

By: Mowery

H.B. No. 606

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 39.131(b);

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:~~

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

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

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, as added  
9 by Section 5, Chapter 834, Acts of the 77th Legislature, 2001, is  
10 amended to read as follows:

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

21 SECTION 2.18. Section 21.411(h), Education Code, as added  
22 by Section 1, Chapter 1301, Acts of the 77th Legislature, 2001, is  
23 amended to read as follows:

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

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

7 SECTION 2.19. Section 29.002, Education Code, is amended to  
8 read as follows:

9 Sec. 29.002. DEFINITION. In this subchapter, "special  
10 services" means:

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

15 (2) related services, which are developmental,  
16 corrective, supportive, or evaluative services, not instructional  
17 in nature, that may be required for the student to benefit from  
18 special education instruction and for implementation of a student's  
19 individualized education program.

20 SECTION 2.20. Section 29.008(b), Education Code, is amended  
21 to read as follows:

22 (b) Except as provided by Subsection (c), costs of an  
23 approved contract for residential placement may be paid from a  
24 combination of federal, state, and local funds. [~~The local share of~~  
25 ~~the total contract cost for each student is that portion of the~~  
26 ~~local tax effort that exceeds the district's local fund assignment~~  
27 ~~under Section 42.252, divided by the average daily attendance in~~

1 ~~the district. If the contract involves a private facility, the~~  
2 ~~state share of the total contract cost is that amount remaining~~  
3 ~~after subtracting the local share. If the contract involves a~~  
4 ~~public facility, the state share is that amount remaining after~~  
5 ~~subtracting the local share from the portion of the contract that~~  
6 ~~involves the costs of instructional and related services. For~~  
7 ~~purposes of this subsection, "local tax effort" means the total~~  
8 ~~amount of money generated by taxes imposed for debt service and~~  
9 ~~maintenance and operation less any amounts paid into a tax~~  
10 ~~increment fund under Chapter 311, Tax Code.]~~

11 SECTION 2.21. Section 29.060(f), Education Code, is amended  
12 to read as follows:

13 (f) The legislature may appropriate money other than money  
14 from the foundation school fund for support of a program under  
15 Subsection (a).

16 SECTION 2.22. Section 29.082(a), Education Code, is amended  
17 to read as follows:

18 (a) A school district may [~~set aside an amount from the~~  
19 ~~district's allotment under Section 42.152 or may~~] apply to the  
20 agency for funding of an extended year program for a period not to  
21 exceed 30 instructional days for students in kindergarten through  
22 grade 8 who are identified as likely not to be promoted to the next  
23 grade level for the succeeding school year.

24 SECTION 2.23. Section 29.087(j), Education Code, is amended  
25 to read as follows:

26 (j) For purposes of funding under Chapters [~~41~~] 42 [~~7~~] and  
27 46, a student attending a program authorized by this section may be

1 counted in attendance only for the actual number of hours each  
2 school day the student attends the program, in accordance with  
3 Sections 25.081 and 25.082.

4 SECTION 2.24. Sections 29.257(a) and (b), Education Code,  
5 are amended to read as follows:

6 (a) The legislature may appropriate money [~~from the~~  
7 ~~foundation school fund~~] to the agency for developing and  
8 implementing community education projects. The agency shall  
9 actively seek gifts, grants, or other donations for purposes  
10 related to community education development projects, unless the  
11 acceptance is prohibited by other law. Money received under this  
12 subsection shall be deposited in the account established under  
13 Subsection (b) and may be appropriated only for the purpose for  
14 which the money was given.

15 (b) The community education development account is created  
16 as a dedicated account in the general revenue [~~foundation school~~  
17 fund in the state treasury. The account shall consist of community  
18 education related gifts, grants, and donations and shall be  
19 administered by the agency.

20 SECTION 2.25. Section 30.002(g), Education Code, is amended  
21 to read as follows:

22 (g) To facilitate implementation of this section, the  
23 commissioner shall develop a system designed to distribute [~~from~~  
24 ~~the foundation school fund~~] to school districts or regional  
25 education service centers a special supplemental allowance for each  
26 student with a visual impairment and for each student with a serious  
27 visual disability and another medically diagnosed disability of a

1 significantly limiting nature who is receiving special education  
2 services through any approved program. The supplemental allowance  
3 may be spent only for special services uniquely required by the  
4 nature of the student's disabilities and may not be used in lieu of  
5 educational funds otherwise available under this code or through  
6 state or local appropriations.

7 SECTION 2.26. Sections 30.087(a) and (b), Education Code,  
8 are amended to read as follows:

9 (a) The cost of educating students who are deaf or hard of  
10 hearing shall be borne by the state [~~and paid from the foundation~~  
11 ~~school fund~~], but independent school districts and institutions of  
12 higher education in the state may and are encouraged to make  
13 available property or services in cooperation with the regional day  
14 school programs for the deaf for any activities related to the  
15 education of students who are deaf or hard of hearing, including  
16 research, personnel training, and staff development.

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

22 SECTION 2.27. Section 31.021(b), Education Code, is amended  
23 to read as follows:

24 (b) The State Board of Education shall annually set aside  
25 out of the available school fund of the state an amount sufficient  
26 for the board, school districts, and open-enrollment charter  
27 schools to purchase and distribute the necessary textbooks for the

1 use of the students of this state for the following school year.  
2 The board shall determine the amount of the available school fund to  
3 set aside for the state textbook fund based on:

4 (1) a report by the commissioner issued on July 1 or,  
5 if that date is a Saturday or Sunday, on the following Monday,  
6 stating the amount of unobligated money in the fund;

7 (2) ~~[a requirement to provide an allotment to be~~  
8 ~~distributed to each district equal to \$30 per student in average~~  
9 ~~daily attendance, or a greater amount for any year provided by~~  
10 ~~appropriation, to be used only to:~~

11 ~~[(A) provide for the purchase by school districts~~  
12 ~~of electronic textbooks or technological equipment that~~  
13 ~~contributes to student learning; and~~

14 ~~[(B) pay for training educational personnel~~  
15 ~~directly involved in student learning in the appropriate use of~~  
16 ~~electronic textbooks and for providing for access to technological~~  
17 ~~equipment for instructional use;~~

18 ~~[(3)]~~ the commissioner's estimate, based on textbooks  
19 selected under Section 31.101 and on attendance reports submitted  
20 under Section 31.103 by school districts and open-enrollment  
21 charter schools, of the amount of funds, in addition to funds  
22 reported under Subdivision (1), that will be necessary for purchase  
23 and distribution of textbooks for the following school year; and

24 (3) ~~[(4)]~~ any amount the board determines should be set  
25 aside for emergency purposes caused by unexpected increases in  
26 attendance.

27 SECTION 2.28. Section 37.0061, Education Code, is amended

1 to read as follows:

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

20           SECTION 2.29. Section 39.024(c), Education Code, is amended  
21 to read as follows:

22           (c) The agency shall develop study guides for the assessment  
23 instruments administered under Sections 39.023(a) and (c). To  
24 assist parents in providing assistance during the period that  
25 school is recessed for summer, each school district shall  
26 distribute the study guides to parents of students who do not  
27 perform satisfactorily on one or more parts of an assessment



1 instrument administered under this subchapter. [~~The commissioner~~  
2 ~~shall retain a portion of the total amount of funds allotted under~~  
3 ~~Section 42.152(a) that the commissioner considers appropriate to~~  
4 ~~finance the development and distribution of the study guides and~~  
5 ~~shall reduce each district's allotment proportionately.~~]

6 SECTION 2.30. Section 39.031(a), Education Code, is amended  
7 to read as follows:

8 (a) The cost of preparing, administering, or grading the  
9 assessment instruments shall be paid by [~~from the funds allotted~~  
10 ~~under Section 42.152, and~~] each district [~~shall bear the cost in the~~  
11 ~~same manner described for a reduction in allotments under Section~~  
12 ~~42.253~~]. [~~If a district does not receive an allotment under Section~~  
13 ~~42.152, the commissioner shall subtract the cost from the~~  
14 ~~district's other foundation school fund allotments.~~]

15 SECTION 2.31. Section 39.131(d), Education Code, is amended  
16 to read as follows:

17 (d) The costs of providing a monitor, master, management  
18 team, or special campus intervention team shall be paid by the  
19 district. If the district fails or refuses to pay the costs in a  
20 timely manner, the commissioner may:

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

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

26 SECTION 2.32. Section 42.201(d), Education Code, is  
27 amended to read as follows:

1 (d) If a school district fails to reduce administrative  
 2 costs to the level required by this section, the district  
 3 [~~commissioner~~] shall remit [~~deduct from a school district's tier~~  
 4 ~~one allotments~~] an amount equal to the amount by which the  
 5 district's administrative costs exceed the amount permitted by its  
 6 administrative cost ratio, unless the commissioner has granted a  
 7 waiver in response to the district's request. [~~The commissioner~~  
 8 ~~shall make a deduction under this subsection from the foundation~~  
 9 ~~school fund payments to the district in the school year following~~  
 10 ~~the school year in which the plan to reduce costs was to be~~  
 11 ~~implemented. If a school district does not receive a tier one~~  
 12 ~~allotment, the district shall remit an amount equal to the excess to~~  
 13 ~~the comptroller for deposit to the credit of the foundation school~~  
 14 ~~fund.~~]

15 SECTION 2.33. Section 43.002, Education Code, is amended to  
 16 read as follows:

17 Sec. 43.002. TRANSFERS FROM GENERAL REVENUE FUND TO  
 18 AVAILABLE FUND. Of the amounts available for transfer from the  
 19 general revenue fund to the available school fund for the months of  
 20 January and February of each fiscal year, no more than the amount  
 21 necessary to enable the comptroller to distribute from the  
 22 available school fund an amount equal to 9-1/2 percent of the  
 23 estimated annual available school fund apportionment to [~~category~~  
 24 ~~1~~] school districts having a wealth per student of less than  
 25 one-half the statewide average wealth per student [~~as defined by~~  
 26 ~~Section 42.259,~~] and 3-1/2 percent of the estimated annual  
 27 available school fund apportionment to [~~category 2~~] school

1 districts having a wealth per student of at least one-half the  
2 statewide average wealth per student but not more than the  
3 statewide average wealth per student [~~as defined by Section~~  
4 ~~42.259,~~] may be transferred from the general revenue fund to the  
5 available school fund. Any remaining amount that would otherwise  
6 be available for transfer for the months of January and February  
7 shall be transferred from the general revenue fund to the available  
8 school fund in equal amounts in June and in August of the same  
9 fiscal year.

10 SECTION 2.34. Section 45.003(d), Education Code, is amended  
11 to read as follows:

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

19 SECTION 2.35. Sections 45.0031(b) and (c), Education Code,  
20 are amended to read as follows:

21 (b) A district may demonstrate the ability to comply with  
22 Subsection (a) by using the most recent taxable value of property in  
23 the district, combined with state assistance to which the district  
24 is entitled under Chapter [~~42 or~~] 46 that may be lawfully used for  
25 the payment of bonds.

26 (c) A district may demonstrate the ability to comply with  
27 Subsection (a) by using a projected future taxable value of

1 property in the district anticipated for the earlier of the tax year  
2 five years after the current tax year or the tax year in which the  
3 final payment is due for the bonds submitted to the attorney  
4 general, combined with state assistance to which the district is  
5 entitled under Chapter [~~42-01~~] 46 that may be lawfully used for the  
6 payment of bonds. The district must submit to the attorney general  
7 a certification of the district's projected taxable value of  
8 property that is prepared by a registered professional appraiser  
9 certified under The Property Taxation Professional Certification  
10 Act (Article 8885, Revised Statutes) who has demonstrated  
11 professional experience in projecting taxable values of property or  
12 who can by contract obtain any necessary assistance from a person  
13 who has that experience. To demonstrate the professional  
14 experience required by this subsection, a registered professional  
15 appraiser must provide to the district written documentation  
16 relating to two previous projects for which the appraiser projected  
17 taxable values of property. Until the bonds submitted to the  
18 attorney general are approved or disapproved, the district must  
19 maintain the documentation and on request provide the documentation  
20 to the attorney general or comptroller. The certification of the  
21 district's projected taxable value of property must be signed by  
22 the district's superintendent. The attorney general must base a  
23 determination of whether the district has complied with Subsection  
24 (a) on a taxable value of property that is equal to 90 percent of the  
25 value certified under this subsection.

26 SECTION 2.36. Section 46.003(a), Education Code, is amended  
27 to read as follows:

1 (a) For each year, except as provided by Sections 46.005 and  
2 46.006, a school district is guaranteed a specified amount per  
3 student in state and local funds for each cent of tax effort, up to  
4 the maximum rate under Subsection (b), to pay the principal of and  
5 interest on eligible bonds issued to construct, acquire, renovate,  
6 or improve an instructional facility. The amount of state support  
7 is determined by the formula:

$$8 \quad \text{FYA} = (\text{FYL} \times \text{ADA} \times \text{BTR} \times 100) - (\text{BTR} \times (\text{DPV}/100))$$

9 where:

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

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

15 "ADA" is the greater of the number of students in average  
16 daily attendance, as determined under Section 42.005, in the  
17 district or 400;

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

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

27 SECTION 2.37. Section 46.006(g), Education Code, is amended

1 to read as follows:

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

7 SECTION 2.38. Sections 46.009(b) and (e), Education Code,  
8 are amended to read as follows:

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

12 (1) transfer from the Foundation School Program to the  
13 instructional facilities program the amount by which the total  
14 amount determined under Subsection (a) exceeds the amount  
15 appropriated; and

16 (2) reduce each district's foundation school fund  
17 allocations in the manner provided by Section 42.152(d)  
18 [~~42.253(h)~~].

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

21 SECTION 2.39. Section 46.032(a), Education Code, is amended  
22 to read as follows:

23 (a) Each school district is guaranteed a specified amount  
24 per student in state and local funds for each cent of tax effort to  
25 pay the principal of and interest on eligible bonds. The amount of  
26 state support, subject only to the maximum amount under Section  
27 46.034, is determined by the formula:

1            $EDA = (EDGL \times ADA \times EDTR \times 100) - (EDTR \times (DPV/100))$

2   where:

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

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

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

10          "EDTR" is the existing debt tax rate of the district, which is  
11   determined by dividing the amount budgeted by the district for  
12   payment of eligible bonds by the quotient of the district's taxable  
13   value of property [~~as determined under Subchapter M, Chapter 403,~~  
14   ~~Government Code, or, if applicable, under Section 42.2521,~~] divided  
15   by 100; and

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

19          SECTION 2.40. Section 56.208(b), Education Code, is amended  
20   to read as follows:

21          (b) The commissioner of education shall reduce the total  
22   annual amount of foundation school fund payments made to a school  
23   district by an amount equal to [~~F x A, where:~~

24           ~~[(1) "F" is the lesser of one or the quotient of the~~  
25   ~~district's local share for the preceding school year under Section~~  
26   ~~42.252 divided by the amount of money to which the district was~~  
27   ~~entitled under Subchapters B and C, Chapter 42, for the preceding~~

1 ~~school year, and~~

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

7           SECTION 2.41. Section 87.208, Education Code, is amended to  
8 read as follows:

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

19           SECTION 2.42. Section 96.707(k), Education Code, is amended  
20 to read as follows:

21           (k) For each student enrolled in the academy, the academy is  
22 entitled to an allotment [~~allotments~~] from the Foundation School  
23 Program under Chapter 42 as if the academy were a school district [~~,~~  
24 ~~except that the academy has a local share applied that is equivalent~~  
25 ~~to the local fund assignment of the Beaumont Independent School~~  
26 ~~District]~~.

27           SECTION 2.43. Section 105.301(e), Education Code, is



1 amended to read as follows:

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

5 (1) professional employees of the academy are entitled  
6 to the limited liability of an employee under Section 22.051 or  
7 22.052;

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

10 (3) for each student enrolled, the academy is entitled  
11 to an allotment [~~allotments~~] from the foundation school program  
12 under Chapter 42 as if the academy were a school district [~~, except~~  
13 ~~that the academy has a local share applied that is equivalent to the~~  
14 ~~local fund assignment of the Denton Independent School District]~~.

15 ARTICLE 3. CONFORMING AMENDMENTS TO OTHER CODES

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

18 (f) The governor or board may adopt an order under this  
19 section withholding or transferring any portion of the total amount  
20 appropriated to finance the foundation school program for a fiscal  
21 year. The governor or board may not adopt such an order if it would  
22 result in an allocation of money [~~between particular programs or~~  
23 ~~statutory allotments~~] under the foundation school program contrary  
24 to the statutory proration formula provided by Section 42.152(d)  
25 [~~42.253(h)~~], Education Code. The governor or board may transfer an  
26 amount to the total amount appropriated to finance the foundation  
27 school program for a fiscal year [~~and may increase the basic~~

1 ~~allotment. The governor or board may adjust allocations of amounts~~  
2 ~~between particular programs or statutory allotments under the~~  
3 ~~foundation school program]~~ only for the purpose of conforming the  
4 allocations to actual program costs [~~pupil enrollments or~~  
5 ~~attendance~~].

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

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

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

19 (b) For purposes of this section, the statutory minimum  
20 salary is the salary provided by Section 21.402 or the former  
21 Sections 16.056 and 16.058, Education Code [~~, multiplied by the~~  
22 ~~cost of education adjustment applicable under Section 42.102,~~  
23 ~~Education Code, to the district in which the member is employed].~~

24 (h) This section does not apply to state contributions for  
25 members employed by a school district in a school year if the  
26 district's effective tax rate for maintenance and operation  
27 revenues for the tax year that ended in the preceding school year

1 equals or exceeds 125 percent of the statewide average effective  
2 tax rate for school district maintenance and operation revenues for  
3 that tax year. For a tax year, the statewide average effective tax  
4 rate for school district maintenance and operation revenues is the  
5 tax rate that, if applied to the statewide total appraised value of  
6 taxable property for every school district in the state [~~determined~~  
7 ~~under Section 403.302~~], would produce an amount equal to the  
8 statewide total amount of maintenance and operation taxes imposed  
9 in the tax year for every school district in the state.

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

15 (1) the effective tax rate for school district  
16 maintenance and operation revenues for each school district in the  
17 state for the immediately preceding tax year; and

18 (2) the statewide average effective tax rate for  
19 school district maintenance and operation revenues for the  
20 immediately preceding tax year.

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

23 (c) The procedures established under Subsection (b) must  
24 give preference to transferring the property directly to a public  
25 school or school district before disposing of the property in  
26 another manner. If more than one public school or school district  
27 seeks to acquire the same property on substantially the same terms,

1 the system, institution, or agency shall give preference to a  
2 public school that is considered low-performing by the commissioner  
3 of education or to a school district that has a relatively low  
4 taxable wealth per student, as determined by the commissioner of  
5 education [~~that entitles the district to an allotment of state~~  
6 ~~funds under Subchapter F, Chapter 42, Education Code~~].

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

9 (a) The comptroller shall conduct an annual study in each  
10 appraisal district to determine the degree of uniformity of and the  
11 median level of appraisals by the appraisal district within each  
12 major category of property. The comptroller shall publish a report  
13 of the findings of the study, including in the report the median  
14 levels of appraisal for each major category of property, the  
15 coefficient of dispersion around the median level of appraisal for  
16 each major category of property, and any other standard statistical  
17 measures that the comptroller considers appropriate. [~~In~~  
18 ~~conducting the study, the comptroller shall apply appropriate~~  
19 ~~standard statistical analysis techniques to data collected as part~~  
20 ~~of the annual study of school district taxable values required by~~  
21 ~~Section 403.302, Government Code.~~]

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

24 (a) The comptroller shall appoint a technical advisory  
25 committee for the purpose of providing professional and practical  
26 expertise to the comptroller and to review and comment on the  
27 methodology used by the comptroller to conduct the annual study

1 ~~[studies]~~ required by Section 5.10 ~~[of this code and by Section~~  
2 ~~403.302, Government Code]~~. A member of the committee serves at the  
3 will of the comptroller.

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

6 (a) The comptroller may inspect the records or other  
7 materials of an appraisal office or taxing unit, including the  
8 relevant records and materials in the possession or control of a  
9 consultant, advisor, or expert hired by the appraisal office or  
10 taxing unit, for the purpose of:

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

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

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

17 (b) A taxing unit that has boundaries extending into two or  
18 more counties may choose to participate in only one of the appraisal  
19 districts. In that event, the boundaries of the district chosen  
20 extend outside the county to the extent of the unit's boundaries.  
21 To be effective, the choice must be approved by resolution of the  
22 board of directors of the district chosen. ~~[The choice of a school~~  
23 ~~district to participate in a single appraisal district does not~~  
24 ~~apply to property annexed to the school district under Subchapter C~~  
25 ~~or G, Chapter 41, Education Code, unless:~~

26 ~~[(1) the school district taxes property other than~~  
27 ~~property annexed to the district under Subchapter C or G, Chapter~~

1 ~~41, Education Code, in the same county as the annexed property; or~~  
2 ~~[(2) the annexed property is contiguous to property in~~  
3 ~~the school district other than property annexed to the district~~  
4 ~~under Subchapter C or G, Chapter 41, Education Code.]~~

5 SECTION 3.09. Section 21.01, Tax Code, is amended to read as  
6 follows:

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

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

12 (a) Except as provided by [~~Subsection (b) and~~] Sections  
13 21.021, 21.04, and 21.05, tangible personal property is taxable by  
14 a taxing unit if:

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

17 (2) it normally is located in the unit, even though it  
18 is outside the unit on January 1, if it is outside the unit only  
19 temporarily;

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

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

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

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

5 ROLLBACK TAX RATE = (EFFECTIVE MAINTENANCE AND OPERATIONS RATE x  
 6 1.06) + CURRENT DEBT RATE [~~the sum of:~~

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

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

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

20 (k) For purposes of this section, for the 2003, 2004, 2005,  
 21 2006, 2007, or 2008 tax year, for a school district that is entitled  
 22 to state funds under Section 4(a-1), (a-2), (a-3), (a-4), (a-5), or  
 23 (a-6), Article 3.50-9, Insurance Code, the rollback tax rate of the  
 24 district is the sum of:

25 (1) the tax rate computed under Subsection (i) [~~that,~~  
 26 ~~applied to the current total value for the district, would impose~~  
 27 ~~taxes in an amount that, when added to state funds that would be~~

1 ~~distributed to the district under Chapter 42, Education Code, for~~  
2 ~~the school year beginning in the current tax year using that tax~~  
3 ~~rate, would provide the same amount of state funds distributed~~  
4 ~~under Chapter 42 and maintenance and operations taxes of the~~  
5 ~~district per student in weighted average daily attendance for that~~  
6 ~~school year that would have been available to the district in the~~  
7 ~~preceding year if the funding elements for Chapters 41 and 42,~~  
8 ~~Education Code, for the current year had been in effect for the~~  
9 ~~preceding year]; and~~

10 (2) the tax rate that~~[, applied to the current total~~  
11 ~~value for the district, would impose taxes in the amount that, when~~  
12 ~~added to state funds that would be distributed to the district under~~  
13 ~~Chapter 42, Education Code, for the school year beginning in the~~  
14 ~~current tax year using that tax rate,]~~ permits the district to  
15 comply with Section 3, Article 3.50-9, Insurance Code~~[+~~

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

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

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

20 (b) For purposes of determining the required minimum amount  
21 of a qualified investment under Section 313.021(2)(A)(iv)(a), and  
22 the minimum amount of a limitation on appraised value under Section  
23 313.027(b), school districts to which this subchapter applies are  
24 categorized according to the taxable value of property in the  
25 district for the preceding tax year ~~[determined under Subchapter M,~~  
26 ~~Chapter 403, Government Code],~~ as follows:

27 CATEGORY TAXABLE VALUE OF PROPERTY



- 1           I           \$10 billion or more
- 2           II          \$1 billion or more but less than \$10 billion
- 3           III         \$500 million or more but less than \$1 billion
- 4           IV         \$100 million or more but less than \$500 million
- 5           V          less than \$100 million

6           SECTION 3.13. Section 313.052, Tax Code, is amended to read  
7 as follows:

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

- | 16 | CATEGORY | TAXABLE VALUE OF INDUSTRIAL PROPERTY             |
|----|----------|--|
| 17 | I        | \$200 million or more                            |
| 18 | II       | \$90 million or more but less than \$200 million |
| 19 | III      | \$1 million or more but less than \$90 million   |
| 20 | IV       | \$100,000 or more but less than \$1 million      |
| 21 | V        | less than \$100,000                              |

22           SECTION 3.14. Section 9(a), Article 3.50-7, Insurance Code,  
23 is amended to read as follows:

24           Sec. 9. (a) The state shall assist employees of  
25 participating school districts and charter schools in the purchase  
26 of group health coverage under this article by providing for each  
27 covered employee the amount of \$900 each state fiscal year or a

1 greater amount as provided by the General Appropriations Act. [~~The~~  
2 ~~state contribution shall be distributed through the school finance~~  
3 ~~formulas under Chapters 41 and 42, Education Code, and used by~~  
4 ~~school districts and charter schools as provided by Sections~~  
5 ~~42.2514 and 42.260, Education Code.~~]

6 SECTION 3.15. Section 2(a), Article 3.50-8, Insurance Code,  
7 is amended to read as follows:

8 (a) Each year, the trustee shall deliver to each school  
9 district, [~~including a school district that is ineligible for state~~  
10 ~~aid under Chapter 42, Education Code,~~] each other educational  
11 district that is a member of the Teacher Retirement System of Texas,  
12 each participating charter school, and each regional education  
13 service center state funds in an amount, as determined by the  
14 trustee, equal to the product of the number of active employees  
15 employed by the district, school, or service center multiplied by  
16 \$1,000 or a greater amount as provided by the General  
17 Appropriations Act for purposes of this article.

18 SECTION 3.16. Sections 4(a-2)-(a-6), Article 3.50-9,  
19 Insurance Code, are amended to read as follows:

20 (a-2) For the state fiscal year beginning September 1, 2003,  
21 a school district or participating charter school is entitled to  
22 state funds in an amount equal to the difference, if any, between:

23 (1) an amount equal to the number of participating  
24 employees of the district or school multiplied by \$1,500; and

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

27 [~~(A)~~] the amount the district or school is

1 required to use to provide health coverage under Section 2 of this  
2 article for that fiscal year [~~and~~

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

4 [~~(i) the amount determined under Section~~  
5 ~~42.2514(b)(2), Education Code, and~~

6 [~~(ii) the amount determined under Section~~  
7 ~~42.2514(b)(1), Education Code, if that amount is less than the~~  
8 ~~amount specified by Subparagraph (i) of this paragraph].~~

9 (a-3) For the state fiscal year beginning September 1, 2004,  
10 a school district or participating charter school is entitled to  
11 state funds in an amount equal to the difference, if any, between:

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

14 (2) if the following amount is less than the amount  
15 specified by Subdivision (1) of this subsection, [~~the sum of:~~

16 [~~(A)] the amount the district or school is~~  
17 required to use to provide health coverage under Section 2 of this  
18 article for that fiscal year [~~and~~

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

20 [~~(i) the amount determined under Section~~  
21 ~~42.2514(b)(2), Education Code, and~~

22 [~~(ii) the amount determined under Section~~  
23 ~~42.2514(b)(1), Education Code, if that amount is less than the~~  
24 ~~amount specified by Subparagraph (i) of this paragraph].~~

25 (a-4) For the state fiscal year beginning September 1, 2005,  
26 a 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 \$900; and

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

5 ~~[(A)]~~ the amount the district or school is  
6 required to use to provide health coverage under Section 2 of this  
7 article 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) of this paragraph].~~

14 (a-5) For the state fiscal year beginning September 1, 2006,  
15 a 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 \$600; and

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

21 ~~[(A)]~~ the amount the district or school is  
22 required to use to provide health coverage under Section 2 of this  
23 article 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) of this paragraph].~~

3 (a-6) For the state fiscal year beginning September 1, 2007,  
4 a 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 \$300; and

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

10 ~~[(A)]~~ the amount the district or school is  
11 required to use to provide health coverage under Section 2 of this  
12 article 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) of this paragraph].~~

19 ARTICLE 4. REPEALERS

20 SECTION 4.01. The following provisions of the Education  
21 Code are repealed:

22 (1) Sections 7.021(b)(5), 7.024, 7.055(b)(14) and  
23 (34), 8.052, 8.121-8.124, 13.054(f) and (g), 19.007(b), 21.402(b),  
24 29.014(d), 29.086(e), 29.203(b), (c), and (g), 29.256(c),  
25 30.003(f), 30.087(c), 30.102(c), 34.002(c), 34.008(b), 42.001,  
26 42.002, 42.007, 45.006, and 46.009(f);

27 (2) Section 33.001, as amended by Chapters 1223 and

1 1487, Acts of the 77th Legislature, Regular Session, 2001;

2 (3) Sections 46.012 and 46.036, as added by Chapter  
3 1156, Acts of the 77th Legislature, Regular Session, 2001;

4 (4) Chapter 41; and

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

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

8 SECTION 4.03. The following sections of the Tax Code are  
9 repealed: 6.02(g), 6.03(m), 21.02(b) and (c), 25.25(k), and  
10 26.08(j) and (l).

11 SECTION 4.04. Section 3(b), Article 3.05-9, Insurance Code,  
12 is repealed.

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

14 ARTICLE 5. TRANSITION PROVISIONS AND EFFECTIVE DATE

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

19 SECTION 5.02. This Act applies beginning with the 2003-2004  
20 school year.

21 SECTION 5.03. This Act takes effect immediately if it  
22 receives a vote of two-thirds of all the members elected to each  
23 house, as provided by Section 39, Article III, Texas Constitution.  
24 If this Act does not receive the vote necessary for immediate  
25 effect, this Act takes effect September 1, 2003.