

By: Janek

S.B. No. 682

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 \$49,500 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.

SUBCHAPTER C. FINANCING THE PROGRAM

1 Sec. 42.151. FINANCING; GENERAL RULE. (a) The allotment
2 for teacher salaries constitutes the total cost of the Foundation
3 School Program, except that the legislature may use available
4 school funds and any other funds to pay the cost of teacher
5 benefits, as determined by the legislature.

6 (b) The program shall be financed by:

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

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

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

15 (1) the amount of money necessary for teacher salaries
16 under Subchapter B and any teacher benefits provided by the state;
17 and

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

20 (b) Each school district is entitled, from the
21 appropriation for the foundation school fund and any other funds,
22 to the amount necessary to fund the district's teacher salaries
23 allotment under Subchapter B and any teacher benefits provided by
24 the state.

25 (c) The commissioner shall approve warrants to each school
26 district equaling the amount of its entitlement. Warrants for all
27 money expended according to this chapter shall be approved and

1 transmitted to treasurers or depositories of school districts in
2 the same manner that warrants for available school fund payments
3 are transmitted.

4 (d) If for any year the total cost of the Foundation School
5 Program, as determined under this chapter, exceeds the total amount
6 appropriated for that year, the commissioner shall proportionally
7 reduce the amount of the allotment prescribed by Section 42.101(a).

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

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

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

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

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

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

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

10 ARTICLE 2. CONFORMING AMENDMENTS TO EDUCATION CODE

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

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

1 comptroller to assure that all payments are paid from the
2 appropriate funds in a timely and efficient manner.

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

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

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

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

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

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

21 (3) [~~(4)~~] training and assistance to teachers,
22 administrators, members of district boards of trustees, and members
23 of site-based decision-making committees;

24 (4) [~~(5)~~] assistance specifically designed for a
25 school district that is considered out of compliance with state or
26 federal special education requirements, based on the agency's most
27 recent compliance review of the district's special education

1 programs; and

2 (5) [~~(6)~~] assistance in complying with state laws and
3 rules.

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

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

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

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

15 SECTION 2.04. Section 11.158(a), Education Code, is
16 amended to read as follows:

17 (a) The board of trustees of an independent school district
18 may require payment of:

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

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

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

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

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

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

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

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

15 (9) a fee for items of personal apparel that become the
16 property of the student and that are used in extracurricular
17 activities;

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

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

22 (12) a fee for a course offered for credit that
23 requires the use of facilities not available on the school premises
24 or the employment of an educator who is not part of the school's
25 regular staff, if participation in the course is at the student's
26 option;

27 (13) a fee for a course offered during summer school,

1 except that the board may charge a fee for a course required for
2 graduation only if the course is also offered without a fee during
3 the regular school year;

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

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

15 SECTION 2.05. Section 12.013(b), Education Code, is amended
16 to read as follows:

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

18 (1) a provision of this title establishing a criminal
19 offense;

20 (2) a provision of this title relating to limitations
21 on liability; and

22 (3) a prohibition, restriction, or requirement, as
23 applicable, imposed by this title or a rule adopted under this
24 title, relating to:

25 (A) the Public Education Information Management
26 System (PEIMS) to the extent necessary to monitor compliance with
27 this subchapter as determined by the commissioner;

- 1 (B) educator certification under Chapter 21 and
2 educator rights under Sections 21.407, 21.408, and 22.001;
- 3 (C) criminal history records under Subchapter C,
4 Chapter 22;
- 5 (D) student admissions under Section 25.001;
- 6 (E) school attendance under Sections 25.085,
7 25.086, and 25.087;
- 8 (F) inter-district or inter-county transfers of
9 students under Subchapter B, Chapter 25;
- 10 (G) elementary class size limits under Section
11 25.112, in the case of any campus in the district that is considered
12 low-performing under Section 39.131(b);
- 13 (H) high school graduation under Section 28.025;
- 14 (I) special education programs under Subchapter
15 A, Chapter 29;
- 16 (J) bilingual education under Subchapter B,
17 Chapter 29;
- 18 (K) prekindergarten programs under Subchapter E,
19 Chapter 29;
- 20 (L) safety provisions relating to the
21 transportation of students under Sections 34.002, 34.003, 34.004,
22 and 34.008;
- 23 (M) computation and distribution of state aid
24 under Chapters 31, 42, and 43;
- 25 (N) extracurricular activities under Section
26 33.081;
- 27 (O) health and safety under Chapter 38;

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

3 (Q) ~~[equalized wealth under Chapter 41,~~
4 ~~[(R)]~~ a bond or other obligation or tax rate
5 under Chapters 42, 43, and 45; and

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

7 SECTION 2.06. Section 12.029(b), Education Code, is amended
8 to read as follows:

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

18 SECTION 2.07. Section 12.106(a), Education Code, is amended
19 to read as follows:

20 (a) A charter holder is entitled to receive for the
21 open-enrollment charter school funding under Chapter 42 as if the
22 school were a school district ~~[without a tier one local share for~~
23 ~~purposes of Section 42.253 and without any local revenue ("LR") for~~
24 ~~purposes of Section 42.302. In determining funding for an~~
25 ~~open-enrollment charter school, adjustments under Sections 42.102,~~
26 ~~42.103, 42.104, and 42.105 and the district enrichment tax rate~~
27 ~~("DTR") under Section 42.302 are based on the average adjustment~~

1 ~~and average district enrichment tax rate for the state].~~

2 SECTION 2.08. Section 13.051(c), Education Code, is amended
3 to read as follows:

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

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

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

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

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

16 SECTION 2.09. Section 13.231(b), Education Code, is amended
17 to read as follows:

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

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

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

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

4 (4) the total dollar amount of any captured appraised
5 value of property that:

6 (A) is within a reinvestment zone created on or
7 before May 31, 1999, or is proposed to be included within the
8 boundaries of a reinvestment zone as the boundaries of the zone and
9 the proposed portion of tax increment paid into the tax increment
10 fund by a school district are described in a written notification
11 provided by the municipality or the board of directors of the zone
12 to the governing bodies of the other taxing units in the manner
13 provided by Section 311.003(e), Tax Code, before May 31, 1999, and
14 within the boundaries of the zone as those boundaries existed on
15 September 1, 1999, including subsequent improvements to the
16 property regardless of when made;

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

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

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

25 (6) the difference between the comptroller's estimate
26 of the market value and the productivity value of land that
27 qualifies for appraisal on the basis of its productive capacity,

1 except that the productivity value estimated by the comptroller may
2 not exceed the fair market value of the land;

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

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

10 (A) action required by statute or the
11 constitution of this state that, if the tax rate adopted by the
12 district is applied to it, produces an amount equal to the
13 difference between the tax that the district would have imposed on
14 the property if the property were fully taxable at market value and
15 the tax that the district is actually authorized to impose on the
16 property, if this subsection does not otherwise require that
17 portion to be deducted; or

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

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

23 (10) the appraised value of property the collection of
24 delinquent taxes on which is deferred under Section 33.06, Tax
25 Code;

26 (11) the portion of the appraised value of property
27 the collection of delinquent taxes on which is deferred under

1 Section 33.065, Tax Code; and

2 (12) the amount by which the market value of a
3 residence homestead to which Section 23.23, Tax Code, applies
4 exceeds the appraised value of that property as calculated under
5 that section [~~has the meaning assigned by Section 403.302,~~
6 ~~Government Code~~].

7 SECTION 2.10. Sections 13.282(a) and (b), Education Code,
8 are amended to read as follows:

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

11 (1) the sum of the entitlements computed under Section
12 42.152 [~~42.253~~] that would have been paid to the districts included
13 in the reorganized district if the districts had not been
14 consolidated; and

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

17 (b) If the reorganized district is not eligible for an
18 entitlement under Section 42.152 [~~42.253~~], the amount of the
19 incentive aid payments may not exceed the sum of the entitlements
20 computed under Section 42.152 [~~42.253~~] for which the districts
21 included in the reorganized district were eligible in the school
22 year when they were consolidated.

23 SECTION 2.11. Section 19.005(a), Education Code, is amended
24 to read as follows:

25 (a) Any person confined or imprisoned in the department who
26 is not a high school graduate is eligible for programs or services
27 under this chapter [~~paid for with money from the foundation school~~

1 ~~fund~~]. To the extent space is available, the district may also
2 offer programs or services under this chapter [~~paid for with money~~
3 ~~from the foundation school fund~~] to persons confined or imprisoned
4 in the department who are high school graduates.

5 SECTION 2.12. Section 19.007(c), Education Code, is amended
6 to read as follows:

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

10 SECTION 2.13. Section 19.008(a), Education Code, is amended
11 to read as follows:

12 (a) The legislature [~~commissioner~~] shall allocate funds to
13 the district [~~from the foundation school fund~~] based on an amount,
14 established in the General Appropriations Act, for each contact
15 hour between a teacher and a person eligible under Section 19.005,
16 including associated administrative costs, for the best 180 of 210
17 school days in each year of the state fiscal biennium. Those funds
18 may be spent only for district administrative costs related to
19 education and for district educational programs and services and
20 only with the approval of the board.

21 SECTION 2.14. Sections 21.402(a) and (c), Education Code,
22 are amended to read as follows:

23 (a) Except as provided by Subsection (d), (e), or (f), a
24 school district must pay each classroom teacher, full-time
25 librarian, full-time counselor certified under Subchapter B, or
26 full-time school nurse not less than the minimum monthly salary,
27 based on the employee's level of experience, prescribed

1 ~~[determined]~~ by Subsection (c) ~~[the following formula:~~

2
$$[\text{MS} = \text{SF} \times \text{FS}]$$

3 ~~[where:~~

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

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

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

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

18	Years Experience	0	1	2
19	<u>Monthly Salary</u>	<u>\$2,424</u> [.5656]	<u>\$2,481</u> [.5790]	<u>\$2,539</u> [.5924]
20	[Factor]			
21	Years Experience	3	4	5
22	<u>Monthly Salary</u>	<u>\$2,596</u> [.6058]	<u>\$2,717</u> [.6340]	<u>\$2,838</u> [.6623]
23	[Factor]			
24	Years Experience	6	7	8
25	<u>Monthly Salary</u>	<u>\$2,959</u> [.6906]	<u>\$3,072</u> [.7168]	<u>\$3,178</u> [.7416]
26	[Factor]			
27	Years Experience	9	10	11

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

12 SECTION 2.15. Section 21.410(h), Education Code, is amended
 13 to read as follows:

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

24 SECTION 2.16. Section 21.411(h), Education Code, as added
 25 by Section 5, Chapter 834, Acts of the 77th Legislature, Regular
 26 Session, 2001, is amended to read as follows:

27 (h) A grant a school district receives under this section is

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

10 SECTION 2.17. Section 21.411(h), Education Code, as added
11 by Section 1, Chapter 1301, Acts of the 77th Legislature, Regular
12 Session, 2001, is amended to read as follows:

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

23 SECTION 2.18. Section 29.002, Education Code, is amended to
24 read as follows:

25 Sec. 29.002. DEFINITION. In this subchapter, "special
26 services" means:

27 (1) special education instruction, which may be

1 provided by professional and supported by paraprofessional
2 personnel in the regular classroom or another [~~in an~~] instructional
3 arrangement [~~described by Section 42.151~~]; and

4 (2) related services, which are developmental,
5 corrective, supportive, or evaluative services, not instructional
6 in nature, that may be required for the student to benefit from
7 special education instruction and for implementation of a student's
8 individualized education program.

9 SECTION 2.19. Section 29.008(b), Education Code, is amended
10 to read as follows:

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

27 SECTION 2.20. Section 29.060(f), Education Code, is amended

1 to read as follows:

2 (f) The legislature may appropriate money other than money
3 from the foundation school fund for support of a program under
4 Subsection (a).

5 SECTION 2.21. Section 29.082(a), Education Code, is amended
6 to read as follows:

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

13 SECTION 2.22. Section 29.087(j), Education Code, is amended
14 to read as follows:

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

20 SECTION 2.23. Sections 29.257(a) and (b), Education Code,
21 are amended to read as follows:

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

1 subsection shall be deposited in the account established under
2 Subsection (b) and may be appropriated only for the purpose for
3 which the money was given.

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

9 SECTION 2.24. Section 30.002(g), Education Code, is amended
10 to read as follows:

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

23 SECTION 2.25. Sections 30.087(a) and (b), Education Code,
24 are amended to read as follows:

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

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

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

11 SECTION 2.26. Section 31.003, Education Code, is amended to
12 read as follows:

13 Sec. 31.003. STATE BOARD OF EDUCATION RULES. The State
14 Board of Education may adopt rules, consistent with this chapter,
15 for the adoption [~~, requisition, distribution, care, use, and~~
16 ~~disposal~~] of textbooks.

17 SECTION 2.27. Subchapter A, Chapter 31, Education Code, is
18 amended by adding Section 31.004 to read as follows:

19 Sec. 31.004. SCHOOL DISTRICT RULES. Each school district
20 shall adopt rules, consistent with this chapter, for the purchase,
21 distribution, handling, and disposition of textbooks in the
22 district, including rules related to electronic textbooks and
23 bilingual and special education textbooks.

24 SECTION 2.28. The heading to Subchapter B, Chapter 31,
25 Education Code, is amended to read as follows:

26 SUBCHAPTER B. STATE ~~[FUNDING,]~~ ADOPTION [~~, AND PURCHASE]~~

27 SECTION 2.29. Section 31.022(d), Education Code, is amended

1 to read as follows:

2 (d) At least 24 months before the beginning of the school
3 year for which textbooks for a particular subject and grade level
4 will be reviewed and adopted [~~purchased under the review and~~
5 ~~adoption cycle adopted~~] by the board, the board shall publish
6 notice of the review and adoption cycle for those textbooks.

7 SECTION 2.30. Section 31.024(b), Education Code, is amended
8 to read as follows:

9 (b) Not later than December 1 of the year preceding the
10 school year for which the textbooks for a particular subject and
11 grade level will be purchased [~~under the cycle adopted by the board~~
12 ~~under Section 31.022~~], the board shall provide the lists of adopted
13 textbooks to each school district. Each nonconforming list must
14 include the reasons an adopted textbook is not eligible for the
15 conforming list.

16 SECTION 2.31. The heading to Section 31.101, Education
17 Code, is amended to read as follows:

18 Sec. 31.101. SELECTION [~~AND PURCHASE~~] OF TEXTBOOKS BY
19 SCHOOL DISTRICTS.

20 SECTION 2.32. Section 31.152(b), Education Code, is amended
21 to read as follows:

22 (b) A school trustee, administrator, or teacher commits an
23 offense if the person accepts a gift, favor, or service that:

- 24 (1) is given to the person or the person's school;
25 (2) might reasonably tend to influence a trustee,
26 administrator, or teacher in the selection of a textbook; and
27 (3) could not be lawfully purchased by a school

1 district under this chapter [~~with funds from the state textbook~~
2 ~~fund~~].

3 SECTION 2.33. Section 37.0061, Education Code, is amended
4 to read as follows:

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

23 SECTION 2.34. Section 39.024(c), Education Code, is amended
24 to read as follows:

25 (c) The agency shall develop study guides for the assessment
26 instruments administered under Sections 39.023(a) and (c). To
27 assist parents in providing assistance during the period that

1 school is recessed for summer, each school district shall
2 distribute the study guides to parents of students who do not
3 perform satisfactorily on one or more parts of an assessment
4 instrument administered under this subchapter. ~~[The commissioner
5 shall retain a portion of the total amount of funds allotted under
6 Section 42.152(a) that the commissioner considers appropriate to
7 finance the development and distribution of the study guides and
8 shall reduce each district's allotment proportionately.]~~

9 SECTION 2.35. Section 39.031(a), Education Code, is amended
10 to read as follows:

11 (a) The cost of preparing, administering, or grading the
12 assessment instruments shall be paid by ~~[from the funds allotted
13 under Section 42.152, and]~~ each district ~~[shall bear the cost in the
14 same manner described for a reduction in allotments under Section
15 42.253]. [If a district does not receive an allotment under Section
16 42.152, the commissioner shall subtract the cost from the
17 district's other foundation school fund allotments.]~~

18 SECTION 2.36. Section 39.131(d), Education Code, is amended
19 to read as follows:

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

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

26 (2) recover the amount of the costs in the manner
27 provided for recovery of an overallocation of state funds under

1 Section 42.153 [~~42.258~~].

2 SECTION 2.37. Section 42.201(d), Education Code, is
3 amended to read as follows:

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

18 SECTION 2.38. Section 43.002, Education Code, is amended to
19 read as follows:

20 Sec. 43.002. TRANSFERS FROM GENERAL REVENUE FUND TO
21 AVAILABLE FUND. Of the amounts available for transfer from the
22 general revenue fund to the available school fund for the months of
23 January and February of each fiscal year, no more than the amount
24 necessary to enable the comptroller to distribute from the
25 available school fund an amount equal to 9-1/2 percent of the
26 estimated annual available school fund apportionment to [~~category~~
27 ~~4~~] school districts having a wealth per student of less than

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

13 SECTION 2.39. Sections 45.0031(b) and (c), Education Code,
14 are amended to read as follows:

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

20 (c) A district may demonstrate the ability to comply with
21 Subsection (a) by using a projected future taxable value of
22 property in the district anticipated for the earlier of the tax year
23 five years after the current tax year or the tax year in which the
24 final payment is due for the bonds submitted to the attorney
25 general, combined with state assistance to which the district is
26 entitled under Chapter [~~42 or~~] 46 that may be lawfully used for the
27 payment of bonds. The district must submit to the attorney general

1 a certification of the district's projected taxable value of
2 property that is prepared by a registered professional appraiser
3 certified under Chapter 1151, Occupations Code, [~~The Property~~
4 ~~Taxation Professional Certification Act (Article 8885, Revised~~
5 ~~Statutes)~~] who has demonstrated professional experience in
6 projecting taxable values of property or who can by contract obtain
7 any necessary assistance from a person who has that experience. To
8 demonstrate the professional experience required by this
9 subsection, a registered professional appraiser must provide to the
10 district written documentation relating to two previous projects
11 for which the appraiser projected taxable values of property.
12 Until the bonds submitted to the attorney general are approved or
13 disapproved, the district must maintain the documentation and on
14 request provide the documentation to the attorney general or
15 comptroller. The certification of the district's projected taxable
16 value of property must be signed by the district's superintendent.
17 The attorney general must base a determination of whether the
18 district has complied with Subsection (a) on a taxable value of
19 property that is equal to 90 percent of the value certified under
20 this subsection.

21 SECTION 2.40. Section 46.003(a), Education Code, is amended
22 to read as follows:

23 (a) For each year, except as provided by Sections 46.005 and
24 46.006, a school district is guaranteed a specified amount per
25 student in state and local funds for each cent of tax effort, up to
26 the maximum rate under Subsection (b), to pay the principal of and
27 interest on eligible bonds issued to construct, acquire, renovate,

1 or improve an instructional facility. The amount of state support
2 is determined by the formula:

3
$$\text{FYA} = (\text{FYL} \times \text{ADA} \times \text{BTR} \times 100) - (\text{BTR} \times (\text{DPV}/100))$$

4 where:

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

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

10 "ADA" is the greater of the number of students in average
11 daily attendance, as determined under Section 42.005, in the
12 district or 400;

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

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

22 SECTION 2.41. Section 46.006(g), Education Code, is amended
23 to read as follows:

24 (g) In this section, "wealth per student" means a school
25 district's taxable value of property [~~as determined under
26 Subchapter M, Chapter 403, Government Code, or, if applicable,
27 Section 42.2521,~~] divided by the district's average daily

1 attendance as determined under Section 42.005.

2 SECTION 2.42. Sections 46.009(b) and (e), Education Code,
3 are amended to read as follows:

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

7 (1) transfer from the Foundation School Program to the
8 instructional facilities program the amount by which the total
9 amount determined under Subsection (a) exceeds the amount
10 appropriated; and

11 (2) reduce each district's foundation school fund
12 allocations in the manner provided by Section 42.152(d)
13 [~~42.253(h)~~].

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

16 SECTION 2.43. Section 46.032(a), Education Code, is amended
17 to read as follows:

18 (a) Each school district is guaranteed a specified amount
19 per student in state and local funds for each cent of tax effort to
20 pay the principal of and interest on eligible bonds. The amount of
21 state support, subject only to the maximum amount under Section
22 46.034, is determined by the formula:

23
$$\text{EDA} = (\text{EDGL} \times \text{ADA} \times \text{EDTR} \times 100) - (\text{EDTR} \times (\text{DPV}/100))$$

24 where:

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

27 "EDGL" is the dollar amount guaranteed level of state and

1 local funds per student per cent of tax effort, which is \$35 or a
2 greater amount for any year provided by appropriation;

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

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

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

14 SECTION 2.44. Section 56.208(b), Education Code, is amended
15 to read as follows:

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

19 [~~(1) "F" is the lesser of one or the quotient of the~~
20 ~~district's local share for the preceding school year under Section~~
21 ~~42.252 divided by the amount of money to which the district was~~
22 ~~entitled under Subchapters B and C, Chapter 42, for the preceding~~
23 ~~school year, and~~

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

1 subsection.

2 SECTION 2.45. Section 87.208, Education Code, is amended to
3 read as follows:

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

14 SECTION 2.46. Section 96.707(k), Education Code, is amended
15 to read as follows:

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

22 SECTION 2.47. Section 105.301(e), Education Code, is
23 amended to read as follows:

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

27 (1) professional employees of the academy are entitled

1 to the limited liability of an employee under Section 22.051 or
2 22.052;

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

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

10 ARTICLE 3. CONFORMING AMENDMENTS TO OTHER CODES

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

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

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

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

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

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

19 (h) This section does not apply to state contributions for
20 members employed by a school district in a school year if the
21 district's effective tax rate for maintenance and operation
22 revenues for the tax year that ended in the preceding school year
23 equals or exceeds 125 percent of the statewide average effective
24 tax rate for school district maintenance and operation revenues for
25 that tax year. For a tax year, the statewide average effective tax
26 rate for school district maintenance and operation revenues is the
27 tax rate that, if applied to the statewide total appraised value of

1 taxable property for every school district in the state [~~determined~~
2 ~~under Section 403.302~~], would produce an amount equal to the
3 statewide total amount of maintenance and operation taxes imposed
4 in the tax year for every school district in the state.

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

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

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

20 (a) The comptroller shall conduct an annual study in each
21 appraisal district to determine the degree of uniformity of and the
22 median level of appraisals by the appraisal district within each
23 major category of property. The comptroller shall publish a report
24 of the findings of the study, including in the report the median
25 levels of appraisal for each major category of property, the
26 coefficient of dispersion around the median level of appraisal for
27 each major category of property, and any other standard statistical

1 measures that the comptroller considers appropriate. [~~In~~
2 ~~conducting the study, the comptroller shall apply appropriate~~
3 ~~standard statistical analysis techniques to data collected as part~~
4 ~~of the annual study of school district taxable values required by~~
5 ~~Section 403.302, Government Code.~~]

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

8 (a) The comptroller shall appoint a technical advisory
9 committee for the purpose of providing professional and practical
10 expertise to the comptroller and to review and comment on the
11 methodology used by the comptroller to conduct the annual study
12 [~~studies~~] required by Section 5.10 [~~of this code and by Section~~
13 ~~403.302, Government Code~~]. A member of the committee serves at the
14 will of the comptroller.

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

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

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

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

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

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

10 [~~(1) the school district taxes property other than~~
11 ~~property annexed to the district under Subchapter C or G, Chapter~~
12 ~~41, Education Code, in the same county as the annexed property; or~~

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

16 SECTION 3.09. Section 21.01, Tax Code, is amended to read as
17 follows:

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

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

23 (a) Except as provided by [~~Subsection (b) and~~] Sections
24 21.021, 21.04, and 21.05, tangible personal property is taxable by
25 a taxing unit if:

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

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

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

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

12 SECTION 3.11. Section 26.08(i), Tax Code, is amended to
13 read as follows:

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

16 ROLLBACK TAX RATE = (EFFECTIVE MAINTENANCE AND OPERATIONS RATE x
17 1.06) + CURRENT DEBT RATE [~~the sum of:~~

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

1 ~~year had been in effect for the preceding year,~~

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

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

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

6 (b) For purposes of determining the required minimum amount
7 of a qualified investment under Section 313.021(2)(A)(iv)(a), and
8 the minimum amount of a limitation on appraised value under Section
9 313.027(b), school districts to which this subchapter applies are
10 categorized according to the taxable value of property in the
11 district for the preceding tax year [~~determined under Subchapter M,~~
12 ~~Chapter 403, Government Code~~], as follows:

13	CATEGORY	TAXABLE VALUE OF PROPERTY
14	I	\$10 billion or more
15	II	\$1 billion or more but less than \$10 billion
16	III	\$500 million or more but less than \$1 billion
17	IV	\$100 million or more but less than \$500 million
18	V	less than \$100 million

19 SECTION 3.13. Section 313.052, Tax Code, is amended to read
20 as follows:

21 Sec. 313.052. CATEGORIZATION OF SCHOOL DISTRICTS. For
22 purposes of determining the required minimum amount of a qualified
23 investment under Section 313.021(2)(A)(iv)(a) and the minimum
24 amount of a limitation on appraised value under this subchapter,
25 school districts to which this subchapter applies are categorized
26 according to the taxable value of industrial property in the
27 district for the preceding tax year [~~determined under Subchapter M,~~

1 ~~Chapter 403, Government Code~~, as follows:

2	CATEGORY	TAXABLE VALUE OF INDUSTRIAL PROPERTY
3	I	\$200 million or more
4	II	\$90 million or more but less than \$200 million
5	III	\$1 million or more but less than \$90 million
6	IV	\$100,000 or more but less than \$1 million
7	V	less than \$100,000

8 SECTION 3.14. Section 5(a), Article 3.50-7, Insurance Code,
9 is amended to read as follows:

10 (a) Each [~~Effective September 1, 2002, each~~] school
11 district [~~with 500 or fewer employees~~] and each regional education
12 service center is required to participate in the program.

13 SECTION 3.15. Section 9(a), Article 3.50-7, Insurance Code,
14 is amended to read as follows:

15 (a) The state shall pay the entire cost of group health
16 coverage under this article at the catastrophic care coverage level
17 for [~~assist~~] employees of participating entities [~~school districts~~
18 ~~and charter schools in the purchase of group health coverage under~~
19 ~~this article by providing for each covered employee the amount of~~
20 ~~\$900 each state fiscal year or a greater amount as provided by the~~
21 ~~General Appropriations Act. The state contribution shall be~~
22 ~~distributed through the school finance formulas under Chapters 41~~
23 ~~and 42, Education Code, and used by school districts and charter~~
24 ~~schools as provided by Sections 42.2514 and 42.260, Education~~
25 ~~Code~~].

26 ARTICLE 4. REPEALERS

27 SECTION 4.01. The following provisions of the Education

1 Code are repealed:

2 (1) Sections 7.021(b)(5), 7.024, 7.055(b)(14) and
3 (34), 8.052, 8.121-8.124, 13.054(f) and (g), 19.007(b), 21.402(b),
4 22.004(b)-(i), 29.014(d), 29.086(e), 29.203(b), (c), and (g),
5 29.256(c), 30.003(f), 30.087(c), 30.102(c), 31.002(4), 31.021,
6 31.025, 31.026, 31.028, 31.029, 31.101(b)-(d), 31.1011-31.106,
7 31.151(d), 34.002(c), 34.008(b), 42.001, 42.002, 42.007, and
8 46.009(f);

9 (2) Section 33.001, as amended by Chapters 1223 and
10 1487, Acts of the 77th Legislature, Regular Session, 2001;

11 (3) Sections 46.012 and 46.036, as added by Chapter
12 1156, Acts of the 77th Legislature, Regular Session, 2001;

13 (4) Subchapter E, Chapter 31;

14 (5) Chapter 41; and

15 (6) Subchapters B, C, E, F, and H, Chapter 42, as added
16 by Chapter 260, Acts of the 74th Legislature, Regular Session,
17 1995.

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

20 SECTION 4.03. The following sections of the Tax Code are
21 repealed: 6.02(g), 6.03(m), 21.02(b) and (c), 25.25(k), and
22 26.08(j), (k), and (l).

23 SECTION 4.04. The following provisions of the Insurance
24 Code are repealed:

25 (1) Sections 5(b)-(i) and 9(b)-(e), Article 3.50-7;
26 and

27 (2) Articles 3.50-8 and 3.50-9.

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

2 ARTICLE 5. TRANSITION PROVISIONS AND EFFECTIVE DATE

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

7 SECTION 5.02. The state textbook fund created under section
8 31.021, Education Code, is abolished, and the comptroller shall
9 transfer any balance in the fund on the effective date of this Act
10 to the foundation school fund.

11 SECTION 5.03. On February 7, 2004, or May 1, 2004, each
12 school district shall hold an election to adopt an ad valorem tax
13 for maintenance and operations at a rate that provides sufficient
14 local funding for the district, as determined by the district. A
15 tax rate adopted by a district before January 1, 2004, is void on or
16 after that date.

17 SECTION 5.04. This Act applies beginning with the 2004-2005
18 school year.

19 SECTION 5.05. This Act takes effect January 1, 2004, but
20 only if the constitutional amendment proposed by the 78th
21 Legislature, Regular Session, 2003, relating to a public school
22 finance system based on state provision of teacher salaries and
23 benefits and assistance for maintenance and construction of school
24 facilities is approved by the voters. If that amendment is not
25 approved by the voters, this Act has no effect.