

BILL ANALYSIS

H.B. 195
By: Griggs
Public Education
Committee Report (Unamended)

BACKGROUND

County Education Districts (CEDs) were created in 1991 to levy state-mandated property taxes and redistribute the revenues to their member districts on an equalized basis. However, a 1992 Texas Supreme Court decision rendered the CED concept unconstitutional. Since taxes already had been collected for two years under the CED structure, and with delinquent taxes outstanding, it was necessary to continue to collect taxes until the obligations were satisfied. Although legislation allowing districts to voluntarily dissolve CEDs has been passed, some school districts are still reluctant to enter into a dissolution agreement due to outstanding delinquent taxes owed to the CED. Often the amount of delinquent taxes owed to any school district is very small when compared to the original levy, and the cost of maintaining these accounts and performing annual audits sometimes exceeds the revenue that could be realized from the delinquent taxes.

PURPOSE

House Bill 195 dissolves the existing County Education Districts and return to each district their respective CED delinquent tax roll.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

House Bill 195 amends the Tax Code to require a successor-in-interest to a county education district to return all money, held by a successor-in-interest that represents delinquent taxes collected for a county education district, to the component school districts of the county education district no later than September 15, 2003. The bill sets forth provisions concerning the amount transferred to each school district. The bill requires all delinquent tax liabilities still owed to the county education district to be returned to the respective component school districts of the county education district by September 15, 2003.

EFFECTIVE DATE

September 1, 2003