

By: Mowery

H.B. No. 48

A BILL TO BE ENTITLED

AN ACT

relating to a state allotment to school districts for teacher salaries.

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

ARTICLE 1. TEACHER SALARIES ALLOTMENT

SECTION 1.01. Chapter 42, Education Code, is amended by adding Subchapters B and C to read as follows:

SUBCHAPTER B. ENTITLEMENT FOR TEACHER SALARIES

Sec. 42.101. TEACHER SALARIES ALLOTMENT. (a) A district is entitled to an allotment for teacher salaries in an amount determined by multiplying \$39,000 by the number of classroom teachers employed by the district necessary to maintain an average ratio of not less than one teacher for each 20 students in average daily attendance as required by Section 25.111. A greater amount for any school year may be provided by appropriation.

(b) An allotment received by a school district under this section may be used only for salaries of classroom teachers.

Sec. 42.102. SPECIAL EDUCATION. For the salaries of special education teachers, a district shall use a percentage of its allotment under Section 42.101 that is not less than the percentage of students in average daily attendance in the district who are eligible to participate in the district's special education program under Section 29.003.

[Sections 42.103-42.150 reserved for expansion]

1 SUBCHAPTER C. FINANCING THE PROGRAM

2 Sec. 42.151. FINANCING; GENERAL RULE. (a) The allotment
3 for teacher salaries constitutes the total cost of the Foundation
4 School Program.

5 (b) The program shall be financed by:

6 (1) state available school funds distributed in
7 accordance with law; and

8 (2) state funds appropriated for the purpose of public
9 school education and allocated to each district in an amount
10 sufficient to finance the cost of teacher salaries under Subchapter
11 B.

12 Sec. 42.152. DISTRIBUTION OF FOUNDATION SCHOOL FUND. (a)
13 The legislature shall determine biennially:

14 (1) the amount of money necessary for teacher salaries
15 under Subchapter B; and

16 (2) the amount of money allocated to each school
17 district from the available school fund.

18 (b) Each school district is entitled, from the
19 appropriation for the foundation school fund and any other funds,
20 to the amount necessary to fund the district's teacher salaries
21 allotment under Subchapter B.

22 (c) The commissioner shall approve warrants to each school
23 district equaling the amount of its entitlement. Warrants for all
24 money expended according to this chapter shall be approved and
25 transmitted to treasurers or depositories of school districts in
26 the same manner that warrants for available school fund payments
27 are transmitted.

1 (d) If for any year the total cost of the Foundation School
2 Program, as determined under this chapter, exceeds the total amount
3 appropriated for that year, the commissioner shall reduce the total
4 amount of state funds allocated to each district by an amount
5 determined by a method under which the application of the same
6 number of cents of increase in tax rate in all districts applied to
7 the taxable value of property of each district results in a total
8 levy equal to the total reduction.

9 Sec. 42.153. RECOVERY OF OVERALLOCATED FUNDS. (a) If a
10 school district has received an overallocation of state funds, the
11 agency shall, by withholding from subsequent allocations of state
12 funds or by requesting and obtaining a refund, recover from the
13 district an amount equal to the overallocation.

14 (b) If a district fails to comply with a request for a refund
15 under Subsection (a), the agency shall certify to the comptroller
16 that the amount constitutes a debt for purposes of Section 403.055,
17 Government Code. The agency shall provide to the comptroller the
18 amount of the overallocation and any other information required by
19 the comptroller. The comptroller may certify the amount of the debt
20 to the attorney general for collection.

21 (c) Any amounts recovered under this section shall be
22 deposited in the foundation school fund.

23 Sec. 42.154. FALSIFICATION OF RECORDS; REPORT. When, in
24 the opinion of the agency's director of school audits, audits or
25 reviews of accounting, teacher employment, or other records of a
26 school district reveal deliberate falsification of the records, or
27 violation of the provisions of this chapter, through which the

1 district's share of state funds allocated under the authority of
2 this chapter would be, or has been, illegally increased, the
3 director shall promptly and fully report the fact to the State Board
4 of Education, the state auditor, and the appropriate county
5 attorney, district attorney, or criminal district attorney.

6 SECTION 1.02. Section 21.402, Education Code, is amended by
7 adding Subsection (g-1) to read as follows:

8 (g-1) A school district may supplement a teacher's base
9 salary for standard of living conditions, additional workload, and
10 workplace conditions.

11 ARTICLE 2. CONFORMING AMENDMENTS TO EDUCATION CODE

12 SECTION 2.01. Section 7.055(c), Education Code, is amended
13 to read as follows:

14 (c) The budget the commissioner adopts under Subsection (b)
15 for operating the Foundation School Program must be in accordance
16 with legislative appropriations and provide funds for [~~the~~
17 ~~administration and operation of the agency and~~] any [~~other~~]
18 necessary expense. The budget may not include any expense [~~must~~
19 ~~designate any expense~~] of operating the agency or operating a
20 program for which the board has responsibility [~~that is paid from~~
21 ~~the Foundation School Program~~]. The budget must designate program
22 expenses that may be paid out of [~~the foundation school fund, other~~]
23 state funds, fees, federal funds, or funds earned under interagency
24 contract. Before adopting the budget, the commissioner must submit
25 the budget to the board for review and, after receiving any comments
26 of the board, present the operating budget to the governor and the
27 Legislative Budget Board. The commissioner shall provide

1 appropriate information on proposed budget expenditures to the
2 comptroller to assure that all payments are paid from the
3 appropriate funds in a timely and efficient manner.

4 SECTION 2.02. Sections 8.051(a) and (d), Education Code,
5 are amended to read as follows:

6 (a) Each regional education service center shall use funds
7 distributed to the center [~~under Section 8.121~~] to develop,
8 maintain, and deliver services identified under this section to
9 improve student and school district performance.

10 (d) Each regional education service center shall maintain
11 core services for purchase by school districts and campuses. The
12 core services are:

13 (1) training and assistance in teaching each subject
14 area assessed under Section 39.023;

15 (2) [~~training and assistance in providing each program~~
16 ~~that qualifies for a funding allotment under Section 42.151,~~
17 ~~42.152, 42.153, or 42.156,~~

18 [~~(3)~~] assistance specifically designed for a school
19 district rated academically unacceptable under Section 39.072(a)
20 or a campus whose performance is considered unacceptable based on
21 the indicators adopted under Section 39.051;

22 (3) [~~(4)~~] training and assistance to teachers,
23 administrators, members of district boards of trustees, and members
24 of site-based decision-making committees;

25 (4) [~~(5)~~] assistance specifically designed for a
26 school district that is considered out of compliance with state or
27 federal special education requirements, based on the agency's most

1 recent compliance review of the district's special education
2 programs; and

3 (5) [~~(6)~~] assistance in complying with state laws and
4 rules.

5 SECTION 2.03. Section 8.053, Education Code, is amended to
6 read as follows:

7 Sec. 8.053. ADDITIONAL SERVICES. In addition to the
8 services provided under Section 8.051 [~~and the initiatives~~
9 ~~implemented under Section 8.052~~], a regional education service
10 center may:

11 (1) offer any service requested and purchased by any
12 school district or campus in the state; and

13 (2) contract with a public or private entity for
14 services under this subchapter, including the provision of
15 continuing education courses and programs for educators.

16 SECTION 2.04. Section 8.125, Education Code, is amended to
17 read as follows:

18 Sec. 8.125. CONTRACTS FOR FUNDING [~~GRANTS~~]. (a) Each
19 regional education service center board of directors may enter into
20 a contract with a school district, but may not receive money
21 directly from the state.

22 (b) Each regional education service center board of
23 directors, under rules adopted by the commissioner, may enter into
24 a contract for a grant from a public or private organization and may
25 spend grant funds in accordance with the terms of the contract.

26 SECTION 2.05. Section 11.158(a), Education Code, is
27 amended to read as follows:

1 (a) The board of trustees of an independent school district
2 may require payment of:

3 (1) a fee for materials used in any program in which
4 the resultant product in excess of minimum requirements becomes, at
5 the student's option, the personal property of the student, if the
6 fee does not exceed the cost of materials;

7 (2) membership dues in student organizations or clubs
8 and admission fees or charges for attending extracurricular
9 activities, if membership or attendance is voluntary;

10 (3) a security deposit for the return of materials,
11 supplies, or equipment;

12 (4) a fee for personal physical education and athletic
13 equipment and apparel, although any student may provide the
14 student's own equipment or apparel if it meets reasonable
15 requirements and standards relating to health and safety
16 established by the board;

17 (5) a fee for items of personal use or products that a
18 student may purchase at the student's option, such as student
19 publications, class rings, annuals, and graduation announcements;

20 (6) a fee specifically permitted by any other statute;

21 (7) a fee for an authorized voluntary student health
22 and accident benefit plan;

23 (8) a reasonable fee, not to exceed the actual annual
24 maintenance cost, for the use of musical instruments and uniforms
25 owned or rented by the district;

26 (9) a fee for items of personal apparel that become the
27 property of the student and that are used in extracurricular

1 activities;

2 (10) a parking fee or a fee for an identification card;

3 (11) a fee for a driver training course, not to exceed
4 the actual district cost per student in the program for the current
5 school year;

6 (12) a fee for a course offered for credit that
7 requires the use of facilities not available on the school premises
8 or the employment of an educator who is not part of the school's
9 regular staff, if participation in the course is at the student's
10 option;

11 (13) a fee for a course offered during summer school,
12 except that the board may charge a fee for a course required for
13 graduation only if the course is also offered without a fee during
14 the regular school year;

15 (14) a reasonable fee for transportation of a student
16 who lives within two miles of the school the student attends to and
17 from that school [~~except that the board may not charge a fee for~~
18 ~~transportation for which the school district receives funds under~~
19 ~~Section 42.155(d)] ; or~~

20 (15) a reasonable fee, not to exceed \$50, for costs
21 associated with an educational program offered outside of regular
22 school hours through which a student who was absent from class
23 receives instruction voluntarily for the purpose of making up the
24 missed instruction and meeting the level of attendance required
25 under Section 25.092.

26 SECTION 2.06. Section 12.013(b), Education Code, is amended
27 to read as follows:

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

2 (1) a provision of this title establishing a criminal
3 offense;

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

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

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

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

14 (C) criminal history records under Subchapter C,
15 Chapter 22;

16 (D) student admissions under Section 25.001;

17 (E) school attendance under Sections 25.085,
18 25.086, and 25.087;

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

21 (G) elementary class size limits under Section
22 25.112, in the case of any campus in the district that is considered
23 low-performing under Section 39.132;

24 (H) high school graduation under Section 28.025;

25 (I) special education programs under Subchapter
26 A, Chapter 29;

27 (J) bilingual education under Subchapter B,

1 Chapter 29;

2 (K) prekindergarten programs under Subchapter E,
3 Chapter 29;

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

7 (M) computation and distribution of state aid
8 under Chapters 31, 42, and 43;

9 (N) extracurricular activities under Section
10 33.081;

11 (O) health and safety under Chapter 38;

12 (P) public school accountability under
13 Subchapters B, C, D, and G, Chapter 39;

14 (Q) ~~[equalized wealth under Chapter 41];~~

15 ~~[(R)]~~ a bond or other obligation or tax rate under
16 Chapters 42, 43, and 45; and

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

18 SECTION 2.07. Section 12.029(b), Education Code, is amended
19 to read as follows:

20 (b) If ~~[Except as provided by Subchapter H, Chapter 41, if]~~
21 two or more school districts having different status, one of which
22 is home-rule school district status, consolidate into a single
23 district, the petition under Section 13.003 initiating the
24 consolidation must state the status for the consolidated district.
25 The ballot shall be printed to permit voting for or against the
26 proposition: "Consolidation of (names of school districts) into a
27 single school district governed as (status of school district

1 specified in the petition)."

2 SECTION 2.08. Section 12.106(a), Education Code, is amended
3 to read as follows:

4 (a) A charter holder is entitled to receive for the
5 open-enrollment charter school funding under Chapter 42 as if the
6 school were a school district [~~without a tier one local share for~~
7 ~~purposes of Section 42.253 and without any local revenue ("LR") for~~
8 ~~purposes of Section 42.302. In determining funding for an~~
9 ~~open-enrollment charter school, adjustments under Sections 42.102,~~
10 ~~42.103, 42.104, and 42.105 and the district enrichment tax rate~~
11 ~~("DTR") under Section 42.302 are based on the average adjustment~~
12 ~~and average district enrichment tax rate for the state].~~

13 SECTION 2.09. Section 13.051(c), Education Code, is amended
14 to read as follows:

15 (c) Territory that does not have residents may be detached
16 from a school district and annexed to another school district if:

17 (1) the total taxable value of the property in the
18 territory according to the most recent certified appraisal roll for
19 each school district is not greater than:

20 (A) five percent of the district's taxable value
21 of all property in that district [~~as determined under Subchapter M,~~
22 ~~Chapter 403, Government Code]; and~~

23 (B) \$5,000 property value per student in average
24 daily attendance as determined under Section 42.005; and

25 (2) the school district from which the property will
26 be detached does not own any real property located in the territory.

27 SECTION 2.10. Section 13.231(b), Education Code, is amended

1 to read as follows:

2 (b) In this section, "taxable value" means the market value
3 of all taxable property less:

4 (1) the total dollar amount of any residence homestead
5 exemptions lawfully granted under Section 11.13(b) or (c), Tax
6 Code, in the year that is the subject of the study for each school
7 district;

8 (2) one-half of the total dollar amount of any
9 residence homestead exemptions granted under Section 11.13(n), Tax
10 Code, in the year that is the subject of the study for each school
11 district;

12 (3) the total dollar amount of any exemptions granted
13 before May 31, 1993, within a reinvestment zone under agreements
14 authorized by Chapter 312, Tax Code;

15 (4) subject to Subsection (e), the total dollar amount
16 of any captured appraised value of property that:

17 (A) is within a reinvestment zone created on or
18 before May 31, 1999, or is proposed to be included within the
19 boundaries of a reinvestment zone as the boundaries of the zone and
20 the proposed portion of tax increment paid into the tax increment
21 fund by a school district are described in a written notification
22 provided by the municipality or the board of directors of the zone
23 to the governing bodies of the other taxing units in the manner
24 provided by Section 311.003(e), Tax Code, before May 31, 1999, and
25 within the boundaries of the zone as those boundaries existed on
26 September 1, 1999, including subsequent improvements to the
27 property regardless of when made;

1 (B) generates taxes paid into a tax increment
2 fund created under Chapter 311, Tax Code, under a reinvestment zone
3 financing plan approved under Section 311.011(d), Tax Code, on or
4 before September 1, 1999; and

5 (C) is eligible for tax increment financing under
6 Chapter 311, Tax Code;

7 (5) the total dollar amount of any exemptions granted
8 under Section 11.251, Tax Code;

9 (6) the difference between the comptroller's estimate
10 of the market value and the productivity value of land that
11 qualifies for appraisal on the basis of its productive capacity,
12 except that the productivity value estimated by the comptroller may
13 not exceed the fair market value of the land;

14 (7) the portion of the appraised value of residence
15 homesteads of the elderly on which school district taxes are not
16 imposed in the year that is the subject of the study, calculated as
17 if the residence homesteads were appraised at the full value
18 required by law;

19 (8) a portion of the market value of property not
20 otherwise fully taxable by the district at market value because of:

21 (A) action required by statute or the
22 constitution of this state that, if the tax rate adopted by the
23 district is applied to it, produces an amount equal to the
24 difference between the tax that the district would have imposed on
25 the property if the property were fully taxable at market value and
26 the tax that the district is actually authorized to impose on the
27 property, if this subsection does not otherwise require that

1 portion to be deducted; or

2 (B) action taken by the district under Subchapter
3 B or C, Chapter 313, Tax Code;

4 (9) the market value of all tangible personal
5 property, other than manufactured homes, owned by a family or
6 individual and not held or used for the production of income;

7 (10) the appraised value of property the collection of
8 delinquent taxes on which is deferred under Section 33.06, Tax
9 Code;

10 (11) the portion of the appraised value of property
11 the collection of delinquent taxes on which is deferred under
12 Section 33.065, Tax Code; and

13 (12) the amount by which the market value of a
14 residence homestead to which Section 23.23, Tax Code, applies
15 exceeds the appraised value of that property as calculated under
16 that section [~~has the meaning assigned by Section 403.302,~~
17 ~~Government Code~~].

18 SECTION 2.11. Sections 13.282(a) and (b), Education Code,
19 are amended to read as follows:

20 (a) The amount of incentive aid payments may not exceed the
21 difference between:

22 (1) the sum of the entitlements computed under Section
23 42.152 [~~42.253~~] that would have been paid to the districts included
24 in the reorganized district if the districts had not been
25 consolidated; and

26 (2) the amount to which the reorganized district is
27 entitled under Section 42.152 [~~42.253~~].

1 (b) If the reorganized district is not eligible for an
2 entitlement under Section 42.152 [~~42.253~~], the amount of the
3 incentive aid payments may not exceed the sum of the entitlements
4 computed under Section 42.152 [~~42.253~~] for which the districts
5 included in the reorganized district were eligible in the school
6 year when they were consolidated.

7 SECTION 2.12. Section 19.005(a), Education Code, is amended
8 to read as follows:

9 (a) Any person confined or imprisoned in the department who
10 is not a high school graduate is eligible for programs or services
11 under this chapter [~~paid for with money from the foundation school~~
12 ~~fund~~]. To the extent space is available, the district may also
13 offer programs or services under this chapter [~~paid for with money~~
14 ~~from the foundation school fund~~] to persons confined or imprisoned
15 in the department who are high school graduates.

16 SECTION 2.13. Section 19.007(c), Education Code, is amended
17 to read as follows:

18 (c) The [~~In addition to money from the foundation school~~
19 ~~fund, the~~] district may receive appropriated money from the
20 department for educational programs.

21 SECTION 2.14. Section 19.008(a), Education Code, is amended
22 to read as follows:

23 (a) The legislature [~~commissioner~~] shall allocate funds to
24 the district [~~from the foundation school fund~~] based on an amount,
25 established in the General Appropriations Act, for each contact
26 hour between a teacher and a person eligible under Section 19.005,
27 including associated administrative costs, for the best 180 of 210

1 school days in each year of the state fiscal biennium. Those funds
2 may be spent only for district administrative costs related to
3 education and for district educational programs and services and
4 only with the approval of the board.

5 SECTION 2.15. Sections 21.402(a) and (c), Education Code,
6 are amended to read as follows:

7 (a) Except as provided by Subsection (d), (e), or (f), a
8 school district must pay each classroom teacher, full-time
9 librarian, full-time counselor certified under Subchapter B, or
10 full-time school nurse not less than the minimum monthly salary,
11 based on the employee's level of experience, prescribed
12 [~~determined~~] by Subsection (c) [~~the following formula:~~

$$13 \quad [\del{MS - SF \times FS}]$$

14 [~~where:~~

15 [~~"MS" is the minimum monthly salary,~~

16 [~~"SF" is the applicable salary factor specified by Subsection~~
17 ~~(c), and~~

18 [~~"FS" is the amount, as determined by the commissioner under~~
19 ~~Subsection (b), of state and local funds per weighted student~~
20 ~~available to a district eligible to receive state assistance under~~
21 ~~Section 42.302 with an enrichment tax rate, as defined by Section~~
22 ~~42.302, equal to the maximum rate authorized under Section 42.303,~~
23 ~~except that the amount of state and local funds per weighted student~~
24 ~~does not include the amount attributable to the increase in the~~
25 ~~guaranteed level made by H.B. No. 3343, Acts of the 77th~~
26 ~~Legislature, Regular Session, 2001].~~

27 (c) The minimum monthly salary under this section is

1 ~~[factors per step are]~~ as follows:

2	Years Experience	0	1	2
3	<u>Monthly Salary</u>	<u>\$2,424</u> [-.5656]	<u>\$2,481</u> [-.5790]	<u>\$2,539</u> [-.5924]
4	[Factor]			
5	Years Experience	3	4	5
6	<u>Monthly Salary</u>	<u>\$2,596</u> [-.6058]	<u>\$2,717</u> [-.6340]	<u>\$2,838</u> [-.6623]
7	[Factor]			
8	Years Experience	6	7	8
9	<u>Monthly Salary</u>	<u>\$2,959</u> [-.6906]	<u>\$3,072</u> [-.7168]	<u>\$3,178</u> [-.7416]
10	[Factor]			
11	Years Experience	9	10	11
12	<u>Monthly Salary</u>	<u>\$3,279</u> [-.7651]	<u>\$3,373</u> [-.7872]	<u>\$3,464</u> [-.8082]
13	[Factor]			
14	Years Experience	12	13	14
15	<u>Monthly Salary</u>	<u>\$3,549</u> [-.8281]	<u>\$3,628</u> [-.8467]	<u>\$3,705</u> [-.8645]
16	[Factor]			
17	Years Experience	15	16	17
18	<u>Monthly Salary</u>	<u>\$3,776</u> [-.8811]	<u>\$3,844</u> [-.8970]	<u>\$3,908</u> [-.9119]
19	[Factor]			
20	Years Experience	18	19	20 and over
21	<u>Monthly Salary</u>	<u>\$3,968</u> [-.9260]	<u>\$4,026</u> [-.9394]	<u>\$4,080</u> [-.9520]
22	[Factor]			

23 SECTION 2.16. Section 21.410(h), Education Code, is amended
 24 to read as follows:

25 (h) A grant a school district receives under this section is
 26 in addition to ~~[any]~~ funding the district receives under Chapter
 27 42. The commissioner shall distribute funds under this section

1 with the Foundation School Program payment to which the district is
2 entitled as soon as practicable after the end of the school year as
3 determined by the commissioner. ~~[A district to which Chapter 41~~
4 ~~applies is entitled to the grants paid under this section. The~~
5 ~~commissioner shall determine the timing of the distribution of~~
6 ~~grants to a district that does not receive Foundation School~~
7 ~~Program payments.]~~

8 SECTION 2.17. Section 21.411(h), Education Code, is amended
9 to read as follows:

10 (h) A grant a school district receives under this section is
11 in addition to ~~[any]~~ funding the district receives under Chapter
12 42. The commissioner shall distribute funds under this section
13 with the Foundation School Program payment to which the district is
14 entitled as soon as practicable after the end of the school year as
15 determined by the commissioner. ~~[A district to which Chapter 41~~
16 ~~applies is entitled to the grants paid under this section. The~~
17 ~~commissioner shall determine the timing of the distribution of~~
18 ~~grants to a district that does not receive Foundation School~~
19 ~~Program payments.]~~

20 SECTION 2.18. Section 21.412(h), Education Code, is amended
21 to read as follows:

22 (h) A grant a school district receives under this section is
23 in addition to ~~[any]~~ funding the district receives under Chapter
24 42. The commissioner shall distribute funds under this section
25 with the Foundation School Program payment to which the district is
26 entitled as soon as practicable after the end of the school year as
27 determined by the commissioner. ~~[A district to which Chapter 41~~

1 ~~applies is entitled to the grants paid under this section. The~~
2 ~~commissioner shall determine the timing of the distribution of~~
3 ~~grants to a district that does not receive Foundation School~~
4 ~~Program payments.]~~

5 SECTION 2.19. Section 21.413(h), Education Code, as added
6 by Section 2, Chapter 430, Acts of the 78th Legislature, Regular
7 Session, 2003, is amended to read as follows:

8 (h) A grant a school district receives under this section is
9 in addition to the ~~[any]~~ funding the district receives under
10 Chapter 42. The commissioner shall distribute funds under this
11 section with the Foundation School Program payment to which the
12 district is entitled as soon as practicable after the end of the
13 school year as determined by the commissioner. ~~[A district to which~~
14 ~~Chapter 41 applies is entitled to the grants paid under this~~
15 ~~section. The commissioner shall determine the timing of the~~
16 ~~distribution of grants to a district that does not receive~~
17 ~~Foundation School Program payments.]~~

18 SECTION 2.20. Section 29.002, Education Code, is amended to
19 read as follows:

20 Sec. 29.002. DEFINITION. In this subchapter, "special
21 services" means:

22 (1) special education instruction, which may be
23 provided by professional and supported by paraprofessional
24 personnel in the regular classroom or another ~~[in an]~~ instructional
25 arrangement ~~[described by Section 42.151]~~; and

26 (2) related services, which are developmental,
27 corrective, supportive, or evaluative services, not instructional

1 in nature, that may be required for the student to benefit from
2 special education instruction and for implementation of a student's
3 individualized education program.

4 SECTION 2.21. Section 29.008(b), Education Code, is amended
5 to read as follows:

6 (b) Except as provided by Subsection (c), costs of an
7 approved contract for residential placement may be paid from a
8 combination of federal, state, and local funds. ~~[The local share of
9 the total contract cost for each student is that portion of the
10 local tax effort that exceeds the district's local fund assignment
11 under Section 42.252, divided by the average daily attendance in
12 the district. If the contract involves a private facility, the
13 state share of the total contract cost is that amount remaining
14 after subtracting the local share. If the contract involves a
15 public facility, the state share is that amount remaining after
16 subtracting the local share from the portion of the contract that
17 involves the costs of instructional and related services. For
18 purposes of this subsection, "local tax effort" means the total
19 amount of money generated by taxes imposed for debt service and
20 maintenance and operation less any amounts paid into a tax
21 increment fund under Chapter 311, Tax Code.]~~

22 SECTION 2.22. Section 29.060(f), Education Code, is amended
23 to read as follows:

24 (f) The legislature may appropriate money other than money
25 from the foundation school fund for support of a program under
26 Subsection (a).

27 SECTION 2.23. Section 29.082(a), Education Code, is amended

1 to read as follows:

2 (a) A school district may [~~set aside an amount from the~~
3 ~~district's allotment under Section 42.152 or may~~] apply to the
4 agency for funding of an extended year program for a period not to
5 exceed 30 instructional days for students in:

6 (1) kindergarten through grade 11 who are identified
7 as likely not to be promoted to the next grade level for the
8 succeeding school year; or

9 (2) grade 12 who are identified as likely not to
10 graduate from high school before the beginning of the succeeding
11 school year.

12 SECTION 2.24. Section 29.087(j), Education Code, is amended
13 to read as follows:

14 (j) For purposes of funding under Chapters [~~41~~] 42 [~~7~~] and
15 46, a student attending a program authorized by this section may be
16 counted in attendance only for the actual number of hours each
17 school day the student attends the program, in accordance with
18 Sections 25.081 and 25.082.

19 SECTION 2.25. Sections 29.257(a) and (b), Education Code,
20 are amended to read as follows:

21 (a) The legislature may appropriate money [~~from the~~
22 ~~foundation school fund~~] to the agency for developing and
23 implementing community education projects. The agency shall
24 actively seek gifts, grants, or other donations for purposes
25 related to community education development projects, unless the
26 acceptance is prohibited by other law. Money received under this
27 subsection shall be deposited in the account established under

1 Subsection (b) and may be appropriated only for the purpose for
2 which the money was given.

3 (b) The community education development account is created
4 as a dedicated account in the general revenue [~~foundation school~~]
5 fund in the state treasury. The account shall consist of community
6 education related gifts, grants, and donations and shall be
7 administered by the agency.

8 SECTION 2.26. Section 30.002(g), Education Code, is amended
9 to read as follows:

10 (g) To facilitate implementation of this section, the
11 commissioner shall develop a system designed to distribute [~~from~~
12 ~~the foundation school fund~~] to school districts or regional
13 education service centers a special supplemental allowance for each
14 student with a visual impairment and for each student with a serious
15 visual disability and another medically diagnosed disability of a
16 significantly limiting nature who is receiving special education
17 services through any approved program. The supplemental allowance
18 may be spent only for special services uniquely required by the
19 nature of the student's disabilities and may not be used in lieu of
20 educational funds otherwise available under this code or through
21 state or local appropriations.

22 SECTION 2.27. Sections 30.087(a) and (b), Education Code,
23 are amended to read as follows:

24 (a) The cost of educating students who are deaf or hard of
25 hearing shall be borne by the state [~~and paid from the foundation~~
26 ~~school fund~~], but independent school districts and institutions of
27 higher education in the state may and are encouraged to make

1 available property or services in cooperation with the regional day
2 school programs for the deaf for any activities related to the
3 education of students who are deaf or hard of hearing, including
4 research, personnel training, and staff development.

5 (b) From the amount appropriated for regional day school
6 programs, the commissioner shall allocate funds to each program
7 based on the number of ~~[weighted]~~ full-time equivalent students
8 served. The commissioner may consider local resources available in
9 allocating funds under this subsection.

10 SECTION 2.28. Section 37.0061, Education Code, is amended
11 to read as follows:

12 Sec. 37.0061. FUNDING FOR ALTERNATIVE EDUCATION SERVICES IN
13 JUVENILE RESIDENTIAL FACILITIES. A school district that provides
14 education services to pre-adjudicated and post-adjudicated
15 students who are confined by court order in a juvenile residential
16 facility operated by a juvenile board is entitled to count such
17 students in the district's average daily attendance for purposes of
18 receipt of state funds under the Foundation School Program. ~~[If the~~
19 ~~district has a wealth per student greater than the guaranteed~~
20 ~~wealth level but less than the equalized wealth level, the district~~
21 ~~in which the student is enrolled on the date a court orders the~~
22 ~~student to be confined to a juvenile residential facility shall~~
23 ~~transfer to the district providing education services an amount~~
24 ~~equal to the difference between the average Foundation School~~
25 ~~Program costs per student of the district providing education~~
26 ~~services and the sum of the state aid and the money from the~~
27 ~~available school fund received by the district that is attributable~~

1 ~~to the student for the portion of the school year for which the~~
2 ~~district provides education services to the student.]~~

3 SECTION 2.29. Section 39.031(a), Education Code, is amended
4 to read as follows:

5 (a) The cost of preparing, administering, or grading the
6 assessment instruments shall be paid by ~~[from the funds allotted~~
7 ~~under Section 42.152, and]~~ each district ~~[shall bear the cost in the~~
8 ~~same manner described for a reduction in allotments under Section~~
9 ~~42.253]. [If a district does not receive an allotment under Section~~
10 ~~42.152, the commissioner shall subtract the cost from the~~
11 ~~district's other foundation school fund allotments.]~~

12 SECTION 2.30. Section 39.134, Education Code, is amended to
13 read as follows:

14 Sec. 39.134. COSTS PAID BY DISTRICT. The costs of providing
15 a monitor, conservator, management team, or special campus
16 intervention team shall be paid by the district. If the district
17 fails or refuses to pay the costs in a timely manner, the
18 commissioner may:

19 (1) pay the costs using amounts withheld from any
20 funds to which the district is otherwise entitled; or

21 (2) recover the amount of the costs in the manner
22 provided for recovery of an overallocation of state funds under
23 Section 42.153 ~~[42.258]~~.

24 SECTION 2.31. Section 43.002(b), Education Code, is amended
25 to read as follows:

26 (b) Of the amounts available for transfer from the general
27 revenue fund to the available school fund for the months of January

1 and February of each fiscal year, no more than the amount necessary
2 to enable the comptroller to distribute from the available school
3 fund an amount equal to 9-1/2 percent of the estimated annual
4 available school fund apportionment to [~~category 1~~] school
5 districts having a wealth per student of less than one-half the
6 statewide average wealth per student [~~, as defined by Section~~
7 ~~42.259,~~] and 3-1/2 percent of the estimated annual available school
8 fund apportionment to [~~category 2~~] school districts having a wealth
9 per student of at least one-half the statewide average wealth per
10 student but not more than the statewide average wealth per student
11 [~~, as defined by Section 42.259,~~] may be transferred from the
12 general revenue fund to the available school fund. Any remaining
13 amount that would otherwise be available for transfer for the
14 months of January and February shall be transferred from the
15 general revenue fund to the available school fund in equal amounts
16 in June and in August of the same fiscal year.

17 SECTION 2.32. Section 45.003(d), Education Code, is amended
18 to read as follows:

19 (d) A proposition submitted to authorize the levy of
20 maintenance taxes must include the question of whether the
21 governing board or commissioners court may levy, assess, and
22 collect annual ad valorem taxes for the further maintenance of
23 public schools, at a rate not to exceed the rate [~~, which may be not~~
24 ~~more than \$1.50 on the \$100 valuation of taxable property in the~~
25 ~~district,~~] stated in the proposition.

26 SECTION 2.33. Sections 45.0031(b) and (c), Education Code,
27 are amended to read as follows:

1 (b) A district may demonstrate the ability to comply with
2 Subsection (a) by using the most recent taxable value of property in
3 the district, combined with state assistance to which the district
4 is entitled under Chapter [~~42-01~~] 46 that may be lawfully used for
5 the payment of bonds.

6 (c) A district may demonstrate the ability to comply with
7 Subsection (a) by using a projected future taxable value of
8 property in the district anticipated for the earlier of the tax year
9 five years after the current tax year or the tax year in which the
10 final payment is due for the bonds submitted to the attorney
11 general, combined with state assistance to which the district is
12 entitled under Chapter [~~42-01~~] 46 that may be lawfully used for the
13 payment of bonds. The district must submit to the attorney general
14 a certification of the district's projected taxable value of
15 property that is prepared by a registered professional appraiser
16 certified under Chapter 1151, Occupations Code, who has
17 demonstrated professional experience in projecting taxable values
18 of property or who can by contract obtain any necessary assistance
19 from a person who has that experience. To demonstrate the
20 professional experience required by this subsection, a registered
21 professional appraiser must provide to the district written
22 documentation relating to two previous projects for which the
23 appraiser projected taxable values of property. Until the bonds
24 submitted to the attorney general are approved or disapproved, the
25 district must maintain the documentation and on request provide the
26 documentation to the attorney general or comptroller. The
27 certification of the district's projected taxable value of property

1 must be signed by the district's superintendent. The attorney
2 general must base a determination of whether the district has
3 complied with Subsection (a) on a taxable value of property that is
4 equal to 90 percent of the value certified under this subsection.

5 SECTION 2.34. Section 46.003(a), Education Code, is amended
6 to read as follows:

7 (a) For each year, except as provided by Sections 46.005 and
8 46.006, a school district is guaranteed a specified amount per
9 student in state and local funds for each cent of tax effort, up to
10 the maximum rate under Subsection (b), to pay the principal of and
11 interest on eligible bonds issued to construct, acquire, renovate,
12 or improve an instructional facility. The amount of state support
13 is determined by the formula:

14
$$\text{FYA} = (\text{FYL} \times \text{ADA} \times \text{BTR} \times 100) - (\text{BTR} \times (\text{DPV}/100))$$

15 where:

16 "FYA" is the guaranteed facilities yield amount of state
17 funds allocated to the district for the year;

18 "FYL" is the dollar amount guaranteed level of state and
19 local funds per student per cent of tax effort, which is \$35 or a
20 greater amount for any year provided by appropriation;

21 "ADA" is the greater of the number of students in average
22 daily attendance, as determined under Section 42.005, in the
23 district or 400;

24 "BTR" is the district's bond tax rate for the current year,
25 which is determined by dividing the amount budgeted by the district
26 for payment of eligible bonds by the quotient of the district's
27 taxable value of property [~~as determined under Subchapter M,~~

1 ~~Chapter 403, Government Code, or, if applicable, Section 42.2521,~~
2 divided by 100; and

3 "DPV" is the district's taxable value of property [~~as~~
4 ~~determined under Subchapter M, Chapter 403, Government Code, or, if~~
5 ~~applicable, Section 42.2521~~].

6 SECTION 2.35. Section 46.006(g), Education Code, is amended
7 to read as follows:

8 (g) In this section, "wealth per student" means a school
9 district's taxable value of property [~~as determined under~~
10 ~~Subchapter M, Chapter 403, Government Code, or, if applicable,~~
11 ~~Section 42.2521,~~] divided by the district's average daily
12 attendance as determined under Section 42.005.

13 SECTION 2.36. Sections 46.009(b) and (e), Education Code,
14 are amended to read as follows:

15 (b) If the amount appropriated for purposes of this
16 subchapter for a year is less than the total amount determined under
17 Subsection (a) for that year, the commissioner shall:

18 (1) transfer from the Foundation School Program to the
19 instructional facilities program the amount by which the total
20 amount determined under Subsection (a) exceeds the amount
21 appropriated; and

22 (2) reduce each district's foundation school fund
23 allocations in the manner provided by Section 42.152(d)
24 [~~42.253(h)~~].

25 (e) Section 42.153 [~~42.258~~] applies to payments under this
26 subchapter.

27 SECTION 2.37. Section 46.032(a), Education Code, is amended

1 to read as follows:

2 (a) Each school district is guaranteed a specified amount
3 per student in state and local funds for each cent of tax effort to
4 pay the principal of and interest on eligible bonds. The amount of
5 state support, subject only to the maximum amount under Section
6 46.034, is determined by the formula:

7
$$\text{EDA} = (\text{EDGL} \times \text{ADA} \times \text{EDTR} \times 100) - (\text{EDTR} \times (\text{DPV}/100))$$

8 where:

9 "EDA" is the amount of state funds to be allocated to the
10 district for assistance with existing debt;

11 "EDGL" is the dollar amount guaranteed level of state and
12 local funds per student per cent of tax effort, which is \$35 or a
13 greater amount for any year provided by appropriation;

14 "ADA" is the number of students in average daily attendance,
15 as determined under Section 42.005, in the district;

16 "EDTR" is the existing debt tax rate of the district, which is
17 determined by dividing the amount budgeted by the district for
18 payment of eligible bonds by the quotient of the district's taxable
19 value of property [~~as determined under Subchapter M, Chapter 403,~~
20 ~~Government Code, or, if applicable, under Section 42.2521,~~] divided
21 by 100; and

22 "DPV" is the district's taxable value of property [~~as~~
23 ~~determined under Subchapter M, Chapter 403, Government Code, or, if~~
24 ~~applicable, under Section 42.2521].~~

25 SECTION 2.38. Section 56.208(b), Education Code, is amended
26 to read as follows:

27 (b) The commissioner of education shall reduce the total

1 annual amount of foundation school fund payments made to a school
2 district by an amount equal to [~~F x A, where:~~

3 [~~(1) "F" is the lesser of one or the quotient of the~~
4 ~~district's local share for the preceding school year under Section~~
5 ~~42.252 divided by the amount of money to which the district was~~
6 ~~entitled under Subchapters B and C, Chapter 42, for the preceding~~
7 ~~school year, and~~

8 [~~(2) "A" is~~] the amount of state tuition credits under
9 this subchapter applied by institutions of higher education on
10 behalf of eligible persons who graduated from the district that has
11 not been used to compute a previous reduction under this
12 subsection.

13 SECTION 2.39. Section 87.208, Education Code, is amended to
14 read as follows:

15 Sec. 87.208. SEABORNE CONSERVATION CORPS. If the board of
16 regents of The Texas A&M University System administers a program
17 that is substantially similar to the Seaborne Conservation Corps as
18 it was administered by the board during the 1998-1999 school year,
19 the program is entitled, for each student enrolled, to an allotment
20 [~~allotments~~] from the Foundation School Program under Chapter 42 as
21 if the program were a school district [~~, except that the program has~~
22 ~~a local share applied that is equivalent to the local fund~~
23 ~~assignment of the school district in which the principal facilities~~
24 ~~of the program are located]~~.

25 SECTION 2.40. Section 96.707(k), Education Code, is amended
26 to read as follows:

27 (k) For each student enrolled in the academy, the academy is

1 entitled to an allotment [~~allotments~~] from the Foundation School
2 Program under Chapter 42 as if the academy were a school district [~~7~~
3 ~~except that the academy has a local share applied that is equivalent~~
4 ~~to the local fund assignment of the Beaumont Independent School~~
5 ~~District~~].

6 SECTION 2.41. Section 105.301(e), Education Code, is
7 amended to read as follows:

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

11 (1) professional employees of the academy are entitled
12 to the limited liability of an employee under Section 22.0511,
13 22.0512, or 22.052;

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

16 (3) for each student enrolled, the academy is entitled
17 to an allotment [~~allotments~~] from the foundation school program
18 under Chapter 42 as if the academy were a school district [~~without a~~
19 ~~tier one local share for purposes of Section 42.253~~].

20 ARTICLE 3. CONFORMING AMENDMENTS TO OTHER CODES

21 SECTION 3.01. Section 317.005(f), Government Code, is
22 amended to read as follows:

23 (f) The governor or board may adopt an order under this
24 section withholding or transferring any portion of the total amount
25 appropriated to finance the foundation school program for a fiscal
26 year. The governor or board may not adopt such an order if it would
27 result in an allocation of money [~~between particular programs or~~

1 ~~statutory allotments]~~ under the foundation school program contrary
 2 to the statutory proration formula provided by Section 42.152(d)
 3 ~~[42.253(h)]~~, Education Code. The governor or board may transfer an
 4 amount to the total amount appropriated to finance the foundation
 5 school program for a fiscal year ~~[and may increase the basic~~
 6 ~~allotment. The governor or board may adjust allocations of amounts~~
 7 ~~between particular programs or statutory allotments under the~~
 8 ~~foundation school program]~~ only for the purpose of conforming the
 9 allocations to actual program costs ~~[pupil enrollments or~~
 10 ~~attendance].~~

11 SECTION 3.02. Section 403.093(d), Government Code, is
 12 amended to read as follows:

13 (d) The comptroller shall transfer from the general revenue
 14 fund to the foundation school fund an amount of money necessary to
 15 fund the foundation school program as provided by Chapter 42,
 16 Education Code. ~~[The comptroller shall make the transfers in~~
 17 ~~installments as necessary to comply with Section 42.259, Education~~
 18 ~~Code. An installment must be made not earlier than two days before~~
 19 ~~the date an installment to school districts is required by Section~~
 20 ~~42.259, Education Code, and must not exceed the amount necessary~~
 21 ~~for that payment.]~~

22 SECTION 3.03. Sections 825.405(b), (h), and (i), Government
 23 Code, are amended to read as follows:

24 (b) For purposes of this section, the statutory minimum
 25 salary is the salary provided by Section 21.402 or the former
 26 Sections 16.056 and 16.058, Education Code ~~[, multiplied by the~~
 27 ~~cost of education adjustment applicable under Section 42.102,~~

1 ~~Education Code, to the district in which the member is employed].~~

2 (h) This section does not apply to state contributions for
3 members employed by a school district in a school year if the
4 district's effective tax rate for maintenance and operation
5 revenues for the tax year that ended in the preceding school year
6 equals or exceeds 125 percent of the statewide average effective
7 tax rate for school district maintenance and operation revenues for
8 that tax year. For a tax year, the statewide average effective tax
9 rate for school district maintenance and operation revenues is the
10 tax rate that, if applied to the statewide total appraised value of
11 taxable property for every school district in the state [~~determined~~
12 ~~under Section 403.302~~], would produce an amount equal to the
13 statewide total amount of maintenance and operation taxes imposed
14 in the tax year for every school district in the state.

15 (i) As soon as practicable [~~Not later than the seventh day~~
16 ~~after the final date the comptroller certifies to the commissioner~~
17 ~~of education changes to the property value study conducted under~~
18 ~~Subchapter M, Chapter 403~~], the comptroller shall certify to the
19 Teacher Retirement System of Texas:

20 (1) the effective tax rate for school district
21 maintenance and operation revenues for each school district in the
22 state for the immediately preceding tax year; and

23 (2) the statewide average effective tax rate for
24 school district maintenance and operation revenues for the
25 immediately preceding tax year.

26 SECTION 3.04. Section 2175.304(c), Government Code, is
27 amended to read as follows:

1 (c) The procedures established under Subsection (b) must
2 give preference to transferring the property directly to a public
3 school or school district or to an assistance organization
4 designated by the school district before disposing of the property
5 in another manner. If more than one public school or school
6 district or assistance organization seeks to acquire the same
7 property on substantially the same terms, the system, institution,
8 or agency shall give preference to a public school that is
9 considered low-performing by the commissioner of education or to a
10 school district that has a relatively low taxable wealth per
11 student, as determined by the commissioner of education [~~that~~
12 ~~entitles the district to an allotment of state funds under~~
13 ~~Subchapter F, Chapter 42, Education Code~~], or to the assistance
14 organization designated by such a school district.

15 SECTION 3.05. Section 5.10(a), Tax Code, is amended to read
16 as follows:

17 (a) The comptroller shall conduct an annual study in each
18 appraisal district to determine the degree of uniformity of and the
19 median level of appraisals by the appraisal district within each
20 major category of property. The comptroller shall publish a report
21 of the findings of the study, including in the report the median
22 levels of appraisal for each major category of property, the
23 coefficient of dispersion around the median level of appraisal for
24 each major category of property, and any other standard statistical
25 measures that the comptroller considers appropriate. [~~In~~
26 ~~conducting the study, the comptroller shall apply appropriate~~
27 ~~standard statistical analysis techniques to data collected as part~~

1 ~~of the annual study of school district taxable values required by~~
2 ~~Section 403.302, Government Code.]~~

3 SECTION 3.06. Section 5.101(a), Tax Code, is amended to
4 read as follows:

5 (a) The comptroller shall appoint a technical advisory
6 committee for the purpose of providing professional and practical
7 expertise to the comptroller and to review and comment on the
8 methodology used by the comptroller to conduct the annual study
9 ~~[studies]~~ required by Section 5.10 ~~[of this code and by Section~~
10 ~~403.302, Government Code]~~. A member of the committee serves at the
11 will of the comptroller.

12 SECTION 3.07. Section 5.16(a), Tax Code, is amended to read
13 as follows:

14 (a) The comptroller may inspect the records or other
15 materials of an appraisal office or taxing unit, including the
16 relevant records and materials in the possession or control of a
17 consultant, advisor, or expert hired by the appraisal office or
18 taxing unit, for the purpose of:

19 (1) establishing, reviewing, or evaluating the value
20 of or an appraisal of any property; or

21 (2) conducting a study, review, or audit required by
22 Section 5.10 or 5.102 ~~[or by Section 403.302, Government Code]~~.

23 SECTION 3.08. Section 6.02(b), Tax Code, is amended to read
24 as follows:

25 (b) A taxing unit that has boundaries extending into two or
26 more counties may choose to participate in only one of the appraisal
27 districts. In that event, the boundaries of the district chosen

1 extend outside the county to the extent of the unit's boundaries.
2 To be effective, the choice must be approved by resolution of the
3 board of directors of the district chosen. [~~The choice of a school~~
4 ~~district to participate in a single appraisal district does not~~
5 ~~apply to property annexed to the school district under Subchapter C~~
6 ~~or G, Chapter 41, Education Code, unless:~~

7 [~~(1) the school district taxes property other than~~
8 ~~property annexed to the district under Subchapter C or G, Chapter~~
9 ~~41, Education Code, in the same county as the annexed property; or~~

10 [~~(2) the annexed property is contiguous to property in~~
11 ~~the school district other than property annexed to the district~~
12 ~~under Subchapter C or G, Chapter 41, Education Code.]~~

13 SECTION 3.09. Section 21.01, Tax Code, is amended to read as
14 follows:

15 Sec. 21.01. REAL PROPERTY. Real property is taxable by a
16 taxing unit if located in the unit on January 1 [~~, except as~~
17 ~~provided by Chapter 41, Education Code].~~

18 SECTION 3.10. Section 21.02(a), Tax Code, is amended to
19 read as follows:

20 (a) Except as provided by [~~Subsection (b) and~~] Sections
21 21.021, 21.04, and 21.05, tangible personal property is taxable by
22 a taxing unit if:

23 (1) it is located in the unit on January 1 for more
24 than a temporary period;

25 (2) it normally is located in the unit, even though it
26 is outside the unit on January 1, if it is outside the unit only
27 temporarily;

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

4 (4) the owner resides (for property not used for
5 business purposes) or maintains his principal place of business in
6 this state (for property used for business purposes) in the unit and
7 the property is taxable in this state but does not have a taxable
8 situs pursuant to Subdivisions (1) through (3) of this section.

9 SECTION 3.11. Sections 26.08(i) and (k), Tax Code, are
10 amended to read as follows:

11 (i) For purposes of this section, the rollback tax rate of a
12 school district is computed according to the following formula:

13 ROLLBACK TAX RATE = (EFFECTIVE MAINTENANCE AND OPERATIONS RATE x
14 1.06) + CURRENT DEBT RATE [~~the sum of:~~

15 ~~[(1) the tax rate that, applied to the current total~~
16 ~~value for the district, would impose taxes in an amount that, when~~
17 ~~added to state funds that would be distributed to the district under~~
18 ~~Chapter 42, Education Code, for the school year beginning in the~~
19 ~~current tax year using that tax rate, would provide the same amount~~
20 ~~of state funds distributed under Chapter 42 and maintenance and~~
21 ~~operations taxes of the district per student in weighted average~~
22 ~~daily attendance for that school year that would have been~~
23 ~~available to the district in the preceding year if the funding~~
24 ~~elements for Chapters 41 and 42, Education Code, for the current~~
25 ~~year had been in effect for the preceding year,~~

26 ~~[(2) the rate of \$0.06 per \$100 of taxable value, and~~

27 ~~[(3) the district's current debt rate].~~

1 (k) For purposes of this section, for the [~~2003,~~] 2004,
2 2005, 2006, 2007, or 2008 tax year, for a school district that is
3 entitled to state funds under Subchapter C, Chapter 1581 [~~Section~~
4 ~~4(a-1), (a-2), (a-3), (a-4), (a-5), or (a-6), Article 3.50-9~~],
5 Insurance Code, the rollback tax rate of the district is the sum of:

6 (1) the tax rate computed under Subsection (i) [~~that,~~
7 ~~applied to the current total value for the district, would impose~~
8 ~~taxes in an amount that, when added to state funds that would be~~
9 ~~distributed to the district under Chapter 42, Education Code, for~~
10 ~~the school year beginning in the current tax year using that tax~~
11 ~~rate, would provide the same amount of state funds distributed~~
12 ~~under Chapter 42 and maintenance and operations taxes of the~~
13 ~~district per student in weighted average daily attendance for that~~
14 ~~school year that would have been available to the district in the~~
15 ~~preceding year if the funding elements for Chapters 41 and 42,~~
16 ~~Education Code, for the current year had been in effect for the~~
17 ~~preceding year]; and~~

18 (2) the tax rate that [~~, applied to the current total~~
19 ~~value for the district, would impose taxes in the amount that, when~~
20 ~~added to state funds that would be distributed to the district under~~
21 ~~Chapter 42, Education Code, for the school year beginning in the~~
22 ~~current tax year using that tax rate,~~] permits the district to
23 comply with Section 1581.052 [~~3, Article 3.50-9~~], Insurance Code [~~,~~

24 [~~(3) the rate of \$0.06 per \$100 of taxable value, and~~

25 [~~(4) the district's current debt rate~~].

26 SECTION 3.12. Section 313.022(b), Tax Code, is amended to
27 read as follows:

1 (b) For purposes of determining the required minimum amount
 2 of a qualified investment under Section 313.021(2)(A)(iv)(a), and
 3 the minimum amount of a limitation on appraised value under Section
 4 313.027(b), school districts to which this subchapter applies are
 5 categorized according to the taxable value of property in the
 6 district for the preceding tax year [~~determined under Subchapter M,~~
 7 ~~Chapter 403, Government Code~~], as follows:

8	CATEGORY	TAXABLE VALUE OF PROPERTY
9	I	\$10 billion or more
10	II	\$1 billion or more but less than \$10 billion
11	III	\$500 million or more but less than \$1 billion
12	IV	\$100 million or more but less than \$500 million
13	V	less than \$100 million

14 SECTION 3.13. Section 313.052, Tax Code, is amended to read
 15 as follows:

16 Sec. 313.052. CATEGORIZATION OF SCHOOL DISTRICTS. For
 17 purposes of determining the required minimum amount of a qualified
 18 investment under Section 313.021(2)(A)(iv)(a) and the minimum
 19 amount of a limitation on appraised value under this subchapter,
 20 school districts to which this subchapter applies are categorized
 21 according to the taxable value of industrial property in the
 22 district for the preceding tax year [~~determined under Subchapter M,~~
 23 ~~Chapter 403, Government Code~~], as follows:

24	CATEGORY	TAXABLE VALUE OF INDUSTRIAL PROPERTY
25	I	\$200 million or more
26	II	\$90 million or more but less than \$200 million
27	III	\$1 million or more but less than \$90 million

1 IV \$100,000 or more but less than \$1 million

2 V less than \$100,000

3 SECTION 3.14. Section 1579.251, Insurance Code, is amended
4 by amending Subsection (a) and adding Subsections (c) and (d) to
5 read as follows:

6 (a) The state shall assist employees of participating
7 school districts and charter schools in the purchase of group
8 health coverage under this chapter by providing for each covered
9 employee the amount of \$900 each state fiscal year or a greater
10 amount as provided by the General Appropriations Act. [~~The state
11 contribution shall be distributed through the school finance
12 formulas under Chapters 41 and 42, Education Code, and used by
13 school districts and charter schools as provided by Sections
14 42.2514 and 42.260, Education Code.~~]

15 (c) The trustee shall deposit state assistance for a
16 participating entity in the fund established under Subchapter G.

17 (d) A school district that does not participate in the
18 program is entitled to state assistance computed as provided by
19 Subsection (a). The trustee shall distribute state assistance
20 under this subsection in equal monthly installments. State funds
21 received under this subsection shall be deposited in a fund
22 described by Section 1581.052(b)(2).

23 SECTION 3.15. Sections 1581.1015(c)-(g), Insurance Code,
24 are amended to read as follows:

25 (c) For the state fiscal year beginning September 1, 2004, a
26 school district or participating charter school is entitled to
27 state funds in an amount equal to the difference, if any, between:

1 (1) an amount equal to the number of participating
2 employees of the district or school multiplied by \$1,200; and

3 (2) if the following amount is less than the amount
4 specified by Subdivision (1), ~~[the sum of:~~

5 ~~[(A)]~~ the amount the district or school is
6 required to use to provide health coverage under Section 1581.051
7 for that fiscal year ~~[, and~~

8 ~~[(B) the difference, if any, between:~~

9 ~~[(i) the amount determined under Section~~
10 ~~42.2514(b)(2), Education Code, and~~

11 ~~[(ii) the amount determined under Section~~
12 ~~42.2514(b)(1), Education Code, if that amount is less than the~~
13 ~~amount specified by Subparagraph (i)].~~

14 (d) For the state fiscal year beginning September 1, 2005, a
15 school district or participating charter school is entitled to
16 state funds in an amount equal to the difference, if any, between:

17 (1) an amount equal to the number of participating
18 employees of the district or school multiplied by \$900; and

19 (2) if the following amount is less than the amount
20 specified by Subdivision (1), ~~[the sum of:~~

21 ~~[(A)]~~ the amount the district or school is
22 required to use to provide health coverage under Section 1581.051
23 for that fiscal year ~~[, and~~

24 ~~[(B) the difference, if any, between:~~

25 ~~[(i) the amount determined under Section~~
26 ~~42.2514(b)(2), Education Code, and~~

27 ~~[(ii) the amount determined under Section~~

1 ~~42.2514(b)(1), Education Code, if that amount is less than the~~
2 ~~amount specified by Subparagraph (i)].~~

3 (e) For the state fiscal year beginning September 1, 2006, a
4 school district or participating charter school is entitled to
5 state funds in an amount equal to the difference, if any, between:

6 (1) an amount equal to the number of participating
7 employees of the district or school multiplied by \$600; and

8 (2) if the following amount is less than the amount
9 specified by Subdivision (1), ~~[the sum of:~~

10 ~~[(A)]~~ the amount the district or school is
11 required to use to provide health coverage under Section 1581.051
12 for that fiscal year ~~[, and~~

13 ~~[(B) the difference, if any, between:~~

14 ~~[(i) the amount determined under Section~~
15 ~~42.2514(b)(2), Education Code, and~~

16 ~~[(ii) the amount determined under Section~~
17 ~~42.2514(b)(1), Education Code, if that amount is less than the~~
18 ~~amount specified by Subparagraph (i)].~~

19 (f) For the state fiscal year beginning September 1, 2007, a
20 school district or participating charter school is entitled to
21 state funds in an amount equal to the difference, if any, between:

22 (1) an amount equal to the number of participating
23 employees of the district or school multiplied by \$300; and

24 (2) if the following amount is less than the amount
25 specified by Subdivision (1), ~~[the sum of:~~

26 ~~[(A)]~~ the amount the district or school is
27 required to use to provide health coverage under Section 1581.051

1 for that fiscal year [~~, and~~
2 [~~(B) the difference, if any, between:~~
3 [~~(i) the amount determined under Section~~
4 ~~42.2514(b)(2), Education Code, and~~
5 [~~(ii) the amount determined under Section~~
6 ~~42.2514(b)(1), Education Code, if that amount is less than the~~
7 ~~amount specified by Subparagraph (i)].~~

8 (g) A school district that receives state funds under
9 Section 1581.101 for a state fiscal year is not entitled to state
10 funds under Subsection [~~(a), (b),~~] (c), (d), (e), or (f).

11 ARTICLE 4. REPEALERS

12 SECTION 4.01. The following provisions of the Education
13 Code are repealed:

14 (1) Sections 4.003, 7.021(b)(5), 7.024, 7.055(b)(14)
15 and (34), 8.052, 8.121-8.124, 13.054(f) and (g), 19.007(b),
16 21.402(b), 29.014(d), 29.086(e), 29.203(b), (c), and (g),
17 29.256(c), 30.003(f), 30.087(c), 30.102(c), 34.002(c), 34.008(b),
18 39.024(e), 42.001, 42.002, 42.007, 45.006, 46.009(f), 46.013, and
19 46.037;

20 (2) Chapter 41; and

21 (3) Subchapters B, C, E, F, and H, Chapter 42.

22 SECTION 4.02. Sections 322.008(b) and 825.405(i) and
23 Subchapter M, Chapter 403, Government Code, are repealed.

24 SECTION 4.03. Sections 6.02(g), 6.03(m), 21.02(b) and (c),
25 25.25(k), and 26.08(j) and (l), Tax Code, are repealed.

26 SECTION 4.04. Sections 1581.053 and 1581.1015(a) and (b),
27 Insurance Code, are repealed.

1 SECTION 4.05. Section 39.901, Utilities Code, is repealed.

2 ARTICLE 5. TRANSITION PROVISIONS AND EFFECTIVE DATE

3 SECTION 5.01. The investment capital fund created under
4 Section 7.024, Education Code, is abolished, and the comptroller
5 shall transfer any balance in the fund on the effective date of this
6 Act to the foundation school fund.

7 SECTION 5.02. This Act applies beginning with the 2004-2005
8 school year.

9 SECTION 5.03. This Act takes effect September 1, 2004.