

By: Toth

H.B. No. 986

A BILL TO BE ENTITLED

AN ACT

relating to state savings achieved through a budget savings program administered by the comptroller of public accounts making an appropriation of a portion of those savings.

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

SECTION 1. Chapter 403, Government Code, is amended by adding Subchapter N to read as follows:

SUBCHAPTER N. BUDGET SAVINGS PROGRAM

Sec. 403.351. PURPOSE. The purpose of this subchapter is to provide financial savings to the state budget and increase efficiency.

Sec. 403.352. DEFINITIONS. In this subchapter:

(1) "Budget Savings Account" is established in the foundation school fund and is administered by the comptroller.

(2) "Collector" means the officer or employee responsible for collecting ad valorem taxes for a school district.

(3) "Program" means the budget savings program established under this subchapter.

(4) "Qualifying school" means:

(A) a school district that serves and charges a tuition fee for a student transferring to the district from another school district under Section 25.038, Education Code; or

(B) a school that is accredited by an organization recognized by the Texas Private School Accreditation

1 Commission.

2 (5) "Qualifying taxpayer" means a person who:

3 (A) pays school district maintenance and
4 operations ad valorem taxes in an amount that is at least the lesser
5 of the two amounts described by Section 403.353(e); and

6 (B) makes a designation to cover tuition for the
7 enrollment of at least one eligible student in a qualifying school
8 in accordance with rules adopted by the comptroller.

9 (6) "Tuition" includes any fee required to be paid for
10 an eligible student to attend a qualified school.

11 (8) "Gross savings" means the total savings to the
12 state prior to any reimbursements made pursuant to Sec. 353.353
13 (e).

14 (9) "Net savings" means the total savings to the state
15 after any reimbursements made pursuant to Sec. 353.353 (e).

16 Sec. 403.353. BUDGET SAVINGS PROGRAM. (a) The comptroller
17 shall establish a budget savings program through which a qualifying
18 taxpayer may designate an amount equal to all or a portion of the
19 school district maintenance and operations ad valorem taxes paid by
20 the taxpayer to be used as a grant from the state to pay the tuition
21 for the enrollment of an eligible student at a qualifying school
22 through the use of a budget savings form.

23 (b) For each year in which a qualifying taxpayer elects to
24 participate in the program, the taxpayer shall submit to the
25 collector, in addition to the taxpayer's school district ad valorem
26 taxes, a budget savings form for students for whom the taxpayer
27 designates tuition for enrollment at a qualifying school. The form

1 must be submitted not later than the date the school district taxes
2 are due, and the taxes must be paid in full by the due date.

3 (c) The comptroller by rule shall prescribe the format of
4 the budget savings form and shall include in the form any
5 information the comptroller determines necessary to administer the
6 program.

7 (d) The collector shall report on program participation to
8 the comptroller in a manner and format as determined by
9 comptroller.

10 (e) A designated student is entitled to receive a grant for
11 the payment of tuition for enrollment at a qualifying school for an
12 amount equal to the lesser of:

13 (1) the total amount of tuition the taxpayer
14 designated for the enrollment of one or more eligible students in a
15 qualifying school; or

16 (2) the product of:

17 (A) 80 percent of the state average maintenance
18 and operations expenditures per student in average daily
19 attendance; and

20 (B) the number of eligible students for whom the
21 taxpayer designated tuition for enrollment in a qualifying school.

22 (f) A student is eligible to participate in the program if
23 the student is a school-age child who resides in this state.

24 (f-1) Notwithstanding Subsection (f), for a school year
25 before the 2038-2039 school year, a student is eligible to
26 participate in the program only if the student is a school-age child
27 who resides in this state and:

1 (1) is entering kindergarten or first grade;

2 (2) attended a public school for all of the school year
3 immediately preceding initial participation in the program;

4 (3) participated in the program in a preceding school
5 year; or

6 (4) is a sibling of a student who participated in the
7 program in a preceding school year.

8 (f-2) This subsection and subsection (f-1) expire September
9 1, 2039.

10 (g) The comptroller may not use money from the available
11 school fund or federal money to reimburse a qualifying school under
12 this section.

13 (h) A qualifying school may not be required to comply with a
14 state law, including a rule governing the school's educational
15 program, as a prerequisite for receiving a reimbursement under this
16 subchapter unless that law applies generally to schools in this
17 state that are accredited by an organization recognized by the
18 Texas Private School Accreditation Commission, or in effect prior
19 to January 1, 2025.

20 (i) Notwithstanding any other provision of this subchapter,
21 the comptroller may implement a program for taxpayers who live in an
22 apartment or otherwise owe property taxes insufficient to cover the
23 amount due under Section 403.352(5)(A). Such taxpayer participants
24 shall only be entitled to participate if the comptroller determines
25 that the reimbursement will result in a savings to the state budget.

26 Sec. 403.354. BUDGET SAVINGS ACCOUNT. (a) The budget
27 savings account is established in the foundation school fund and is

1 administered by the comptroller on behalf of Texas students who
2 participate in the program.

3 (b) The account consists of:

4 (1) money transferred to the credit of the account by
5 the comptroller under Section 48.304 Education Code; and

6 (2) other amounts appropriated to the account by the
7 legislature.

8 (c) Money in the account may be used only to award grants for
9 the payment of tuition for enrollment of eligible students at
10 qualifying schools in the manner prescribed by Section 403.353 and
11 rules adopted by the comptroller.

12 (d) Interest and income from the assets of the account shall
13 be credited to and deposited in the account.

14 (e) Notwithstanding Subsection (c), the comptroller may
15 deduct a percentage of each reimbursement made from the account to
16 cover the comptroller's administrative costs in implementing and
17 administering the program. The percentage deducted from each
18 reimbursement may not exceed the lesser of:

19 (1) the pro rata cost of the program in the applicable
20 year; or

21 (2) two percent of the amount of the reimbursement.

22 (f) This subsection and Subsection (e) expire September 1,
23 2036.

24 Sec. 403.355. RULES. (a) The comptroller shall adopt rules
25 for the implementation and administration of this subchapter,
26 including rules relating to:

27 (1) the format and content of the budget savings form;

1 (2) a timeline for making payments for qualifying
2 students under the program in a manner that maximizes savings to the
3 state without imposing an unnecessary burden on program
4 participants;

5 (3) the prevention of fraud and abuse in financial
6 transactions under the program;

7 (4) the prevention of dual counting of eligible
8 students; and

9 (5) the computation of the gross and net savings to the
10 state from the program.

11 SECTION 2. Subchapter G, Chapter 48, Education Code, is
12 amended by adding Section 48.304 to read as follows:

13 Sec. 48.304. BUDGET SAVINGS GRANT. (a) A person to whom
14 the comptroller awards a grant under Subchapter N, Chapter 403,
15 Government Code, is entitled to receive an amount equal to the
16 amount of the grant as provided by that subchapter.

17 (b) The agency shall re-appropriate to the credit of the
18 budget savings account established under Section 403.354,
19 Government Code, the amount appropriated to the agency for purposes
20 of this section for use by the comptroller in awarding grants as
21 provided by Subchapter N, Chapter 403, Government Code.

22 SECTION 3. (a) The constitutionality and other validity
23 under the state or federal constitution of all or any part of
24 Chapter 403, Government Subchapter N, as added by this Act, may be
25 determined in an action for declaratory judgment in a district
26 court in Travis County under Chapter 37, Civil Practice and
27 Remedies Code, except that this section does not authorize an award

1 of attorney's fees against this state and Section 37.009, Civil
2 Practice and Remedies Code, does not apply to an action filed under
3 this section. This section does not authorize a taxpayer suit to
4 contest the denial of a tax credit by the comptroller of public
5 accounts.

6 (b) An appeal of a declaratory judgment or order, however
7 characterized, of a district court, including an appeal of the
8 judgment of an appellate court, holding or otherwise determining
9 that all or any part of Chapter 403, Government Code, Subchapter N,
10 as added by this Act, is constitutional or unconstitutional, or
11 otherwise valid or invalid, under the state or federal constitution
12 is an accelerated appeal.

13 (c) If the judgment or order is interlocutory, an
14 interlocutory appeal may be taken from the judgment or order and is
15 an accelerated appeal.

16 (d) A district court in Travis County may grant or deny a
17 temporary or otherwise interlocutory injunction or a permanent
18 injunction on the grounds of the constitutionality or
19 unconstitutionality, or other validity or invalidity, under the
20 state or federal constitution of all or any part of Chapter 403,
21 Government Code, Subchapter N as added by this Act.

22 (e) There is a direct appeal to the Texas Supreme Court from
23 an order, however characterized, of a trial court granting or
24 denying a temporary or otherwise interlocutory injunction or a
25 permanent injunction on the grounds of the constitutionality or
26 unconstitutionality, or other validity or invalidity, under the
27 state or federal constitution of all or any part of Chapter 403,

1 Government Code, Subchapter N, as added by this Act.

2 (f) The direct appeal is an accelerated appeal.

3 (g) This section exercises the authority granted by Section
4 3-b, Article V, Texas Constitution.

5 (h) The filing of a direct appeal under this section will
6 automatically stay any temporary or otherwise interlocutory
7 injunction or permanent injunction granted in accordance with this
8 section pending final determination by the Texas Supreme Court,
9 unless the supreme court makes specific findings that the applicant
10 seeking such injunctive relief has pleaded and proved that:

11 (1) the applicant has a probable right to the relief it
12 seeks on final hearing; and

13 (2) the applicant will suffer a probable injury that
14 is imminent and irreparable, and that the applicant has no other
15 adequate legal remedy.

16 (i) An appeal under this section, including an
17 interlocutory, accelerated, or direct appeal, is governed, as
18 applicable, by the Texas Rules of Appellate Procedure, including
19 Rules 25.1(d)(6), 26.1(b), 28.1, 28.3, 32.1(g), 37.3(a)(1),
20 38.6(a) and (b), 40.1(b), and 49.4.

21 SECTION 4. This Act takes effect September 1, 2025.