

By: Ogden

S.B. No. 1487

A BILL TO BE ENTITLED

AN ACT

relating to public school finance.

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

SECTION 1. Section 41.093(b), Education Code, is amended to read as follows:

(b) For purposes of this section, a school district's maintenance and operations tax revenue does not include:

(1) any revenue generated by a maintenance and operations tax rate greater than \$1.40 for each \$100 of valuation of taxable property; or

(2) any amounts paid into a tax increment fund under Chapter 311, Tax Code.

SECTION 2. Section 41.097(a), Education Code, is amended to read as follows:

(a) The total amount required under Section 41.093 for a district to purchase attendance credits under this subchapter for any school year is reduced by an amount equal to the product of the district's costs under Section 6.06, Tax Code, for the central appraisal district in which it participates multiplied by a percentage that is computed by dividing the total amount required under Section 41.093 by the total amount of taxes imposed in the district for that year less:

(1) any revenue generated by a maintenance and operations tax rate greater than \$1.40 for each \$100 valuation of

1 taxable property; or

2 (2) any amounts paid into a tax increment fund under
3 Chapter 311, Tax Code.

4 SECTION 3. Section 42.158(g), Education Code, is amended to
5 read as follows:

6 (g) In this section, "instructional facility" means real
7 property, an improvement to real property, or a necessary fixture
8 of an improvement to real property that is used predominantly for
9 teaching the curriculum required under Section 28.002 ~~[has the~~
10 ~~meaning assigned by Section 46.001]~~.

11 SECTION 4. Section 42.301, Education Code, is amended to
12 read as follows:

13 Sec. 42.301. PURPOSE. The purpose of the guaranteed yield
14 component of the Foundation School Program is to provide each
15 school district with the opportunity to provide the basic program
16 and to supplement that program at a level of its own choice. An
17 allotment under this subchapter may be used for any legal purpose
18 ~~[other than capital outlay or debt service]~~.

19 SECTION 5. Section 42.302(a), Education Code, is amended to
20 read as follows:

21 (a) Each school district is guaranteed a specified amount
22 per weighted student in state and local funds for each cent of tax
23 effort over that required for the district's local fund assignment
24 up to the maximum level specified in this subchapter. The amount of
25 state support, subject only to the maximum amount under Section
26 42.303, is determined by the formula:

27
$$\text{GYA} = (\text{GL} \times \text{WADA} \times \text{DTR} \times 100) - \text{LR}$$

1 where:

2 "GYA" is the guaranteed yield amount of state funds to be
3 allocated to the district;

4 "GL" is the dollar amount guaranteed level of state and local
5 funds per weighted student per cent of tax effort, which is \$32.17
6 [~~\$27.14~~] or a greater amount for any year provided by
7 appropriation;

8 "WADA" is the number of students in weighted average daily
9 attendance, which is calculated by dividing the sum of the school
10 district's allotments under Subchapters B and C, less any allotment
11 to the district for transportation, any allotment under Section
12 42.158, and 50 percent of the adjustment under Section 42.102, by
13 the basic allotment for the applicable year;

14 "DTR" is the district enrichment tax rate of the school
15 district, which is determined by subtracting the amounts specified
16 by Subsection (b) from the total amount of maintenance and
17 operations taxes collected by the school district for the
18 applicable school year and dividing the difference by the quotient
19 of the district's taxable value of property as determined under
20 Subchapter M, Chapter 403, Government Code, or, if applicable,
21 under Section 42.2521, divided by 100; and

22 "LR" is the local revenue, which is determined by multiplying
23 "DTR" by the quotient of the district's taxable value of property as
24 determined under Subchapter M, Chapter 403, Government Code, or, if
25 applicable, under Section 42.2521, divided by 100.

26 SECTION 6. Section 42.303, Education Code, is amended to
27 read as follows:

1 Sec. 42.303. LIMITATION ON ENRICHMENT TAX RATE. The
2 district enrichment tax rate ("DTR") under Section 42.302 may not
3 exceed \$0.54 [~~\$0.64~~] per \$100 of valuation, or a greater amount for
4 any year provided by appropriation.

5 SECTION 7. Section 46.033, Education Code, is amended to
6 read as follows:

7 Sec. 46.033. ELIGIBLE BONDS. Bonds, including bonds issued
8 under Section 45.006, are eligible to be paid with state and local
9 funds under this subchapter if:

10 (1) the district made payments on the bonds during the
11 2000-2001 school year or taxes levied to pay the principal of and
12 interest on the bonds were included in the district's audited debt
13 service collections for that school year; and

14 (2) the district does not receive state assistance
15 under former Subchapter A, as that subchapter existed on January 1,
16 2003, for payment of the principal and interest on the bonds.

17 SECTION 8. Section 46.034(a), Education Code, is amended to
18 read as follows:

19 (a) The existing debt tax rate ("EDTR") under Section 46.032
20 may not exceed \$0.20 [~~\$0.29~~] per \$100 of valuation, or a greater
21 amount for any year provided by appropriation.

22 SECTION 9. Section 46.035, Education Code, is amended to
23 read as follows:

24 Sec. 46.035. PAYMENT OF ASSISTANCE. (a) For each school
25 year, the commissioner shall determine the amount of money to which
26 each school district is entitled under this subchapter.

27 (b) If the amount appropriated for purposes of this

1 subchapter for a year is less than the total amount determined under
2 Subsection (a) for that year, the commissioner shall:

3 (1) transfer from the Foundation School Program to the
4 existing debt allotment program the amount by which the total
5 amount determined under Subsection (a) exceeds the amount
6 appropriated; and

7 (2) reduce each district's foundation school fund
8 allocations in the manner provided by Section 42.253(h).

9 (c) Warrants for payments under this subchapter shall be
10 approved and transmitted to school district treasurers or
11 depositories in the same manner as warrants for payments under
12 Chapter 42.

13 (d) As soon as practicable after September 1 of each year,
14 the commissioner shall distribute to each school district the
15 amount of state assistance under this subchapter to which the
16 commissioner has determined the district is entitled for the school
17 year. The district shall deposit the money in the interest and
18 sinking fund for the bonds for which the assistance is received and
19 shall adopt a tax rate for purposes of debt service that takes into
20 account the balance of the interest and sinking fund.

21 (e) Section 42.258 applies to payments under this
22 subchapter.

23 (f) If a school district would have received a greater
24 amount under this subchapter for the applicable school year using
25 the adjusted value determined under Section 42.257, the
26 commissioner shall add the difference between the adjusted value
27 and the amount the district received under this subchapter to

1 subsequent distributions to the district under this subchapter
2 ~~[Section 46.009 applies to the payment of assistance under this~~
3 ~~subchapter].~~

4 SECTION 10. Section 46.061(b), Education Code, is amended
5 to read as follows:

6 (b) The commissioner may allocate state assistance provided
7 for a refinancing to former Subchapter A, as that subchapter
8 existed on January 1, 2003, Subchapter B, or both, as appropriate.

9 SECTION 11. (a) Subchapter A, Chapter 46, Education Code,
10 is repealed.

11 (b) The change in law made by Subsection (a) of this section
12 does not apply to state assistance under an application approved by
13 the commissioner of education under Subchapter A, Chapter 46,
14 Education Code, as that subchapter existed before September 1,
15 2003. State assistance under Subchapter A, Chapter 46, Education
16 Code, under an application approved by the commissioner of
17 education before September 1, 2003, is governed by Subchapter A,
18 Chapter 46, Education Code, as it existed on January 1, 2003, and
19 the former law is continued in effect for that purpose.

20 SECTION 12. This Act takes effect September 1, 2003.