24 to read as follows:

25 (a) The board of trustees of any school district may pledge  
26 its delinquent taxes levied for maintenance purposes for specific  
27 past[~~, current, and future~~] school years or levied for enrichment

1 purposes for specific past, current, and future school years as  
2 security for a loan, and may evidence any such loan with negotiable  
3 notes, and the delinquent taxes pledged shall be applied against  
4 the principal and interest of the loan. Negotiable notes issued  
5 under this subsection must mature not more than 20 years from their  
6 date.

7 SECTION 1.20. Section 45.108(a), Education Code, is amended  
8 to read as follows:

9 (a) Independent or consolidated school districts may borrow  
10 money for the purpose of paying maintenance expenses and may  
11 evidence those loans with negotiable or nonnegotiable notes, except  
12 that the loans may not at any time exceed 75 percent of the previous  
13 year's income. The notes may be payable from and secured by a lien  
14 on and pledge of any available funds of the district [~~, including~~  
15 ~~proceeds of a maintenance tax~~]. The term "maintenance expenses" or  
16 "maintenance expenditures" as used in this section means any lawful  
17 expenditure of the school district other than payment of principal  
18 of and interest on bonds. The term includes expenditures relating  
19 to notes issued to refund notes previously issued under this  
20 section if the refunding notes are coterminous with the refunded  
21 obligation. The term also includes all costs incurred in connection  
22 with environmental cleanup and asbestos cleanup and removal  
23 programs implemented by school districts or in connection with the  
24 maintenance, repair, rehabilitation, or replacement of heating,  
25 air conditioning, water, sanitation, roofing, flooring, electric,  
26 or other building systems of existing school properties. Notes  
27 issued pursuant to this section may be issued to mature in not more

1 than 20 years from their date. Notes issued for a term longer than  
2 one year must be treated as "debt" as defined in Section 26.012(7),  
3 Tax Code.

4 SECTION 1.21. Section 45.109(c), Education Code, is amended  
5 to read as follows:

6 (c) The consideration for a contract under this section may  
7 be paid from any source available to the independent school  
8 district. ~~[If voted as provided by this section, the district may  
9 pledge to the payment of the contract an annual maintenance tax in  
10 an amount sufficient, without limitation, to provide all of the  
11 consideration. If voted and pledged, the maintenance tax shall be  
12 assessed, levied, and collected annually in the same manner as  
13 provided by general law applicable to independent school districts  
14 for other maintenance taxes.]~~

15 SECTION 1.22. Section 45.156(c), Education Code, is amended  
16 to read as follows:

17 (c) The consideration payable by the district under a  
18 contract may be paid from any source available to the district. ~~[If  
19 voted, the district may pledge to the payment of the contract an  
20 annual maintenance tax in an amount sufficient, without limitation,  
21 to provide all or part of the consideration. If voted and pledged,  
22 the maintenance tax shall be assessed, levied, and collected  
23 annually in the same manner as provided by general law applicable to  
24 independent school districts for other maintenance taxes. A  
25 maintenance tax may not be pledged to the payment of any contract or  
26 assessed, levied, or collected unless an election is held in the  
27 district, and the maintenance tax for that purpose is favorably~~

1 ~~voted by a majority of the qualified voters of the district. The~~  
2 ~~election order for an election under this subsection must include~~  
3 ~~the polling place or places and any other matters considered~~  
4 ~~advisable by the board of trustees.]~~

5 SECTION 1.23. Section 45.251(2), Education Code, is amended  
6 to read as follows:

7 (2) "Foundation School Program" means the program  
8 established under Chapters 46 and [7] 48, [~~and 49~~], or any successor  
9 program of state appropriated funding for school districts in this  
10 state.

11 SECTION 1.24. Sections 45.261(a) and (e), Education Code,  
12 are amended to read as follows:

13 (a) If the commissioner orders payment from the money  
14 appropriated to the Foundation School Program on behalf of a school  
15 district [~~that is not required to reduce its local revenue level~~  
16 ~~under Section 48.257~~], the commissioner shall direct the  
17 comptroller to withhold the amount paid from the first state money  
18 payable to the district. [~~If the commissioner orders payment from~~  
19 ~~the money appropriated to the Foundation School Program on behalf~~  
20 ~~of a school district that is required to reduce its local revenue~~  
21 ~~level under Section 48.257, the commissioner shall increase amounts~~  
22 ~~due from the district under Chapter 49 in a total amount equal to~~  
23 ~~the amount of payments made on behalf of the district under this~~  
24 ~~subchapter.] Amounts withheld [~~or received~~] under this subsection  
25 shall be used for the Foundation School Program.~~

26 (e) Any part of a school district's tax rate attributable to  
27 producing revenue for purposes of Subsection (c)(1) is considered

1 part of the district's~~+~~

2 [~~(1) current debt rate for purposes of computing a~~  
3 ~~voter-approval tax rate under Section 26.08, Tax Code, and~~

4 [~~(2)~~] interest and sinking fund tax rate.

5 SECTION 1.25. Section 46.003(d), Education Code, is amended  
6 to read as follows:

7 (d) The amount budgeted by a district for payment of  
8 eligible bonds may include:

9 (1) bond taxes collected in the current school year;

10 (2) bond taxes collected in a preceding school year in  
11 excess of the amount necessary to pay the district's share of actual  
12 debt service on bonds in that year, provided that the taxes were not  
13 used to generate other state financial assistance for the district;  
14 [~~or~~]

15 (3) enrichment [~~maintenance and operations~~] taxes  
16 collected in the current school year or a preceding school year in  
17 excess of the amount eligible to be used to generate other state  
18 financial assistance for the district; or

19 (4) maintenance and operations taxes collected in a  
20 preceding school year in excess of the amount eligible to be used to  
21 generate other state financial assistance for the district.

22 SECTION 1.26. Section 46.004(a), Education Code, is amended  
23 to read as follows:

24 (a) A district may receive state assistance in connection  
25 with a lease-purchase agreement concerning an instructional  
26 facility. For purposes of this subchapter:

27 (1) taxes levied for purposes of enrichment

1 ~~[maintenance and operations]~~ that are necessary to pay a district's  
2 share of the payments under a lease-purchase agreement for which  
3 the district receives state assistance under this subchapter are  
4 considered to be bond taxes; and

5 (2) payments under a lease-purchase agreement are  
6 considered to be payments of principal of and interest on bonds.

7 SECTION 1.27. Section 46.032(c), Education Code, is amended  
8 to read as follows:

9 (c) The amount budgeted by a district for payment of  
10 eligible bonds may include:

11 (1) bond taxes collected in the current school year;

12 (2) bond taxes collected in a preceding school year in  
13 excess of the amount necessary to pay the district's share of actual  
14 debt service on bonds in that year, provided that the taxes were not  
15 used to generate other state financial assistance for the district;  
16 ~~[or]~~

17 (3) enrichment ~~[maintenance and operations]~~ taxes  
18 collected in the current school year or a preceding school year in  
19 excess of the amount eligible to be used to generate other state  
20 financial assistance for the district; or

21 (4) maintenance and operations taxes collected in a  
22 preceding school year in excess of the amount eligible to be used to  
23 generate other state financial assistance for the district.

24 SECTION 1.28. Section 47.003, Education Code, is amended to  
25 read as follows:

26 Sec. 47.003. USES OF FUND. Except as otherwise provided by  
27 this chapter, money in the fund may be appropriated only[+]

1           ~~[(1)]~~ to pay the cost of tier one allotments under  
2 Chapter 48~~[, or~~

3           ~~[(2) for the purpose of reducing school district~~  
4 ~~maintenance and operations ad valorem tax rates]~~.

5           SECTION 1.29. Section 48.010(b), Education Code, is amended  
6 to read as follows:

7           (b) In making the determinations regarding funding levels  
8 required by Subsection (a), the commissioner shall:

9           (1) make adjustments as necessary to reflect changes  
10 in a school district's enrichment ~~[maintenance and operations]~~ tax  
11 rate; and

12           (2) ~~[for a district required to reduce its local~~  
13 ~~revenue level under Section 48.257, base the determinations on the~~  
14 ~~district's net funding levels after deducting any amounts required~~  
15 ~~to be expended by the district to comply with Chapter 49, and~~

16           ~~[(3)]~~ determine a district's weighted average daily  
17 attendance in accordance with this chapter as it existed on January  
18 1, 2011.

19           SECTION 1.30. Section 48.051(a), Education Code, is amended  
20 to read as follows:

21           (a) For each student in average daily attendance, not  
22 including the time students spend each day in special education  
23 programs in an instructional arrangement other than mainstream or  
24 career and technology education programs, for which an additional  
25 allotment is made under Subchapter C, a district is entitled to an  
26 allotment equal to ~~[the lesser of]~~ \$6,160 ~~[or the amount that~~  
27 ~~results from the following formula:~~



- 1 (A) improvements to school infrastructure;
- 2 (B) the use or installation of physical barriers;
- 3 and
- 4 (C) the purchase and maintenance of:
- 5 (i) security cameras or other security
- 6 equipment; and
- 7 (ii) technology, including communications
- 8 systems or devices, that facilitates communication and information
- 9 sharing between students, school personnel, and first responders in
- 10 an emergency;
- 11 (2) providing security for the district, including:
- 12 (A) employing school district peace officers,
- 13 private security officers, and school marshals; and
- 14 (B) collaborating with local law enforcement
- 15 agencies, such as entering into a memorandum of understanding for
- 16 the assignment of school resource officers to schools in the
- 17 district;
- 18 (3) school safety and security training and planning,
- 19 including:
- 20 (A) active shooter and emergency response
- 21 training;
- 22 (B) prevention and treatment programs relating
- 23 to addressing adverse childhood experiences; and
- 24 (C) the prevention, identification, and
- 25 management of emergencies and threats, including:
- 26 (i) providing mental health personnel and
- 27 support;

1 (ii) providing behavioral health services;  
2 and  
3 (iii) establishing threat reporting  
4 systems; and  
5 (4) providing programs related to suicide prevention,  
6 intervention, and postvention.

7 (c) A school district may use funds allocated under this  
8 section for equipment or software that is used for a school safety  
9 and security purpose and an instructional purpose, provided that  
10 the instructional use does not compromise the safety and security  
11 purpose of the equipment or software.

12 ~~(d) [A school district that is required to take action under~~  
13 ~~Chapter 41 to reduce its wealth per student to the equalized wealth~~  
14 ~~level is entitled to a credit, in the amount of the allotments to~~  
15 ~~which the district is to receive as provided by appropriation,~~  
16 ~~against the total amount required under Section 41.093 for the~~  
17 ~~district to purchase attendance credits.~~

18 ~~[(e)]~~ The commissioner may adopt rules to implement this  
19 section.

20 SECTION 1.33. Section 48.202, Education Code, is amended by  
21 amending Subsections (a), (a-1), (b), and (d) and adding Subsection  
22 (b-1) to read as follows:

23 (a) Each school district is guaranteed a specified amount  
24 per weighted student in state and local funds for each cent of tax  
25 effort ~~[over that required for the district's local fund~~  
26 ~~assignment]~~ up to the maximum level specified in this subchapter.  
27 The amount of state support, subject only to the maximum amount

1 under Section 48.203, is determined by the formula:

$$2 \quad \text{GYA} = (\text{GL} \times \text{WADA} \times \text{DTR} \times 100) - \text{LR}$$

3 where:

4 "GYA" is the guaranteed yield amount of state funds to be  
5 allocated to the district;

6 "GL" is the dollar amount guaranteed level of state and local  
7 funds per weighted student per cent of tax effort, which is an  
8 amount described by Subsection (a-1) or a greater amount for any  
9 year provided by appropriation;

10 "WADA" is the number of students in weighted average daily  
11 attendance, which is calculated by dividing the sum of the school  
12 district's allotments under Subchapters B and C by the basic  
13 allotment for the applicable year;

14 "DTR" is the district enrichment tax rate of the school  
15 district, which is determined by subtracting the amounts specified  
16 by Subsection (b) from the total amount of enrichment [~~maintenance~~  
17 ~~and operations~~] taxes collected by the school district for the  
18 applicable school year and dividing the difference by the quotient  
19 of the district's taxable value of property as determined under  
20 Subchapter M, Chapter 403, Government Code, or, if applicable,  
21 under Section 48.258 or by the quotient of the value [~~of "DPV" as~~  
22 determined under Subsection (b-1) [~~Section 48.256(d)~~] if that  
23 subsection applies to the district, divided by 100; and

24 "LR" is the local revenue, which is determined by multiplying  
25 "DTR" by the quotient of the district's taxable value of property as  
26 determined under Subchapter M, Chapter 403, Government Code, or, if  
27 applicable, under Section 48.258 or by the quotient of the value [~~of~~

1 "~~DPV~~" as] determined under Subsection (b-1) [~~Section 48.256(d)~~] if  
2 that subsection applies to the district, divided by 100.

3 (a-1) For purposes of Subsection (a), the dollar amount  
4 guaranteed level of state and local funds per weighted student per  
5 cent of tax effort ("GL") for a school district is:

6 (1) the greater of the amount of district tax revenue  
7 per weighted student per cent of tax effort available to a school  
8 district at the 96th percentile of wealth per weighted student or  
9 the amount that results from multiplying \$6,160, or the greater  
10 amount provided under Section 48.051(b), if applicable, by 0.016,  
11 for the first eight cents of [~~by which~~] the district's enrichment  
12 [~~maintenance and operations~~] tax rate [~~exceeds the district's tier~~  
13 ~~one tax rate~~]; and

14 (2) [~~subject to Subsection (f),~~] the amount that  
15 results from multiplying \$6,160, or the greater amount provided  
16 under Section 48.051(b), if applicable, by 0.008, for the  
17 district's enrichment [~~maintenance and operations~~] tax effort that  
18 exceeds the amount of tax effort described by Subdivision (1).

19 (b) In computing the district enrichment tax rate of a  
20 school district, the total amount of enrichment [~~maintenance and~~  
21 ~~operations~~] taxes collected by the school district does not include  
22 the amount of [+

23 [~~(1) the district's local fund assignment under~~  
24 ~~Section 48.256, or~~

25 [~~(2)~~] taxes paid into a tax increment fund under  
26 Chapter 311, Tax Code.

27 (b-1) This subsection applies to a school district in which

1 the board of trustees entered into a written agreement with a  
2 property owner under Section 313.027, Tax Code, for the  
3 implementation of a limitation on appraised value under Subchapter  
4 B or C, Chapter 313, Tax Code. For purposes of determining "DTR" or  
5 "LR" under Subsection (a) for a school district to which this  
6 subsection applies, the commissioner shall exclude from the  
7 district's taxable value of property as determined under Subchapter  
8 M, Chapter 403, Government Code, or, if applicable, under Section  
9 48.258 a portion of the market value of property not otherwise fully  
10 taxable by the district under Subchapter B or C, Chapter 313, Tax  
11 Code, before the expiration of the subchapter. The comptroller  
12 shall provide information to the agency necessary for this  
13 subsection. A revenue protection payment required as part of an  
14 agreement for a limitation on appraised value shall be based on the  
15 district's taxable value of property for the preceding tax year.

16 (d) For purposes of this section, the total amount of  
17 enrichment [~~maintenance and operations~~] taxes collected for an  
18 applicable school year by a school district with alternate tax  
19 dates, as authorized by Section 26.135, Tax Code, is the amount of  
20 enrichment taxes collected on or after January 1 of the year in  
21 which the school year begins and not later than December 31 of the  
22 same year.

23 SECTION 1.34. Section 48.203, Education Code, is amended to  
24 read as follows:

25 Sec. 48.203. LIMITATION ON ENRICHMENT TAX RATE. The  
26 district enrichment tax rate ("DTR") under Section 48.202 may not  
27 exceed \$0.17 [~~the amount~~] per \$100 of valuation [~~by which the~~

1 ~~maximum rate permitted under Section 45.003 exceeds the rate used~~  
2 ~~to determine the district's local share under Section 48.256, or a~~  
3 ~~greater amount for any year provided by appropriation].~~

4 SECTION 1.35. Section 48.251(c), Education Code, is amended  
5 to read as follows:

6 (c) The program shall be financed by:

7 (1) state available school funds distributed in  
8 accordance with the law;

9 (2) ad valorem tax revenue generated by local school  
10 district effort as provided by Subchapter E; and

11 (3) state funds appropriated for the purposes of  
12 public school education and allocated to each district in an amount  
13 sufficient to finance the cost of each district's Foundation School  
14 Program not covered by other funds specified in this subsection.

15 SECTION 1.36. Section 48.252(b), Education Code, is amended  
16 to read as follows:

17 (b) Notwithstanding any other provision of this chapter [~~ex~~  
18 ~~Chapter 49~~], a school district subject to this section is entitled  
19 to receive for each student in average daily attendance at the  
20 campus or program described by Subsection (a) an amount equivalent  
21 to the difference, if the difference results in increased funding,  
22 between:

23 (1) the amount described by Section 12.106; and

24 (2) the amount to which the district would be entitled  
25 under this chapter.

26 SECTION 1.37. Section 48.254, Education Code, is amended to  
27 read as follows:

1           Sec. 48.254. ADDITIONAL STATE AID FOR AD VALOREM TAX  
2 CREDITS UNDER TEXAS ECONOMIC DEVELOPMENT ACT. For each school  
3 year, a school district~~[, including a school district that is~~  
4 ~~otherwise ineligible for state aid under this chapter,~~] is entitled  
5 to state aid in an amount equal to the amount of all tax credits  
6 credited against ad valorem taxes of the district in that year under  
7 former Subchapter D, Chapter 313, Tax Code.

8           SECTION 1.38. Section 48.258(a), Education Code, is amended  
9 to read as follows:

10           (a) For purposes of Chapter ~~[Chapters]~~ 46 ~~[and 49]~~ and this  
11 chapter, and to the extent money specifically authorized to be used  
12 under this section is available, the commissioner shall adjust the  
13 taxable value of property in a school district that, due to factors  
14 beyond the control of the board of trustees, experiences a rapid  
15 decline in the tax base used in calculating taxable values in excess  
16 of four percent of the tax base used in the preceding year.

17           SECTION 1.39. Section 48.259(e), Education Code, is amended  
18 to read as follows:

19           (e) The commissioner shall notify school districts as soon  
20 as practicable as to the availability of funds under this section.  
21 ~~[For purposes of computing a voter-approval tax rate under Section~~  
22 ~~26.08, Tax Code, a district shall adjust the district's tax rate~~  
23 ~~limit to reflect assistance received under this section.]~~

24           SECTION 1.40. Section 48.260(a), Education Code, is amended  
25 to read as follows:

26           (a) For purposes of Chapter ~~[Chapters]~~ 46 ~~[and 49]~~ and this  
27 chapter, the commissioner shall adjust the taxable value of

1 property of a school district all or part of which is located in an  
2 area declared a disaster area by the governor under Chapter 418,  
3 Government Code, as necessary to ensure that the district receives  
4 funding based as soon as possible on property values as affected by  
5 the disaster.

6 SECTION 1.41. Sections 48.266(a), (c), and (f), Education  
7 Code, are amended to read as follows:

8 (a) For each school year the commissioner shall determine:

9 (1) the amount of money to which a school district is  
10 entitled under Subchapters B, C, and D;

11 (2) the amount of money to which a school district is  
12 entitled under Subchapter E;

13 (3) the amount of money allocated to the district from  
14 the available school fund; and

15 (4) ~~[the amount of each district's tier one local share~~  
16 ~~under Section 48.256, and~~

17 ~~[(5)]~~ the amount of each district's tier two local  
18 share under Section 48.202 for:

19 (A) the district's enrichment ~~[maintenance and~~  
20 ~~operations]~~ tax effort described by Section 48.202(a-1)(1); and

21 (B) the district's enrichment ~~[maintenance and~~  
22 ~~operations]~~ tax effort described by Section 48.202(a-1)(2).

23 (c) Each school district is entitled to an amount equal to  
24 the difference for that district between the sum of Subsections  
25 (a)(1) and (a)(2) and the sum of Subsections (a)(3) and~~[(7)]~~ (a)(4)~~[(7)~~  
26 ~~and (a)(5)]~~.

27 (f) If the amount appropriated for the Foundation School

1 Program for the second year of a state fiscal biennium is less than  
2 the amount to which school districts and open-enrollment charter  
3 schools are entitled for that year, the commissioner shall certify  
4 the amount of the difference to the Legislative Budget Board not  
5 later than January 1 of the second year of the state fiscal  
6 biennium. The Legislative Budget Board shall propose to the  
7 legislature that the certified amount be transferred to the  
8 foundation school fund from the economic stabilization fund and  
9 appropriated for the purpose of increases in allocations under this  
10 subsection. If the legislature fails during the regular session to  
11 enact the proposed transfer and appropriation and there are not  
12 funds available under Subsection (h), the commissioner shall adjust  
13 the total amounts due to each school district and open-enrollment  
14 charter school under this chapter ~~[and the total amounts necessary~~  
15 ~~for each school district to comply with the requirements of Chapter~~  
16 ~~49]~~ by an amount determined by applying to each district and school  
17 the same percentage adjustment to the total amount of state and  
18 local revenue due to the district or school under this chapter ~~[and~~  
19 ~~Chapter 49]~~ so that the total amount of the adjustment to all  
20 districts and schools results in an amount equal to the total  
21 adjustment necessary. The following fiscal year, ~~[+~~

22 ~~[(1)]~~ a district's or school's entitlement under  
23 this section is increased by an amount equal to the adjustment made  
24 under this subsection ~~[, and~~

25 ~~[(2) the amount necessary for a district to~~  
26 ~~comply with the requirements of Chapter 49 is reduced by an amount~~  
27 ~~necessary to ensure a district's full recovery of the adjustment~~

1 ~~made under this subsection].~~

2 SECTION 1.42. Sections 48.267(a), (b), and (c), Education  
3 Code, are amended to read as follows:

4 (a) The commissioner may make adjustments to amounts due to  
5 a school district under this chapter or Chapter 46, ~~[or to amounts~~  
6 ~~necessary for a district to comply with the requirements of Chapter~~  
7 ~~49,~~] as provided by this section.

8 (b) A school district that has a major taxpayer, as  
9 determined by the commissioner, that because of a protest of the  
10 valuation of the taxpayer's property fails to pay all or a portion  
11 of the ad valorem taxes due to the district may apply to the  
12 commissioner to have the district's taxable value of property or ad  
13 valorem tax collections adjusted for purposes of this chapter or  
14 Chapter 46 ~~[or 49]~~. The commissioner may make the adjustment only  
15 to the extent the commissioner determines that making the  
16 adjustment will not:

17 (1) in the fiscal year in which the adjustment is made,  
18 cause the amount to which school districts are entitled under this  
19 chapter to exceed the amount appropriated for purposes of the  
20 Foundation School Program for that year; and

21 (2) if the adjustment is made in the first year of a  
22 state fiscal biennium, cause the amount to which school districts  
23 are entitled under this chapter for the second year of the biennium  
24 to exceed the amount appropriated for purposes of the Foundation  
25 School Program for that year.

26 (c) The commissioner shall recover the benefit of any  
27 adjustment made under this section by making offsetting adjustments

1 in the school district's taxable value of property or ad valorem tax  
2 collections for purposes of this chapter or Chapter 46 [~~or 49~~] on a  
3 final determination of the taxable value of property that was the  
4 basis of the original adjustment, or in the second school year  
5 following the year in which the adjustment is made, whichever is  
6 earlier.

7 SECTION 1.43. Section 48.271(b), Education Code, is amended  
8 to read as follows:

9 (b) If the district would have received a greater amount  
10 from the foundation school fund for the applicable school year  
11 using the adjusted value, the commissioner shall add the difference  
12 to subsequent distributions to the district from the foundation  
13 school fund. [~~An adjustment does not affect the local fund~~  
14 ~~assignment of any other district.~~]

15 SECTION 1.44. Section 48.272(b), Education Code, is amended  
16 to read as follows:

17 (b) Notwithstanding Subsection (a), the agency may recover  
18 an overallocation of state funds over a period not to exceed the  
19 subsequent five school years if the commissioner determines that  
20 the overallocation was the result of exceptional circumstances  
21 reasonably caused by statutory changes to Chapter 46, former  
22 Chapter [~~or~~] 49, or this chapter and related reporting  
23 requirements.

24 SECTION 1.45. Section 48.273(a)(4), Education Code, is  
25 amended to read as follows:

26 (4) "Wealth per student" means the taxable property  
27 value as determined [~~values reported by the comptroller to the~~]

1 ~~commissioner]~~ under Subchapter M, Chapter 403, Government Code,  
2 [~~Section 48.256~~] divided by the number of students in average daily  
3 attendance.

4 SECTION 1.46. Section 48.275(b), Education Code, is amended  
5 to read as follows:

6 (b) The amount of additional funds to which each school  
7 district or participating charter school is entitled due to the  
8 increases in formula funding made by H.B. No. 3343, Acts of the 77th  
9 Legislature, Regular Session, 2001, and any subsequent legislation  
10 amending the provisions amended by that Act that increase formula  
11 funding under [~~Chapter 49 and~~] this chapter to school districts and  
12 charter schools is available for purposes of Subsection (c).

13 SECTION 1.47. Section 79.10(f), Education Code, is amended  
14 to read as follows:

15 (f) For each student enrolled in the academy, the academy is  
16 entitled to allotments from the foundation school fund under  
17 Chapter 48 as if the academy were a school district [~~without a tier~~  
18 ~~one local share for purposes of Section 48.266~~]. If in any academic  
19 year the amount of the allotments under this subsection exceeds the  
20 amount of state funds paid to the academy in the first fiscal year  
21 of the academy's operation, the commissioner of education shall set  
22 aside from the total amount of funds to which school districts are  
23 entitled under Section 48.266(c) an amount equal to the excess  
24 amount and shall distribute that amount to the academy. After  
25 deducting the amount set aside and paid to the academy by the  
26 commissioner of education under this subsection, the commissioner  
27 of education shall reduce the amount to which each district is

1 entitled under Section 48.266(c) in the manner described by Section  
2 48.266(f). A determination of the commissioner of education under  
3 this subsection is final and may not be appealed.

4 SECTION 1.48. Section 87.208, Education Code, is amended to  
5 read as follows:

6 Sec. 87.208. SEABORNE CONSERVATION CORPS. If the board of  
7 regents of The Texas A&M University System administers a program  
8 that is substantially similar to the Seaborne Conservation Corps as  
9 it was administered by the board during the 1998-1999 school year,  
10 the program is entitled, for each student enrolled, to allotments  
11 from the Foundation School Program under Chapter 48 as if the  
12 program were a school district [~~, except that the program has a local  
13 share applied that is equivalent to the local fund assignment of the  
14 school district in which the principal facilities of the program  
15 are located~~].

16 SECTION 1.49. Section 87.505(g), Education Code, is amended  
17 to read as follows:

18 (g) For each student enrolled in the academy, the academy is  
19 entitled to allotments from the foundation school fund under  
20 Chapter 48 as if the academy were a school district [~~without a tier  
21 one local share for purposes of Section 48.266~~]. If in any academic  
22 year the amount of the allotments under this subsection exceeds the  
23 amount of state funds paid to the academy in the first fiscal year  
24 of the academy's operation, the commissioner of education shall set  
25 aside from the total amount of funds to which school districts are  
26 entitled under Section 48.266(c) an amount equal to the excess  
27 amount and shall distribute that amount to the academy. After

1 deducting the amount set aside and paid to the academy by the  
2 commissioner of education under this subsection, the commissioner  
3 of education shall reduce the amount to which each district is  
4 entitled under Section 48.266(c) in the manner described by Section  
5 48.266(f). A determination of the commissioner of education under  
6 this subsection is final and may not be appealed.

7 SECTION 1.50. Section 96.707(k), Education Code, is amended  
8 to read as follows:

9 (k) For each student enrolled in the academy, the academy is  
10 entitled to allotments from the Foundation School Program under  
11 Chapter 48 as if the academy were a school district [~~without a tier~~  
12 ~~one local share for purposes of Section 48.266~~].

13 SECTION 1.51. Section 105.301(e), Education Code, is  
14 amended to read as follows:

15 (e) The academy is not subject to the provisions of this  
16 code, or to the rules of the Texas Education Agency, regulating  
17 public schools, except that:

18 (1) professional employees of the academy are entitled  
19 to the limited liability of an employee under Section 22.0511,  
20 22.0512, or 22.052;

21 (2) a student's attendance at the academy satisfies  
22 compulsory school attendance requirements; and

23 (3) for each student enrolled, the academy is entitled  
24 to allotments from the foundation school program under Chapter 48  
25 as if the academy were a school district [~~without a tier one local~~  
26 ~~share for purposes of Section 48.266~~].

27 SECTION 1.52. Section 3.005(a), Election Code, is amended

1 to read as follows:

2 (a) Except as provided by Subsection [~~Subsections~~] (c) [~~and~~  
3 ~~(d)~~], an election ordered by an authority of a political  
4 subdivision shall be ordered not later than the 62nd day before  
5 election day.

6 SECTION 1.53. Section 4.008(a), Election Code, is amended  
7 to read as follows:

8 (a) The [~~Except as provided by Subsection (b), the~~]  
9 governing body of a political subdivision, other than a county,  
10 that orders an election shall deliver notice of the election,  
11 including the location of each polling place, to the county clerk  
12 and voter registrar of each county in which the political  
13 subdivision is located not later than the 60th day before election  
14 day. The county clerk shall post notice of the election, including  
15 the location of each polling place, on the county's Internet  
16 website, if the county maintains a website, as provided by Section  
17 4.003(b).

18 SECTION 1.54. Section 403.302(a), Government Code, is  
19 amended to read as follows:

20 (a) The comptroller shall conduct a study using comparable  
21 sales and generally accepted auditing and sampling techniques to  
22 determine the total taxable value of all property in each school  
23 district. The study shall determine the taxable value of all  
24 property and of each category of property in the district and the  
25 productivity value of all land that qualifies for appraisal on the  
26 basis of its productive capacity and for which the owner has applied  
27 for and received a productivity appraisal. [~~The comptroller shall~~

1 ~~make appropriate adjustments in the study to account for actions~~  
2 ~~taken under Chapter 49, Education Code.]~~

3 SECTION 1.55. Section 437.117(a), Government Code, is  
4 amended to read as follows:

5 (a) For each student enrolled in the Texas Challenge  
6 Academy, the department is entitled to allotments from the  
7 Foundation School Program under Chapter 48, Education Code, as if  
8 the academy were a school district [~~without a tier one local share~~  
9 ~~for purposes of Section 48.266, Education Code].~~

10 SECTION 1.56. Section 1579.251(a), Insurance Code, is  
11 amended to read as follows:

12 (a) The state shall assist employees of participating  
13 school districts and charter schools in the purchase of group  
14 health coverage under this chapter by providing for each covered  
15 employee the amount of \$900 each state fiscal year or a greater  
16 amount as provided by the General Appropriations Act. The state  
17 contribution shall be distributed through the school finance  
18 formulas under Chapter [~~Chapters~~] 48 [~~and 49~~], Education Code, and  
19 used by school districts and charter schools as provided by Section  
20 48.275, Education Code.

21 SECTION 1.57. Section 5.07(f), Tax Code, is amended to read  
22 as follows:

23 (f) The comptroller shall prescribe tax rate calculation  
24 forms to be used by the designated officer or employee of each:

25 (1) taxing unit other than a school district to  
26 calculate and submit the no-new-revenue tax rate and the  
27 voter-approval tax rate for the taxing unit as required by Chapter

1 26; and

2 (2) school district to:

3 (A) calculate and submit the no-new-revenue tax  
4 rate [~~and the voter-approval tax rate~~] for the district as required  
5 by Chapter 26; and

6 (B) submit the rate to maintain the same amount  
7 of state and local revenue per weighted student that the district  
8 received in the school year beginning in the preceding tax year as  
9 required by Chapter 26.

10 SECTION 1.58. Section 21.01, Tax Code, is amended to read as  
11 follows:

12 Sec. 21.01. REAL PROPERTY. Real property is taxable by a  
13 taxing unit if located in the taxing unit on January 1 [~~, except as~~  
14 ~~provided by Chapter 49, Education Code~~].

15 SECTION 1.59. Section 21.02(a), Tax Code, is amended to  
16 read as follows:

17 (a) Except as provided by Subsection [~~Subsections (b) and~~  
18 (e) and by Sections 21.021, 21.04, and 21.05, tangible personal  
19 property is taxable by a taxing unit if:

20 (1) it is located in the taxing unit on January 1 for  
21 more than a temporary period;

22 (2) it normally is located in the taxing unit, even  
23 though it is outside the taxing unit on January 1, if it is outside  
24 the taxing unit only temporarily;

25 (3) it normally is returned to the taxing unit between  
26 uses elsewhere and is not located in any one place for more than a  
27 temporary period; or



1 SECTION 1.61. Sections 26.04(c) and (e-1), Tax Code, are  
2 amended to read as follows:

3 (c) After the assessor for the taxing unit submits the  
4 appraisal roll for the taxing unit to the governing body of the  
5 taxing unit as required by Subsection (b), an officer or employee  
6 designated by the governing body of a taxing unit other than a  
7 school district shall calculate the no-new-revenue tax rate and the  
8 voter-approval tax rate for the taxing unit and an officer or  
9 employee designated by the governing body of a school district  
10 shall calculate the no-new-revenue tax rate for the school district  
11 according to the following formulas~~[, where]~~:

12 (1) "No-new-revenue tax rate" means a rate expressed  
13 in dollars per \$100 of taxable value calculated according to the  
14 following formula:

15 NO-NEW-REVENUE TAX RATE = (LAST YEAR'S LEVY - LOST PROPERTY LEVY) /  
16 (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)

17 ; and

18 (2) "Voter-approval tax rate" means a rate expressed  
19 in dollars per \$100 of taxable value calculated according to the  
20 following applicable formula:

21 (A) for a special taxing unit:

22 VOTER-APPROVAL TAX RATE = (NO-NEW-REVENUE MAINTENANCE AND  
23 OPERATIONS RATE x 1.08) + CURRENT DEBT RATE

24 ; or

25 (B) for a taxing unit other than a special taxing  
26 unit or a school district:

27 VOTER-APPROVAL TAX RATE = (NO-NEW-REVENUE MAINTENANCE AND

1 OPERATIONS RATE x 1.035) + (CURRENT DEBT RATE + UNUSED INCREMENT  
2 RATE)

3 (e-1) Subsections [~~The tax rate certification requirements~~  
4 ~~imposed by Subsection~~] (d-2), (e), (i), and (j) [~~and the notice~~  
5 ~~requirements imposed by Subsections (e)(1)-(3)~~] do not apply to a  
6 school district. Notwithstanding any other provision of this  
7 section, a requirement under this section that relates to the  
8 calculation of the voter-approval tax rate or the submission of a  
9 form used to calculate the voter-approval tax rate does not apply to  
10 a school district.

11 SECTION 1.62. Section 26.05, Tax Code, is amended by  
12 amending Subsections (a), (b), and (g) and adding Subsection (b-1)  
13 to read as follows:

14 (a) The governing body of each taxing unit shall adopt a tax  
15 rate for the current tax year and shall notify the assessor for the  
16 taxing unit of the rate adopted. The governing body must adopt a  
17 tax rate before the later of September 30 or the 60th day after the  
18 date the certified appraisal roll is received by the taxing unit,  
19 except that the governing body of a taxing unit other than a school  
20 district must adopt a tax rate that exceeds the voter-approval tax  
21 rate not later than the 71st day before the next uniform election  
22 date prescribed by Section 41.001, Election Code, that occurs in  
23 November of that year. The tax rate consists of two components,  
24 each of which must be approved separately. The components are:

25 (1) for a taxing unit other than a school district, the  
26 rate that, if applied to the total taxable value, will impose the  
27 total amount described by Section 26.04(e)(3)(C), less any amount

1 of additional sales and use tax revenue that will be used to pay  
2 debt service, or, for a school district, the rate calculated under  
3 Section 44.004(c)(5)(A)(ii)(b), Education Code; and

4 (2) for a taxing unit other than a school district, the  
5 rate that, if applied to the total taxable value, will impose the  
6 amount of taxes needed to fund maintenance and operation  
7 expenditures of the taxing unit for the next year, or, for a school  
8 district, the rate that, if applied to total taxable value, will  
9 impose the amount of taxes needed to fund the enrichment  
10 expenditures of the school district for the next year.

11 (b) A taxing unit may not impose property taxes in any year  
12 until the governing body has adopted a tax rate for that year, and  
13 the annual tax rate must be set by ordinance, resolution, or order,  
14 depending on the method prescribed by law for adoption of a law by  
15 the governing body. The vote on the ordinance, resolution, or order  
16 setting the tax rate must be separate from the vote adopting the  
17 budget. For a taxing unit other than a school district, the vote on  
18 the ordinance, resolution, or order setting a tax rate that exceeds  
19 the no-new-revenue tax rate must be a record vote, and at least 60  
20 percent of the members of the governing body must vote in favor of  
21 the ordinance, resolution, or order. For a school district, the  
22 vote on the ordinance, resolution, or order setting a tax rate that  
23 exceeds the sum of the no-new-revenue enrichment [~~maintenance and~~  
24 ~~operations tax~~] rate of the district [~~as determined under Section~~  
25 ~~26.08(i)~~] and the district's current debt rate must be a record  
26 vote, and at least 60 percent of the members of the governing body  
27 must vote in favor of the ordinance, resolution, or order. A motion

1 to adopt an ordinance, resolution, or order setting a tax rate that  
2 exceeds the no-new-revenue tax rate must be made in the following  
3 form: "I move that the property tax rate be increased by the  
4 adoption of a tax rate of (specify tax rate), which is effectively a  
5 (insert percentage by which the proposed tax rate exceeds the  
6 no-new-revenue tax rate) percent increase in the tax rate."

7 (b-1) If the ordinance, resolution, or order adopted under  
8 Subsection (b) sets a tax rate that, if applied to the total taxable  
9 value, will impose an amount of taxes to fund the maintenance and  
10 operation expenditures or, in the case of a school district, the  
11 enrichment expenditures of the taxing unit that exceeds the amount  
12 of taxes imposed for that purpose in the preceding year, the taxing  
13 unit must:

14 (1) include in the ordinance, resolution, or order in  
15 type larger than the type used in any other portion of the document:

16 (A) the following statement: "THIS TAX RATE WILL  
17 RAISE MORE TAXES FOR (INSERT MAINTENANCE AND OPERATIONS OR  
18 ENRICHMENT, AS APPLICABLE) THAN LAST YEAR'S TAX RATE."; and

19 (B) if the tax rate exceeds the no-new-revenue  
20 maintenance and operations rate or the no-new-revenue enrichment  
21 rate, as applicable, the following statement: "THE TAX RATE WILL  
22 EFFECTIVELY BE RAISED BY (INSERT PERCENTAGE BY WHICH THE TAX RATE  
23 EXCEEDS THE NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE OR  
24 NO-NEW-REVENUE ENRICHMENT RATE, AS APPLICABLE) PERCENT AND WILL  
25 RAISE TAXES [~~FOR MAINTENANCE AND OPERATIONS~~] ON A \$100,000 HOME BY  
26 APPROXIMATELY \$(Insert amount)."; and

27 (2) include on the home page of the Internet website of

1 the taxing unit:

2 (A) the following statement: "(Insert name of  
3 taxing unit) ADOPTED A TAX RATE THAT WILL RAISE MORE TAXES FOR  
4 (INSERT MAINTENANCE AND OPERATIONS OR ENRICHMENT, AS APPLICABLE)  
5 THAN LAST YEAR'S TAX RATE"; and

6 (B) if the tax rate exceeds the no-new-revenue  
7 maintenance and operations rate or the no-new-revenue enrichment  
8 rate, as applicable, the following statement: "THE TAX RATE WILL  
9 EFFECTIVELY BE RAISED BY (INSERT PERCENTAGE BY WHICH THE TAX RATE  
10 EXCEEDS THE NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE OR  
11 NO-NEW-REVENUE ENRICHMENT RATE, AS APPLICABLE) PERCENT AND WILL  
12 RAISE TAXES [~~FOR MAINTENANCE AND OPERATIONS~~] ON A \$100,000 HOME BY  
13 APPROXIMATELY \$(Insert amount)."

14 (g) Notwithstanding Subsection (a), the governing body of a  
15 school district that elects to adopt a tax rate before the adoption  
16 of a budget for the fiscal year that begins in the current tax year  
17 may adopt a tax rate for the current tax year before receipt of the  
18 certified appraisal roll for the school district if the chief  
19 appraiser of the appraisal district in which the school district  
20 participates has certified to the assessor for the school district  
21 an estimate of the taxable value of property in the school district  
22 as provided by Section 26.01(e). If a school district adopts a tax  
23 rate under this subsection, the no-new-revenue tax rate [~~and the~~  
24 ~~voter-approval tax rate~~] of the district shall be calculated based  
25 on the certified estimate of taxable value.

26 SECTION 1.63. Sections 26.16(a) and (d), Tax Code, are  
27 amended to read as follows:

1 (a) Each county shall maintain an Internet website. The  
2 county assessor-collector for each county shall post on the  
3 Internet website maintained by the county the following applicable  
4 information for the most recent five tax years for each taxing unit  
5 all or part of the territory of which is located in the county:

6 (1) the adopted tax rate;

7 (2) the maintenance and operations rate;

8 (3) the enrichment rate;

9 (4) the debt rate;

10 (5) [~~(4)~~] the no-new-revenue tax rate;

11 (6) [~~(5)~~] the no-new-revenue maintenance and  
12 operations rate;

13 (7) the no-new-revenue enrichment rate; and

14 (8) [~~(6)~~] the voter-approval tax rate.

15 (d) The county assessor-collector shall post immediately  
16 below the table prescribed by Subsection (c) the following  
17 statement:

18 "The county is providing this table of property tax rate  
19 information as a service to the residents of the county. Each  
20 individual taxing unit is responsible for calculating the property  
21 tax rates listed in this table pertaining to that taxing unit and  
22 providing that information to the county.

23 "The adopted tax rate is the tax rate adopted by the governing  
24 body of a taxing unit.

25 "The maintenance and operations rate is the component of the  
26 adopted tax rate of a taxing unit other than a school district that  
27 will impose the amount of taxes needed to fund maintenance and

1 operation expenditures of the taxing unit for the following year.

2 "The enrichment rate is the component of the adopted tax rate  
3 of a school district that will impose the amount of taxes needed to  
4 fund enrichment expenditures of the school district for the  
5 following year.

6 "The debt rate is the component of the adopted tax rate of a  
7 taxing unit that will impose the amount of taxes needed to fund the  
8 taxing unit's debt service for the following year.

9 "The no-new-revenue tax rate is the tax rate that would  
10 generate the same amount of revenue in the current tax year as was  
11 generated by a taxing unit's adopted tax rate in the preceding tax  
12 year from property that is taxable in both the current tax year and  
13 the preceding tax year.

14 "The no-new-revenue maintenance and operations rate is the  
15 tax rate that, if adopted by a taxing unit other than a school  
16 district in the current tax year, would generate the same amount of  
17 revenue for maintenance and operations in the current tax year as  
18 was generated by the [a] taxing unit's maintenance and operations  
19 rate in the preceding tax year from property that is taxable in both  
20 the current tax year and the preceding tax year.

21 "The no-new-revenue enrichment rate is the tax rate that, if  
22 adopted by a school district in the current tax year, would generate  
23 the same amount of revenue for enrichment expenditures in the  
24 current tax year as was generated by the school district's  
25 enrichment rate in the preceding tax year from property that is  
26 taxable in both the current tax year and the preceding tax year.

27 "The voter-approval tax rate is the highest tax rate a taxing

1 unit other than a school district may adopt before requiring voter  
2 approval at an election. An election will automatically be held if  
3 a taxing unit other than a school district wishes to adopt a tax  
4 rate in excess of the taxing unit's voter-approval tax rate."

5 SECTION 1.64. Section 26.17(b), Tax Code, is amended to  
6 read as follows:

7 (b) The database must include, with respect to each property  
8 listed on the appraisal roll for the appraisal district:

9 (1) the property's identification number;

10 (2) the property's market value;

11 (3) the property's taxable value;

12 (4) the name of each taxing unit in which the property  
13 is located;

14 (5) for each taxing unit other than a school district  
15 in which the property is located:

16 (A) the no-new-revenue tax rate; and

17 (B) the voter-approval tax rate;

18 (6) for each school district in which the property is  
19 located, ~~and~~

20 ~~[(A)]~~ the tax rate that would maintain the  
21 same amount of state and local revenue per weighted student that the  
22 district received in the school year beginning in the preceding tax  
23 year; ~~and~~

24 ~~[(B) the voter-approval tax rate,]~~

25 (7) the tax rate proposed by the governing body of each  
26 taxing unit in which the property is located;

27 (8) for each taxing unit other than a school district

1 in which the property is located, the taxes that would be imposed on  
2 the property if the taxing unit adopted a tax rate equal to:

3 (A) the no-new-revenue tax rate; and

4 (B) the proposed tax rate;

5 (9) for each school district in which the property is  
6 located, the taxes that would be imposed on the property if the  
7 district adopted a tax rate equal to:

8 (A) the tax rate that would maintain the same  
9 amount of state and local revenue per weighted student that the  
10 district received in the school year beginning in the preceding tax  
11 year; and

12 (B) the proposed tax rate;

13 (10) for each taxing unit other than a school district  
14 in which the property is located, the difference between the amount  
15 calculated under Subdivision (8)(A) and the amount calculated under  
16 Subdivision (8)(B);

17 (11) for each school district in which the property is  
18 located, the difference between the amount calculated under  
19 Subdivision (9)(A) and the amount calculated under Subdivision  
20 (9)(B);

21 (12) the date, time, and location of the public  
22 hearing, if applicable, on the proposed tax rate to be held by the  
23 governing body of each taxing unit in which the property is located;

24 (13) the date, time, and location of the public  
25 meeting, if applicable, at which the tax rate will be adopted to be  
26 held by the governing body of each taxing unit in which the property  
27 is located; and

1           (14) for each taxing unit in which the property is  
2 located, an e-mail address at which the taxing unit is capable of  
3 receiving written comments regarding the proposed tax rate of the  
4 taxing unit.

5           SECTION 1.65. Section 26.18, Tax Code, is amended to read as  
6 follows:

7           Sec. 26.18. POSTING OF TAX RATE AND BUDGET INFORMATION BY  
8 TAXING UNIT ON WEBSITE. Each taxing unit shall maintain an Internet  
9 website or have access to a generally accessible Internet website  
10 that may be used for the purposes of this section. Each taxing unit  
11 shall post or cause to be posted on the Internet website the  
12 following information in a format prescribed by the comptroller:

13           (1) the name of each member of the governing body of  
14 the taxing unit;

15           (2) the mailing address, e-mail address, and telephone  
16 number of the taxing unit;

17           (3) the official contact information for each member  
18 of the governing body of the taxing unit, if that information is  
19 different from the information described by Subdivision (2);

20           (4) the taxing unit's budget for the preceding two  
21 years;

22           (5) the taxing unit's proposed or adopted budget for  
23 the current year;

24           (6) the change in the amount of the taxing unit's  
25 budget from the preceding year to the current year, by dollar amount  
26 and percentage;

27           (7) in the case of a taxing unit other than a school

1 district, the amount of property tax revenue budgeted for  
2 maintenance and operations for:

3 (A) the preceding two years; and

4 (B) the current year;

5 (8) in the case of a taxing unit other than a school  
6 district, the amount of property tax revenue budgeted for debt  
7 service for:

8 (A) the preceding two years; and

9 (B) the current year;

10 (9) in the case of a taxing unit other than a school  
11 district, the tax rate for maintenance and operations adopted by  
12 the taxing unit for the preceding two years;

13 (9-a) in the case of a school district, the tax rate  
14 for enrichment adopted by the district for the preceding two years;

15 (10) in the case of a taxing unit other than a school  
16 district, the tax rate for debt service adopted by the taxing unit  
17 for the preceding two years;

18 (11) in the case of a school district, the interest and  
19 sinking fund tax rate adopted by the district for the preceding two  
20 years;

21 (12) in the case of a taxing unit other than a school  
22 district, the tax rate for maintenance and operations proposed by  
23 the taxing unit for the current year;

24 (12-a) in the case of a school district, the tax rate  
25 for enrichment proposed by the school district for the current  
26 year;

27 (13) in the case of a taxing unit other than a school

1 district, the tax rate for debt service proposed by the taxing unit  
2 for the current year;

3 (14) in the case of a school district, the interest and  
4 sinking fund tax rate proposed by the district for the current year;  
5 and

6 (15) the most recent financial audit of the taxing  
7 unit.

8 SECTION 1.66. Section 31.01, Tax Code, is amended by  
9 amending Subsection (d-1) and adding Subsection (d-2) to read as  
10 follows:

11 (d-1) This subsection applies only to a school district. In  
12 addition to stating the total tax rate for the school district, the  
13 tax bill or the separate statement shall separately state:

14 (1) the enrichment [~~maintenance and operations~~] rate  
15 of the school district;

16 (2) if the school district has outstanding debt, as  
17 defined by Section 26.012, the debt rate of the district;

18 (3) the enrichment [~~maintenance and operations~~] rate  
19 of the school district for the preceding tax year;

20 (4) if for the current tax year the school district  
21 imposed taxes for debt, as defined by Section 26.012, the debt rate  
22 of the district for the current tax year;

23 (5) if for the preceding tax year the school district  
24 imposed taxes for debt, as defined by Section 26.012, the debt rate  
25 of the district for that year; and

26 (6) the total tax rate of the district for the  
27 preceding tax year.

1        (d-2) For the 2025 tax year, the "total tax rate of the  
2 district for the preceding tax year" as required by Subsection  
3 (d-1)(6) shall be computed by adding the district's debt rate for  
4 the 2024 tax year and the rate of any tax the district imposed for  
5 enrichment in the 2024 tax year. This subsection expires January 1,  
6 2026.

7        SECTION 1.67. Section 312.210(b), Tax Code, is amended to  
8 read as follows:

9        (b) A tax abatement agreement with the owner of real  
10 property or tangible personal property that is located in the  
11 reinvestment zone described by Subsection (a) [~~and in a school~~  
12 ~~district that has a local revenue level that does not exceed the~~  
13 ~~level established under Section 48.257]~~ must exempt from taxation:

14            (1) the portion of the value of the property in the  
15 amount specified in the joint agreement among the municipality,  
16 county, and junior college district; and

17            (2) an amount equal to 10 percent of the maximum  
18 portion of the value of the property that may under Section  
19 312.204(a) be otherwise exempted from taxation.

20        SECTION 1.68. The following provisions are repealed:

21            (1) Section 7.055(b)(34), Education Code;

22            (2) Section 8.056, Education Code;

23            (3) Section 11.184, Education Code;

24            (4) Section 13.054(h), Education Code;

25            (5) Section 29.203(g), Education Code;

26            (6) Section 45.0021, Education Code;

27            (7) Section 45.003(f), Education Code;

- 1 (8) Section 45.0032, Education Code;
- 2 (9) Section 45.105(e), Education Code;
- 3 (10) Section 45.109(d), Education Code;
- 4 (11) Section 45.111(b), Education Code;
- 5 (12) Section 47.004, Education Code;
- 6 (13) Sections 48.202(a-2) and (f), Education Code;
- 7 (14) Sections 48.255, 48.2551, 48.2552, 48.2553,
- 8 48.256, and 48.257, Education Code;
- 9 (15) Section 48.265(b), Education Code;
- 10 (16) Chapter 49, Education Code;
- 11 (17) Section 3.005(d), Election Code;
- 12 (18) Section 4.008(b), Election Code;
- 13 (19) Sections 825.405(h) and (i), Government Code;
- 14 (20) Sections 21.02(b) and (c), Tax Code;
- 15 (21) Section 25.25(k), Tax Code;
- 16 (22) Sections 26.012(5) and (12), Tax Code; and
- 17 (23) Sections 26.08 and 26.085, Tax Code.

18 SECTION 1.69. (a) This article takes effect January 1,  
19 2025.

20 (b) Chapter 48, Education Code, as amended by this article,  
21 applies beginning with the 2025-2026 school year.

22 (c) The repeal by this article of Chapter 49, Education  
23 Code, does not affect the obligations of a school district under  
24 that chapter, as it existed before repeal by this article, for the  
25 2023-2024 school year.

26 (d) This article does not affect ad valorem taxes imposed  
27 before the effective date of this article, and the law in effect

1 before the effective date of this article is continued in effect for  
2 purposes of the liability for and collection of those taxes and  
3 penalties and interest on those taxes.

4 (e) To the extent of any conflict, this article prevails  
5 over another Act of the 88th Legislature, Regular Session, 2023,  
6 relating to nonsubstantive additions to and corrections in enacted  
7 codes.

8 ARTICLE 2. STATE FUNDING FOR PUBLIC EDUCATION

9 SECTION 2.01. Section 151.051(b), Tax Code, is amended to  
10 read as follows:

11 (b) The sales tax rate is 12 [~~6-1/4~~] percent of the sales  
12 price of the taxable item sold.

13 SECTION 2.02. Section 151.801, Tax Code, is amended by  
14 amending Subsection (a) and adding Subsection (b-1) to read as  
15 follows:

16 (a) Except for the amounts allocated under Subsections (b),  
17 (b-1), (c), (c-2), and (c-3), all proceeds from the collection of  
18 the taxes imposed by this chapter shall be deposited to the credit  
19 of the general revenue fund.

20 (b-1) Notwithstanding any other provision of this section,  
21 an amount of revenue under this chapter equal to the proceeds, other  
22 than the proceeds allocated under Subsection (b), derived from the  
23 collection of taxes imposed by this chapter attributable to the  
24 portion of the tax rate in excess of 6.25 percent of the sales price  
25 of the taxable item sold shall be deposited to the credit of the  
26 foundation school fund.

27 SECTION 2.03. Section 152.021(b), Tax Code, is amended to

1 read as follows:

2 (b) The tax rate is 12 [~~6-1/4~~] percent of the total  
3 consideration.

4 SECTION 2.04. Section 152.022(b), Tax Code, is amended to  
5 read as follows:

6 (b) The tax rate is 12 [~~6-1/4~~] percent of the total  
7 consideration.

8 SECTION 2.05. Section 152.023(b-1), Tax Code, is amended to  
9 read as follows:

10 (b-1) The tax on a motor vehicle eligible to be issued  
11 exhibition vehicle specialty license plates under Section 504.502,  
12 Transportation Code, is equal to the lesser of \$90 or 12 [~~6-25~~]  
13 percent of the total consideration.

14 SECTION 2.06. Section 152.026(b), Tax Code, is amended to  
15 read as follows:

16 (b) The tax rate is 19 [~~10~~] percent of the gross rental  
17 receipts from the rental of a rented motor vehicle for 30 days or  
18 less and 12 [~~6-1/4~~] percent of the gross rental receipts from the  
19 rental of a rented motor vehicle for longer than 30 days.

20 SECTION 2.07. Section 152.028(b), Tax Code, is amended to  
21 read as follows:

22 (b) The tax rate is 12 [~~6-1/4~~] percent of the total  
23 consideration.

24 SECTION 2.08. Section 152.122, Tax Code, is amended to read  
25 as follows:

26 Sec. 152.122. ALLOCATION OF TAX. (a) The comptroller shall  
27 deposit the funds received under Section 152.121 [~~of this code as~~

1 follows:

2 ~~[(1) 1/4 to the credit of the foundation school~~  
3 ~~fund; and~~

4 ~~[(2) the remaining funds]~~ to the credit of the  
5 general revenue fund.

6 (b) Notwithstanding Subsection (a), the comptroller shall  
7 deposit to the credit of the foundation school fund an amount equal  
8 to the amount of money that is:

9 (1) received by the comptroller under Sections  
10 152.043, 152.044, 152.045, 152.046, 152.047, and 152.121;

11 (2) derived from the taxes imposed under Sections  
12 152.021, 152.022, 152.023, 152.026, and 152.028; and

13 (3) attributable to an increase in the rate of a tax  
14 described by Subdivision (2) effective October 1, 2024.

15 SECTION 2.09. The heading to Section 152.1222, Tax Code, is  
16 amended to read as follows:

17 Sec. 152.1222. ALLOCATION OF CERTAIN TAX REVENUE TO  
18 FOUNDATION SCHOOL [~~PROPERTY TAX RELIEF~~] FUND.

19 SECTION 2.10. Section 152.1222(a), Tax Code, is amended to  
20 read as follows:

21 (a) Notwithstanding Section 152.122, the comptroller shall  
22 deposit to the credit of the foundation school fund [~~property tax~~  
23 ~~relief fund under Section 403.109, Government Code,~~] the amount of  
24 money received under Section 152.121 that is estimated to have been  
25 derived from the computation of the tax imposed by this chapter on  
26 the standard presumptive values of motor vehicles or on percentages  
27 of those values as provided by Section 152.0412.

1 SECTION 2.11. Section 154.6035, Tax Code, is amended to  
2 read as follows:

3 Sec. 154.6035. ALLOCATION OF CERTAIN REVENUE TO FOUNDATION  
4 SCHOOL [~~PROPERTY TAX RELIEF~~] FUND. Notwithstanding Section  
5 154.603, all proceeds from the collection of taxes imposed by this  
6 chapter attributable to the portion of the tax rate in excess of  
7 \$20.50 per thousand on cigarettes, regardless of weight, shall be  
8 deposited to the credit of the foundation school fund [~~property tax~~  
9 ~~relief fund under Section 403.109, Government Code~~].

10 SECTION 2.12. The heading to Section 155.2415, Tax Code, is  
11 amended to read as follows:

12 Sec. 155.2415. ALLOCATION OF CERTAIN REVENUE TO FOUNDATION  
13 SCHOOL [~~PROPERTY TAX RELIEF~~] FUND AND CERTAIN OTHER FUNDS.

14 SECTION 2.13. Section 155.2415(a), Tax Code, is amended to  
15 read as follows:

16 (a) Notwithstanding Section 155.241, the proceeds from the  
17 collection of taxes imposed by Section 155.0211 shall be allocated  
18 as follows:

19 (1) the amount of the proceeds that is equal to the  
20 amount that, if the taxes imposed by Section 155.0211 were imposed  
21 at a rate of 40 percent of the manufacturer's list price, exclusive  
22 of any trade discount, special discount, or deal, would be  
23 attributable to the portion of that tax rate in excess of 35.213  
24 percent, shall be deposited to the credit of the foundation school  
25 fund [~~property tax relief fund under Section 403.109, Government~~  
26 ~~Code~~];

27 (2) the amount of the proceeds that is equal to the

1 amount that would be attributable to a tax rate of 35.213 percent of  
2 the manufacturer's list price, exclusive of any trade discount,  
3 special discount, or deal, if the taxes were imposed by Section  
4 155.0211 at that rate, shall be deposited to the credit of the  
5 general revenue fund; and

6 (3) [~~100 percent of~~] the remaining proceeds shall be  
7 deposited to the credit of:

8 (A) the physician education loan repayment  
9 program account established under Subchapter J, Chapter 61,  
10 Education Code; or

11 (B) the general revenue fund, if the comptroller  
12 determines that the unencumbered beginning balance of the physician  
13 education loan repayment account established under Subchapter J,  
14 Chapter 61, Education Code, is sufficient to fund appropriations  
15 and other direct and indirect costs from that account for the  
16 fulfillment of existing and expected physician loan repayment  
17 commitments during the current state fiscal biennium.

18 SECTION 2.14. The heading to Section 171.4011, Tax Code, is  
19 amended to read as follows:

20 Sec. 171.4011. ALLOCATION OF CERTAIN REVENUE TO FOUNDATION  
21 SCHOOL [~~PROPERTY TAX RELIEF~~] FUND.

22 SECTION 2.15. Section 171.4011(a), Tax Code, is amended to  
23 read as follows:

24 (a) Notwithstanding Section 171.401, [~~beginning with the~~  
25 ~~state fiscal year that begins September 1, 2007,~~] the comptroller  
26 shall, for each state fiscal year, deposit to the credit of the  
27 foundation school fund [~~property tax relief fund under Section~~

1 ~~403.109, Government Code,~~] an amount of revenue calculated by:

2 (1) determining the revenue derived from the tax  
3 imposed by this chapter as it applied during that ~~[applicable]~~  
4 state fiscal year; and

5 (2) subtracting the revenue the comptroller estimates  
6 that the tax imposed by this chapter, as it existed on August 31,  
7 2007, would have generated if it had been in effect for that  
8 ~~[applicable]~~ state fiscal year.

9 SECTION 2.16. The following provisions are repealed:

10 (1) Section 403.109, Government Code; and

11 (2) Section 171.664, Tax Code.

12 SECTION 2.17. (a) This article takes effect October 1,  
13 2024.

14 (b) On October 1, 2024, the property tax relief fund is  
15 abolished and the unencumbered balance of that fund is transferred  
16 to the foundation school fund.

17 (c) In addition to the substantive changes made by this  
18 article, this article conforms Section 152.122, Tax Code, to the  
19 method of allocating motor vehicle sales and use taxes in effect  
20 before the effective date of this article. Section 11.04, Chapter 4  
21 (S.B. 3), Acts of the 72nd Legislature, 1st Called Session, 1991,  
22 enacted former Section 403.094(h), Government Code, which  
23 abolished certain state fund dedications and resulted in the  
24 abolition of the allocation to the foundation school fund effective  
25 August 31, 1995.

26 (d) The changes in law made by this article do not affect tax  
27 liability accruing before the effective date of this article. That

1 liability continues in effect as if this article had not been  
2 enacted, and the former law is continued in effect for the  
3 collection of taxes due and for civil and criminal enforcement of  
4 the liability for those taxes.