

Amend **CSHB 3** by adding the following appropriately numbered article and renumbering the subsequent articles of the bill accordingly:

ARTICLE __. BUY-DOWN OF SCHOOL DISTRICT TAXES

SECTION __.01. Chapter 403, Government Code, is amended by adding Subchapter O to read as follows:

SUBCHAPTER O. DISTRIBUTION OF SALES AND USE TAX REVENUE

FOR SCHOOL DISTRICT TAX RATE REDUCTION

Sec. 403.351. DISTRIBUTION OF SALES AND USE TAX REVENUE FOR TAX RATE REDUCTION. (a) Each month the comptroller shall distribute to the school districts in this state for tax rate reduction an amount equal to the amount of revenue received by this state in the preceding month that is attributable to the imposition of the sales and use tax imposed by Chapter 151, Tax Code, at a rate of one-half of one percent.

(b) The amount distributed shall be apportioned among the school districts in amounts that, applied to the total taxable value of property in each district determined under Subchapter M for the most recent year for which the information is available, would reduce the rate of each school district's maintenance and operations tax by the same percentage, except that a school district maintenance and operations tax rate may not be reduced to less than 75 cents for each \$100 of taxable value.

(c) The money received by each school district under this section must be applied to reducing the rollback tax rate of the district as provided by Section 26.08, Tax Code.

SECTION __.02. Section 26.08, Tax Code, is amended by adding Subsection (n) to read as follows:

(n) For the 2005 tax year, the rollback tax rate of each school district shall be reduced by the rate that, when applied to current total value, would impose taxes in an amount equal to the amount the comptroller estimates the district will receive during the 2005-2006 school year under Subchapter O, Chapter 403, Government Code. For the 2006 tax year, the rollback tax rate of each school district shall be reduced by the rate that, when applied to current total value, would impose taxes in an amount equal to the amount by which the actual amount received by the district during the 2005-2006 school year under Subchapter O, Chapter 403, Government Code, exceeded the amount the comptroller estimated the school district would receive, if applicable, or shall be increased

by the rate that, when applied to current total value, would impose taxes in an amount equal to the amount by which the estimate exceeded the actual amount received, if applicable. For the 2007 and subsequent tax years, the rollback tax rate of each school district shall be reduced by the rate that, when applied to current total value, would impose taxes in an amount equal to the amount by which the amount received by the district during the preceding school year under Subchapter O, Chapter 403, Government Code, exceeded the amount received during the school year preceding that school year, if applicable, or shall be increased by the rate that, when applied to current total value, would impose taxes in an amount equal to the amount by which the amount received in the school year preceding the preceding school year exceeded the amount received in the preceding school year.

SECTION __.03. (a) The changes in law made by this article apply to the tax rate of a school district beginning with the 2005 tax year.

(b) If before the effective date of this Act, the governing body of a school district adopted an ad valorem tax rate for the district for the 2005 tax year under the law in effect immediately before the effective date of this Act, and the adopted ad valorem tax rate is greater than the rollback tax rate of the district for the 2005 tax year as calculated under the law as amended by this article:

(1) on the effective date of this Act, the ad valorem tax rate adopted for the district before the effective date of this Act is invalidated; and

(2) the governing body shall adopt a new ad valorem tax rate for the 2005 tax year in accordance with the changes in law made by this article.

(c) If tax bills for the 2005 tax year were sent by the tax assessor for a school district pursuant to a tax rate invalidated under Subsection (b)(1) of this section, the tax assessor for the school district shall prepare and mail a new tax bill for the 2005 tax year to each taxpayer of the district in the manner required by Chapter 31, Tax Code. If a taxpayer pays the taxes for the 2005 tax year pursuant to a tax rate invalidated under Subsection (b)(1) of

this section, the school district shall promptly refund any difference between the tax paid and the tax due at the rate adopted under Subsection (b)(2) of this section.

(d) If this Act is passed by the legislature without receiving a vote of two-thirds of all the members elected to each house, any action taken before the effective date of this Act in preparation for the implementation of the changes in law made by this article, including adoption of a tax rate, by an officer or employee or the governing body of a school district that the officer, employee, or governing body determines is necessary or appropriate and that the officer, employee, or governing body would have been authorized to take had this article been in effect at the time of the action is validated as of the effective date of this Act. Any public notice required by Chapter 26, Tax Code, or Chapter 44, Education Code, given before the effective date of this Act that includes an additional statement that the tax rate for the school district will be adopted in accordance with the changes in law made by this article is validated as of the effective date of this Act.