

AN ACT

relating to the operation of municipal school districts and the levy of municipal school district taxes.

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

SECTION 1. Subchapter G, Chapter 11, Education Code, is amended by adding Section 11.303 to read as follows:

Sec. 11.303. MUNICIPAL SCHOOL DISTRICTS. (a) Except as otherwise provided by this section, a school district operating under former Chapter 24 may continue to operate under that chapter as it existed on May 1, 1995, and under state law generally applicable to school districts that does not conflict with that chapter.

(b) The governing body of the municipality may participate in annual hearings or work sessions held by the board of trustees of the municipal school district on the budget and ad valorem tax rate for the coming year.

(c) The board of trustees of a municipal school district and the governing body of the municipality shall jointly hold any hearing required by law as a condition for the adoption of an annual budget and imposition of an ad valorem tax.

(d) Neither an annual budget for a municipal school district nor an ad valorem tax to be imposed for the district may be adopted without the affirmative vote of:

(1) a majority of the members of the board of trustees

1 of the municipal school district present and voting; and

2 (2) at least three-quarters of the total of the voting  
3 members of the board of trustees and the governing body of the  
4 municipality that are present and voting.

5 (e) If a quorum of the members of the governing body of the  
6 municipality is not present at a meeting required under Subsection  
7 (c), the board of trustees may adopt a budget or an ad valorem tax  
8 rate without regard to the requirements of Subsection (d).

9 (f) Notwithstanding former Section 24.06(c), as it existed  
10 on May 1, 1995, the governing body of the municipality shall adopt  
11 an ordinance providing for the levy and assessment of the tax  
12 approved pursuant to Subsection (d) or (e).

13 (g) After adopting an ordinance levying a tax for the  
14 municipal school district, the governing body of the municipality  
15 shall provide a certified copy of the ordinance to the district's  
16 board of trustees.

17 (h) This section may not be construed as authorizing the  
18 governing body of a municipality to levy a tax for the support of  
19 schools of a municipal school district without fully complying with  
20 all applicable provisions of the Tax Code.

21 SECTION 2. Section 11.301, Education Code, is amended to  
22 read as follows:

23 Sec. 11.301. APPLICATION OF FORMER LAW. (a) A school  
24 district or county system operating under former Chapter 17, 18,  
25 22, [24,] 25, 26, 27, or 28 on May 1, 1995, may continue to operate  
26 under the applicable chapter as that chapter existed on that date  
27 and under state law generally applicable to school districts that

1 does not conflict with that chapter.

2 (b) A school district operating under former Chapter 22 may  
3 incorporate and become an independent school district in the manner  
4 provided by former Subchapter F, Chapter 19, as that subchapter  
5 existed on May 1, 1995. [~~A school district operating under former  
6 Chapter 24 may be separated from municipal control and become an  
7 independent school district in the manner provided by former  
8 Subchapter E, Chapter 19, as that subchapter existed on May 1,  
9 1995.~~]

10 SECTION 3. Not later than September 15, 2003, the  
11 comptroller shall begin a performance review under Section 403.020,  
12 Government Code, of each municipal school district in this state.  
13 The comptroller shall complete the review and prepare a report  
14 showing the results of the review not later than February 1, 2004.

15 SECTION 4. This Act takes effect September 1, 2003.

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President of the Senate

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Speaker of the House

I certify that H.B. No. 2964 was passed by the House on May 2, 2003, by a non-record vote; and that the House concurred in Senate amendments to H.B. No. 2964 on May 30, 2003, by a non-record vote.

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Chief Clerk of the House

I certify that H.B. No. 2964 was passed by the Senate, with amendments, on May 28, 2003, by a viva-voce vote.

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Secretary of the Senate

APPROVED: \_\_\_\_\_

Date

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Governor