

By: Griggs

H.B. No. 2681

A BILL TO BE ENTITLED

AN ACT

relating to public school finance.

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

ARTICLE 1. PUBLIC SCHOOL FINANCE

SECTION 1.01. Section 42.002(a), Education Code, is amended to read as follows:

~~[(a)]~~ The purposes of the Foundation School Program set forth in this chapter are to guarantee that each school district in the state has:

(1) adequate resources to provide each eligible student an exemplary ~~[a basic]~~ instructional program ~~[and facilities]~~ suitable to the student's educational needs; and

(2) access to resources ~~[a substantially equalized program of financing]~~ in excess of the ~~[basic]~~ costs of an exemplary instructional program ~~[for certain services]~~, as provided by this chapter.

SECTION 1.02. Subchapter A, Chapter 42, Education Code, is amended by adding Section 42.0051 to read as follows:

Sec. 42.0051. WEIGHTED AVERAGE DAILY ATTENDANCE. In this chapter, the number of students in weighted average daily attendance is calculated by dividing the sum of a school district's allotments under Subchapters B and C, less any allotment to the district for transportation, any allotment under Section 42.158, and 50 percent of the adjustment under Section 42.102, by the basic

1 allotment for the applicable year.

2 SECTION 1.03. Sections 42.007(c) and (d), Education Code,
3 are amended to read as follows:

4 (c) The funding elements must include:

5 (1) a basic allotment for the purposes of Section
6 42.101 [~~that, when combined with the guaranteed yield component~~
7 ~~provided by Subchapter F, represents the cost per student of a~~
8 ~~regular education program that meets all mandates of law and~~
9 ~~regulation~~];

10 (2) adjustments designed to reflect the variation in
11 known resource costs and costs of education beyond the control of
12 school districts; and

13 (3) appropriate program cost differentials and other
14 funding elements for the programs authorized under Subchapter C,
15 with the program funding level expressed as dollar amounts and as
16 weights applied to the adjusted basic allotment for the appropriate
17 year[~~+~~

18 [~~(4) the maximum guaranteed level of qualified state~~
19 ~~and local funds per student for the purposes of Subchapter F,~~

20 [~~(5) the enrichment and facilities tax rate under~~
21 ~~Subchapter F,~~

22 [~~(6) the computation of students in weighted average~~
23 ~~daily attendance under Section 42.302, and~~

24 [~~(7) the amount to be appropriated for the school~~
25 ~~facilities assistance program under Chapter 46].~~

26 (d) The board shall conduct a study on the funding elements
27 each biennium, as appropriate. [~~The study must include a~~

1 ~~determination of the projected cost to the state in the next state~~
2 ~~fiscal biennium of ensuring the ability of each school district to~~
3 ~~maintain existing programs without increasing property tax rates.]~~

4 SECTION 1.04. Section 42.101, Education Code, is amended to
5 read as follows:

6 Sec. 42.101. BASIC ALLOTMENT. For each student in average
7 daily attendance, not including the time students spend each day in
8 special education programs in an instructional arrangement other
9 than mainstream or career and technology education programs, for
10 which an additional allotment is made under Subchapter C, a
11 district is entitled to an allotment in an amount, as determined by
12 the commissioner in cooperation with the Legislative Budget Board,
13 equal to the average expenditure of state and local funds per
14 student during the 2001-2002 school year in all school districts
15 rated as exemplary under Section 39.072 for that school year [~~of~~
16 ~~\$2,537~~]. A greater amount for any school year may be provided by
17 appropriation. The commissioner shall adjust the amount as
18 appropriate to reflect the findings of any state study of the cost
19 of providing an adequate education to students in this state.

20 SECTION 1.05. Section 42.105, Education Code, is amended to
21 read as follows:

22 Sec. 42.105. SPARSITY ADJUSTMENT. Notwithstanding
23 Sections 42.101, 42.102, and 42.103, a school district that has
24 fewer than 130 students in average daily attendance shall be
25 provided an adjusted basic allotment on the basis of 130 students in
26 average daily attendance if it does not offer a high school program,
27 [~~offers a kindergarten through grade 12 program and~~] has preceding

1 or current year's average daily attendance of at least 90 students, and ~~[or]~~ is 30 miles or more by bus route from the nearest high
2 school district. A district offering a kindergarten through grade
3 8 program whose preceding or current year's average daily
4 attendance was at least 50 students and ~~[or]~~ which is 30 miles or
5 more by bus route from the nearest high school district shall be
6 provided an adjusted basic allotment on the basis of 75 students in
7 average daily attendance. An average daily attendance of 60
8 students shall be the basis of providing the adjusted basic
9 allotment if a district offers a kindergarten through grade 6
10 program, ~~[and]~~ has preceding or current year's average daily
11 attendance of at least 40 students, and ~~[or]~~ is 30 miles or more by
12 bus route from the nearest high school district.

14 SECTION 1.06. Section 42.201(d), Education Code, is amended
15 to read as follows:

16 (d) If a school district fails to reduce administrative
17 costs to the level required by this section, the commissioner shall
18 deduct from a school district's exemplary program ~~[tier one]~~
19 allotments an amount equal to the amount by which the district's
20 administrative costs exceed the amount permitted by its
21 administrative cost ratio, unless the commissioner has granted a
22 waiver in response to the district's request. The commissioner
23 shall make a deduction under this subsection from the foundation
24 school fund payments to the district in the school year following
25 the school year in which the plan to reduce costs was to be
26 implemented. If a school district does not receive an exemplary
27 program ~~[a tier one]~~ allotment, the district shall remit an amount

1 equal to the excess to the comptroller for deposit to the credit of
2 the foundation school fund.

3 SECTION 1.07. Section 42.251, Education Code, is amended to
4 read as follows:

5 Sec. 42.251. FINANCING; GENERAL RULE. (a) The sum of the
6 basic allotment under Subchapter B and the special allotments under
7 Subchapter C, computed in accordance with this chapter, constitute
8 the exemplary program [~~tier one~~] allotments. The sum of the
9 exemplary program [~~tier one~~] allotments and the enrichment amounts
10 [~~guaranteed yield allotments~~] under Subchapter F, computed in
11 accordance with this chapter, constitute the total cost of the
12 Foundation School Program. The cost of an exemplary program
13 provides the cost for an equalized education for all Texas
14 students.

15 (b) The program shall be financed by:

16 (1) ad valorem tax revenue generated by a an [~~an~~
17 ~~equalized~~] uniform school district effort;

18 (2) ad valorem tax revenue generated by local school
19 district effort in excess of the [~~equalized~~] uniform school
20 district effort;

21 (3) state available school funds distributed in
22 accordance with law; and

23 (4) state funds appropriated for the purposes of
24 public school education and allocated to each district in
25 accordance with this chapter [~~an amount sufficient to finance the~~
26 ~~cost of each district's Foundation School Program not covered by~~
27 ~~other funds specified in this subsection)].~~

1 (c) The state shall provide each district with state revenue
2 sufficient to pay at least 50 percent of the total amount of
3 exemplary program allotments to which the district is entitled.

4 (d) Notwithstanding any other provision of this chapter, a
5 school district is entitled to the amount of state revenue needed to
6 maintain state and local revenue in an amount equal to state and
7 local revenue per weighted student for maintenance and operation of
8 the district for the 2002-2003 school year less the district's
9 current year distribution per weighted student from the available
10 school fund, other than amounts distributed under Chapter 31, if
11 the district imposes an effective tax rate for maintenance and
12 operation of the district at least equal to the district's tax rate
13 for the 2002-2003 school year. This subsection expires September
14 1, 2005.

15 SECTION 1.08. The heading to Section 42.252, Education
16 Code, is amended to read as follows:

17 Sec. 42.252. LOCAL SHARE OF PROGRAM COST [~~(TIER ONE)~~].

18 SECTION 1.09. Section 42.252, Education Code, is amended by
19 amending Subsections (a) and (d) and adding Subsection (e) to read
20 as follows:

21 (a) Each school district's share of the Foundation School
22 Program is determined by the following formula:

$$23 \qquad \qquad \qquad \underline{LS} [\underline{LFA}] = TR \times DPV$$

24 where:

25 "LS" [LFA] is the school district's local share;

26 "TR" is a tax rate which for each hundred dollars of valuation
27 is an effective tax rate of \$1.45 or the rate specified by

1 Subsection (e) [~~\$0.86~~]; and

2 "DPV" is the taxable value of property in the school district
3 for the preceding tax year determined under Subchapter M, Chapter
4 403, Government Code.

5 (d) A school district must raise its total local share of
6 the Foundation School Program [~~to be eligible to receive foundation~~
7 ~~school fund payments~~]. Any portion of a district's total local
8 share that exceeds 50 percent of the total amount of the exemplary
9 program allotments to which the district is entitled is considered
10 state revenue and shall be remitted to the comptroller for
11 equalization purposes in accordance with rules adopted by the
12 commissioner.

13 (e) Notwithstanding the tax rate specified by Subsection
14 (a), a school district's local share for the 2005-2006 school year
15 is computed using a tax rate that results in an effective tax rate
16 of \$1.435. In each subsequent school year, a district's local share
17 is computed using a tax rate that results in an effective tax rate
18 that is \$0.015 less than the effective tax rate required under this
19 section for the preceding school year. Beginning with the
20 2014-2015 school year, a district's local share is computed using a
21 tax rate that results in an effective tax rate of \$1.30.

22 SECTION 1.10. Sections 42.253(a), (c), and (h), Education
23 Code, are amended to read as follows:

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

25 (1) the amount of money to which a school district is
26 entitled under Subchapters B and C;

27 (2) the amount of money to which a school district is

1 entitled or awarded under Subchapter F;

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

4 (4) the amount of each district's [~~tier one~~] local
5 share under Section 42.252[~~, and~~

6 [~~(5) the amount of each district's tier two local share~~
7 ~~under Section 42.302]~~.

8 (c) Each school district is entitled to an amount necessary
9 to ensure that the district has state and local revenue sufficient
10 to pay the costs of an exemplary education for each student in
11 weighted average daily attendance [~~equal to the difference for that~~
12 ~~district between the sum of Subsections (a)(1) and (a)(2) and the~~
13 ~~sum of Subsections (a)(3), (a)(4), and (a)(5)]]. Each school
14 district is also entitled to an amount equal to 50 percent of the
15 revenues raised by the district through an enrichment tax imposed
16 by the district under Subchapter F.~~

17 (h) If the amount appropriated for purposes of the
18 Foundation School Program is less than the amount to which school
19 districts are entitled for the second year of a state fiscal
20 biennium, the commissioner shall certify the amount of the
21 difference to the Legislative Budget Board not later than January 1
22 of the second year of the state fiscal biennium. The Legislative
23 Budget Board shall propose to the legislature that the certified
24 amount be transferred to the foundation school fund from the
25 economic stabilization fund and appropriated for the purpose of
26 increases in allocations under this subsection. If the legislature
27 fails during the regular session to enact the transfer and

1 appropriation proposed under this subsection [~~Subsection (f) and~~
2 ~~there are not funds available under Subsection (j)~~], the
3 commissioner shall reduce the total amount of state funds allocated
4 to each district proportionately [~~by an amount determined by a~~
5 ~~method under which the application of the same number of cents of~~
6 ~~increase in tax rate in all districts applied to the taxable value~~
7 ~~of property of each district, as determined under Subchapter M,~~
8 ~~Chapter 403, Government Code, results in a total levy equal to the~~
9 ~~total reduction~~]. The following fiscal year, a district's
10 entitlement under this section is increased by an amount equal to
11 the reduction made under this subsection.

12 SECTION 1.11. Sections 42.2531(a), (b), and (c), Education
13 Code, are amended to read as follows:

14 (a) The commissioner may make adjustments to amounts due to
15 a school district under this chapter [~~or Chapter 46, or to amounts~~
16 ~~necessary for a district to comply with the requirements of Chapter~~
17 ~~41,~~] as provided by this section.

18 (b) A school district that has a major taxpayer, as
19 determined by the commissioner, that because of a protest of the
20 valuation of the taxpayer's property fails to pay all or a portion
21 of the ad valorem taxes due to the district may apply to the
22 commissioner to have the district's taxable value of property or ad
23 valorem tax collections adjusted for purposes of this chapter [~~or~~
24 ~~Chapter 41 or 46~~]. The commissioner may make the adjustment only to
25 the extent the commissioner determines that making the adjustment
26 will not:

27 (1) in the fiscal year in which the adjustment is made,

1 cause the amount to which school districts are entitled under this
2 chapter to exceed the amount appropriated for purposes of the
3 Foundation School Program for that year; and

4 (2) if the adjustment is made in the first year of a
5 state fiscal biennium, cause the amount to which school districts
6 are entitled under this chapter for the second year of the biennium
7 to exceed the amount appropriated for purposes of the Foundation
8 School Program for that year.

9 (c) The commissioner shall recover the benefit of any
10 adjustment made under this section by making offsetting adjustments
11 in the school district's taxable value of property or ad valorem tax
12 collections for purposes of this chapter [~~or Chapter 41 or 46~~] on a
13 final determination of the taxable value of property that was the
14 basis of the original adjustment, or in the second school year
15 following the year in which the adjustment is made, whichever is
16 earlier.

17 SECTION 1.12. The heading to Subchapter F, Chapter 42,
18 Education Code, is amended to read as follows:

19 SUBCHAPTER F. ENRICHMENT [~~GUARANTEED YIELD~~] PROGRAM

20 SECTION 1.13. Section 42.301, Education Code, is amended to
21 read as follows:

22 Sec. 42.301. PURPOSE. The purpose of the enrichment
23 [~~guaranteed yield~~] component of the Foundation School Program is to
24 provide each school district with the opportunity to [~~provide the~~
25 ~~basic program and to~~] supplement the exemplary [~~that~~] program at a
26 level of its own choice. [~~An allotment under this subchapter may be~~
27 ~~used for any legal purpose other than capital outlay or debt~~

1 ~~service.]~~

2 SECTION 1.14. The heading to Section 42.302, Education
3 Code, is amended to read as follows:

4 Sec. 42.302. ENRICHMENT TAX ~~[ALLOTMENT]~~.

5 SECTION 1.15. Sections 42.302(a) and (b), Education Code,
6 are amended to read as follows:

7 (a) In addition to the ~~[Each school district is guaranteed a~~
8 ~~specified amount per weighted student in state and local funds for~~
9 ~~each cent of]~~ tax effort ~~[over that]~~ required for a school ~~[the]~~
10 district's local share under Section 42.252, each school district
11 may impose an additional ad valorem tax ~~[fund assignment]~~ up to the
12 maximum level specified in this subchapter. ~~[The amount of state~~
13 ~~support, subject only to the maximum amount under Section 42.303,~~
14 ~~is determined by the formula:~~

15
$$[GYA - (CL \times WADA \times DTR \times 100) = LR$$

16 ~~[where:~~

17 ~~["GYA" is the guaranteed yield amount of state funds to be~~
18 ~~allocated to the district,~~

19 ~~["CL" is the dollar amount guaranteed level of state and~~
20 ~~local funds per weighted student per cent of tax effort, which is~~
21 ~~\$27.14 or a greater amount for any year provided by appropriation,~~

22 ~~["WADA" is the number of students in weighted average daily~~
23 ~~attendance, which is calculated by dividing the sum of the school~~
24 ~~district's allotments under Subchapters B and C, less any allotment~~
25 ~~to the district for transportation, any allotment under Section~~
26 ~~42.158, and 50 percent of the adjustment under Section 42.102, by~~
27 ~~the basic allotment for the applicable year,~~

1 ~~["DTR" is the district enrichment tax rate of the school~~
2 ~~district, which is determined by subtracting the amounts specified~~
3 ~~by Subsection (b) from the total amount of maintenance and~~
4 ~~operations taxes collected by the school district for the~~
5 ~~applicable school year and dividing the difference by the quotient~~
6 ~~of the district's taxable value of property as determined under~~
7 ~~Subchapter M, Chapter 403, Government Code, or, if applicable,~~
8 ~~under Section 42.2521, divided by 100; and~~

9 ~~["LR" is the local revenue, which is determined by~~
10 ~~multiplying "DTR" by the quotient of the district's taxable value~~
11 ~~of property as determined under Subchapter M, Chapter 403,~~
12 ~~Government Code, or, if applicable, under Section 42.2521, divided~~
13 ~~by 100.]~~

14 (b) Fifty percent of any amount collected by a school
15 district through an enrichment tax imposed under this subchapter is
16 considered state revenue and must be remitted to the comptroller
17 for equalization purposes in accordance with rules adopted by the
18 commissioner. ~~[In computing the district enrichment tax rate of a~~
19 ~~school district, the total amount of maintenance and operations~~
20 ~~taxes collected by the school district does not include the amount~~
21 ~~of:~~

22 ~~[(1) the district's local fund assignment under~~
23 ~~Section 42.252, or~~

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

26 SECTION 1.16. Section 42.303, Education Code, is amended to
27 read as follows:

1 Sec. 42.303. LIMITATION ON ENRICHMENT TAX RATE. (a) The
2 district enrichment tax rate [~~("DTR")~~] under Section 42.302 may not
3 exceed \$0.05 [~~\$0.64~~] per \$100 of valuation, or the [~~a greater~~]
4 amount specified by Subsection (b) [~~for any year provided by~~
5 ~~appropriation~~].

6 (b) Notwithstanding Subsection (a), the district enrichment
7 tax rate for the 2005-2006 school year may not exceed \$0.065 per
8 \$100 of valuation. In each subsequent school year, the district
9 enrichment tax rate may not exceed an amount that is \$0.015 more
10 than the enrichment tax rate imposed by the district for the
11 preceding school year, provided that the rate may never exceed
12 \$0.20 per \$100 of valuation.

13 SECTION 1.17. Section 42.304, Education Code, is amended to
14 read as follows:

15 Sec. 42.304. STATE ENRICHMENT GRANTS [~~COMPUTATION OF AID~~
16 ~~FOR DISTRICT ON MILITARY RESERVATION OR AT STATE SCHOOL~~]. (a) The
17 commissioner shall use state revenue made available through the
18 enrichment tax authorized by this subchapter to award grants to
19 school districts to enrich local educational programs [~~State~~
20 ~~assistance under this subchapter for a school district located on a~~
21 ~~federal military installation or at Moody State School is computed~~
22 ~~using the average tax rate and property value per student of school~~
23 ~~districts in the county, as determined by the commissioner~~].

24 (b) In awarding grants, the commissioner shall rank school
25 districts by wealth per student and award grants beginning with the
26 district with the lowest wealth per student. The commissioner
27 shall determine the amount of each grant awarded to a school

1 district, based on district need and the amount of revenue
2 available to the state. The commissioner is not required to award
3 grants of equal amounts or to award a grant of any amount to each
4 school district.

5 (c) In this section, "wealth per student" means a school
6 district's taxable value of property as determined under Subchapter
7 M, Chapter 403, Government Code, or, if applicable, Section
8 42.2521, divided by the district's weighted average daily
9 attendance as determined under Section 42.0051.

10 SECTION 1.18. Sections 45.003(a) and (d), Education Code,
11 are amended to read as follows:

12 (a) Bonds described by Section 45.001 may not be issued and
13 taxes described by Section 45.001 or 45.002, other than a tax
14 required for a school district's local share under Section 42.252,
15 may not be levied unless authorized by a majority of the qualified
16 voters of the district, voting at an election held for that purpose,
17 at the expense of the district, in accordance with the Election
18 Code, except as provided by this section. Each election must be
19 called by resolution or order of the governing board or
20 commissioners court. The resolution or order must state the date of
21 the election, the proposition or propositions to be submitted and
22 voted on, the polling place or places, and any other matters
23 considered necessary or advisable by the governing board or
24 commissioners court.

25 (d) A proposition submitted to authorize the levy of
26 maintenance taxes must include the question of whether the
27 governing board or commissioners court may levy, assess, and

1 collect annual ad valorem taxes for the further maintenance of
2 public schools[~~7~~] at a rate not to exceed the rate[~~7, which may be~~
3 ~~not more than \$1.50 on the \$100 valuation of taxable property in the~~
4 ~~district,~~] stated in the proposition, which may not exceed the sum
5 of the rate required by Section 42.252 and the maximum rate
6 authorized by Section 42.303.

7 ARTICLE 2. CONFORMING AMENDMENTS

8 SECTION 2.01. Section 12.013(b), Education Code, is amended
9 to read as follows:

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

11 (1) a provision of this title establishing a criminal
12 offense;

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

15 (3) a prohibition, restriction, or requirement, as
16 applicable, imposed by this title or a rule adopted under this
17 title, relating to:

18 (A) the Public Education Information Management
19 System (PEIMS) to the extent necessary to monitor compliance with
20 this subchapter as determined by the commissioner;

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

23 (C) criminal history records under Subchapter C,
24 Chapter 22;

25 (D) student admissions under Section 25.001;

26 (E) school attendance under Sections 25.085,
27 25.086, and 25.087;

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

3 (G) elementary class size limits under Section
4 25.112, in the case of any campus in the district that is considered
5 low-performing under Section 39.131(b);

6 (H) high school graduation under Section 28.025;

7 (I) special education programs under Subchapter
8 A, Chapter 29;

9 (J) bilingual education under Subchapter B,
10 Chapter 29;

11 (K) prekindergarten programs under Subchapter E,
12 Chapter 29;

13 (L) safety provisions relating to the
14 transportation of students under Sections 34.002, 34.003, 34.004,
15 and 34.008;

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

18 (N) extracurricular activities under Section
19 33.081;

20 (O) health and safety under Chapter 38;

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

23 (Q) ~~[equalized wealth under Chapter 41,~~

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

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

27 SECTION 2.02. Section 12.029(b), Education Code, is amended

1 to read as follows:

2 (b) If [~~Except as provided by Subchapter H, Chapter 41, if~~]
3 two or more school districts having different status, one of which
4 is home-rule school district status, consolidate into a single
5 district, the petition under Section 13.003 initiating the
6 consolidation must state the status for the consolidated district.
7 The ballot shall be printed to permit voting for or against the
8 proposition: "Consolidation of (names of school districts) into a
9 single school district governed as (status of school district
10 specified in the petition)."

11 SECTION 2.03. Section 12.106(a), Education Code, is amended
12 to read as follows:

13 (a) A charter holder is entitled to receive for the
14 open-enrollment charter school funding under Chapter 42 in an
15 equitable manner determined by the commissioner as if the school
16 were a school district [~~without a tier one local share for purposes~~
17 ~~of Section 42.253 and without any local revenue ("LR") for purposes~~
18 ~~of Section 42.302. In determining funding for an open-enrollment~~
19 ~~charter school, adjustments under Sections 42.102, 42.103, 42.104,~~
20 ~~and 42.105 and the district enrichment tax rate ("DTR") under~~
21 ~~Section 42.302 are based on the average adjustment and average~~
22 ~~district enrichment tax rate for the state].~~

23 SECTION 2.04. Sections 21.402(a) and (c), Education Code,
24 are amended to read as follows:

25 (a) Except as provided by Subsection (d), (e), or (f), a
26 school district must pay each classroom teacher, full-time
27 librarian, full-time counselor certified under Subchapter B, or

1 full-time school nurse not less than the minimum monthly salary,
 2 based on the employee's level of experience, adjusted biannually by
 3 the Commissioner for cost of living adjustments, prescribed
 4 ~~[determined]~~ by Subsection (c) ~~[the following formula:~~

$$5 \qquad \qquad \qquad [\text{MS} = \text{SF} \times \text{FS}]$$

6 ~~[where:~~

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

8 ~~["SF" is the applicable salary factor specified by Subsection~~
 9 ~~(c); and~~

10 ~~["FS" is the amount, as determined by the commissioner under~~
 11 ~~Subsection (b), of state and local funds per weighted student~~
 12 ~~available to a district eligible to receive state assistance under~~
 13 ~~Section 42.302 with an enrichment tax rate, as defined by Section~~
 14 ~~42.302, equal to the maximum rate authorized under Section 42.303,~~
 15 ~~except that the amount of state and local funds per weighted student~~
 16 ~~does not include the amount attributable to the increase in the~~
 17 ~~guaranteed level made by H.B. No. 3343, Acts of the 77th~~
 18 ~~Legislature, Regular Session, 2001].~~

19 (c) The minimum monthly salary under this section is
 20 ~~[factors per step are]~~ as follows:

21	Years Experience	0	1	2
22	Monthly Salary	\$2,424 [-.5656]	\$2,481 [-.5790]	\$2,539 [-.5924]
23	[Factor]			
24	Years Experience	3	4	5
25	Monthly Salary	\$2,596 [-.6058]	\$2,717 [-.6340]	\$2,838 [-.6623]
26	[Factor]			
27	Years Experience	6	7	8

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

15 SECTION 2.05. Section 21.410(h), Education Code, is amended
 16 to read as follows:

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

27 SECTION 2.06. Section 21.411(h), Education Code, as added

1 by Section 5, Chapter 834, Acts of the 77th Legislature, Regular
2 Session, 2001, is amended to read as follows:

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

13 SECTION 2.07. Section 21.411(h), Education Code, as added
14 by Section 1, Chapter 1301, Acts of the 77th Legislature, Regular
15 Session, 2001, is amended to read as follows:

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

26 SECTION 2.08. Section 29.008(b), Education Code, is amended
27 to read as follows:

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

17 SECTION 2.09. Section 29.087(j), Education Code, is amended
18 to read as follows:

19 (j) For purposes of funding under Chapter [~~Chapters 41,~~
20 42[, and 46], a student attending a program authorized by this
21 section may be counted in attendance only for the actual number of
22 hours each school day the student attends the program, in
23 accordance with Sections 25.081 and 25.082.

24 SECTION 2.10. Section 37.0061, Education Code, is amended
25 to read as follows:

26 Sec. 37.0061. FUNDING FOR ALTERNATIVE EDUCATION SERVICES IN
27 JUVENILE RESIDENTIAL FACILITIES. A school district that provides

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

17 SECTION 2.11. Section 2175.304(c), Government Code, is
18 amended to read as follows:

19 (c) The procedures established under Subsection (b) must
20 give preference to transferring the property directly to a public
21 school or school district before disposing of the property in
22 another manner. If more than one public school or school district
23 seeks to acquire the same property on substantially the same terms,
24 the system, institution, or agency shall give preference to a
25 public school that is considered low-performing by the commissioner
26 of education or to a school district that has a relatively low
27 [~~taxable~~] wealth per student, as determined by the commissioner of

1 education in accordance with Section 42.304 [~~that entitles the~~
2 ~~district to an allotment of state funds under Subchapter F, Chapter~~
3 ~~42], Education Code.~~

4 SECTION 2.12. Section 6.02(b), Tax Code, is amended to read
5 as follows:

6 (b) A taxing unit that has boundaries extending into two or
7 more counties may choose to participate in only one of the appraisal
8 districts. In that event, the boundaries of the district chosen
9 extend outside the county to the extent of the unit's boundaries.
10 To be effective, the choice must be approved by resolution of the
11 board of directors of the district chosen. [~~The choice of a school~~
12 ~~district to participate in a single appraisal district does not~~
13 ~~apply to property annexed to the school district under Subchapter C~~
14 ~~or G, Chapter 41, Education Code, unless:~~

15 [~~(1) the school district taxes property other than~~
16 ~~property annexed to the district under Subchapter C or G, Chapter~~
17 ~~41, Education Code, in the same county as the annexed property; or~~

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

21 SECTION 2.13. Section 21.01, Tax Code, is amended to read as
22 follows:

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

26 SECTION 2.14. Section 21.02(a), Tax Code, is amended to
27 read as follows:

1 (a) Except as provided by [~~Subsection (b) and~~] Sections
2 21.021, 21.04, and 21.05, tangible personal property is taxable by
3 a taxing unit if:

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

6 (2) it normally is located in the unit, even though it
7 is outside the unit on January 1, if it is outside the unit only
8 temporarily;

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

12 (4) the owner resides (for property not used for
13 business purposes) or maintains his principal place of business in
14 this state (for property used for business purposes) in the unit and
15 the property is taxable in this state but does not have a taxable
16 situs pursuant to Subdivisions (1) through (3) [~~of this section~~].

17 SECTION 2.15. Section 26.08(i), Tax Code, is amended to
18 read as follows:

19 (i) For purposes of this section, the rollback tax rate of a
20 school district is the sum of:

21 (1) the tax rate that, applied to the current total
22 value for the district, would impose taxes in an amount that, when
23 added to state funds that would be distributed to the district under
24 Chapter 42, Education Code, for the school year beginning in the
25 current tax year using that tax rate, would provide the same amount
26 of state funds distributed under Chapter 42 and maintenance and
27 operations taxes of the district per student in weighted average

1 daily attendance for that school year that would have been
2 available to the district in the preceding year if the funding
3 elements for Chapter [~~Chapters 41 and~~] 42, Education Code, for the
4 current year had been in effect for the preceding year;

5 (2) the rate of \$0.06 per \$100 of taxable value; and

6 (3) the district's current debt rate.

7 SECTION 2.16. Section 9(a), Article 3.50-7, Insurance Code,
8 is amended to read as follows:

9 (a) The state shall assist employees of participating school
10 districts and charter schools in the purchase of group health
11 coverage under this article by providing for each covered employee
12 the amount of \$900 each state fiscal year or a greater amount as
13 provided by the General Appropriations Act. [~~The state
14 contribution shall be distributed through the school finance
15 formulas under Chapters 41 and 42, Education Code, and used by
16 school districts and charter schools as provided by Sections
17 42.2514 and 42.260, Education Code.~~]

18 ARTICLE 3. REPEALER AND EFFECTIVE DATE

19 SECTION 3.01. (a) The following provisions of the
20 Education Code are repealed:

21 (1) Chapters 41 and 46;

22 (2) Sections 42.002(b), 42.103(d) and (e), 42.106,
23 42.2511, 42.2512, 42.2514, 42.2515, 42.253(e)-(g) and (l), 42.260,
24 and 42.302(c);

25 (3) Section 42.302(d), as added by Chapter 320, Acts
26 of the 77th Legislature, Regular Session, 2001; and

27 (4) Section 42.302(d), as added by Chapter 1505, Acts

1 of the 77th Legislature, Regular Session, 2001.

2 (b) Sections 21.02(b) and (c), Tax Code, are repealed.

3 SECTION 3.02. Notwithstanding the repeal of Chapter 46,
4 Education Code, by this Act, the state shall continue to provide
5 state assistance under Chapter 46, Education Code, as it existed
6 before repeal by this Act, to each district receiving state
7 assistance under that chapter during the 2002-2003 school year, as
8 necessary to comply with the state's obligations under that chapter
9 as it existed before repeal by this Act, and the former law is
10 continued in effect for that purpose. The commissioner of
11 education may adopt rules to implement this section.

12 SECTION 3.03. This Act takes effect September 1, 2004, but
13 only if the constitutional amendment proposed by H.J.R. No. ____,
14 78th Legislature, Regular Session, 2003, is approved by the voters.
15 If that amendment is not approved by the voters, this Act has no
16 effect.