

AN ACT

relating to the allocation of certain revenue from franchise taxes, motor vehicle sales and use taxes, and taxes on cigarettes and other tobacco products to school district property tax relief and public education.

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

SECTION 1. (a) Subchapter G, Chapter 403, Government Code, is amended by adding Section 403.109 to read as follows:

Sec. 403.109. PROPERTY TAX RELIEF FUND. (a) The property tax relief fund is a special fund in the state treasury outside the general revenue fund. The fund is exempt from the application of Sections 403.095 and 404.071. Interest and income from the deposit and investment of money in the fund must be allocated monthly to the fund.

(b) Until the state fiscal year beginning after the first tax year in which the average school district maintenance and operations tax rate is not more than \$1.00 per \$100 of taxable value, money in the fund may be appropriated only for a purpose that will result in a reduction of school district maintenance and operations tax rates to rates that are less than the rates in effect for the 2005 tax year.

(c) Beginning in the state fiscal year that begins after the first tax year in which the average school district maintenance and operations tax rate is not more than \$1.00 per \$100 of taxable

1 value, any money remaining in the fund after a sufficient amount of
2 money is appropriated in that state fiscal year to maintain an
3 average school district maintenance and operations tax rate of
4 \$1.00 per \$100 of taxable value may be appropriated only as follows:

5 (1) two-thirds of the money appropriated from the fund
6 may be appropriated only for a purpose that will result in a further
7 reduction of the average school district maintenance and operations
8 tax rate; and

9 (2) one-third of the money appropriated from the fund
10 may be appropriated only for the purpose of increasing the level of
11 equalization of school district enrichment tax effort to the extent
12 that limits reliance by school districts on local property tax
13 effort and decreases the enrichment tax rates of districts.

14 (d) To the extent to which maintenance and operations tax
15 rates are reduced using money appropriated from the fund,
16 reductions must be carried out so as not to increase the disparity
17 in revenue yield between districts of varying property wealth per
18 weighted student.

19 (b) This section takes effect only if H.B. No. 3, H.B. No. 4,
20 or H.B. No. 5, Acts of the 79th Legislature, 3rd Called Session,
21 2006, is enacted and becomes law. If none of those Acts become law,
22 this section has no effect.

23 SECTION 2. (a) Subchapter I, Chapter 171, Tax Code, is
24 amended by adding Section 171.4011 to read as follows:

25 Sec. 171.4011. ALLOCATION OF CERTAIN REVENUE TO PROPERTY
26 TAX RELIEF FUND. (a) Notwithstanding Section 171.401, beginning
27 with the state fiscal year that begins September 1, 2007, the

1 comptroller shall, for each state fiscal year, deposit to the
2 credit of the property tax relief fund under Section 403.109,
3 Government Code, an amount of revenue calculated by:

4 (1) determining the revenue derived from the tax
5 imposed by this chapter as it applied during that applicable state
6 fiscal year; and

7 (2) subtracting the revenue the comptroller estimates
8 that the tax imposed by this chapter, as it existed on August 31,
9 2007, would have generated if it had been in effect for that
10 applicable state fiscal year.

11 (b) If the amount under Subsection (a) is less than zero,
12 the comptroller shall consider the amount to be zero.

13 (b) Except as provided by Subsection (c) of this section,
14 this section takes effect September 1, 2007.

15 (c) This section takes effect only if H.B. No. 3, Acts of the
16 79th Legislature, 3rd Called Session, 2006, is enacted and becomes
17 law. If that Act does not become law, this section has no effect.

18 SECTION 3. (a) Subchapter G, Chapter 152, Tax Code, is
19 amended by adding Section 152.1222 to read as follows:

20 Sec. 152.1222. ALLOCATION OF CERTAIN TAX REVENUE TO
21 PROPERTY TAX RELIEF FUND. (a) Notwithstanding Section 152.122,
22 the comptroller shall deposit to the credit of the property tax
23 relief fund under Section 403.109, Government Code, the amount of
24 money received under Section 152.121 that is estimated to have been
25 derived from the computation of the tax imposed by this chapter on
26 the standard presumptive values of motor vehicles or on percentages
27 of those values as provided by Section 152.0412.

1 (b) The comptroller shall determine the amount described by
2 Subsection (a) using available statistical data. If satisfactory
3 data are not available, the comptroller may require county tax
4 assessor-collectors to report additional information to the
5 comptroller as necessary to make the allocation required by
6 Subsection (a).

7 (b) Except as provided by Subsection (c) of this section,
8 this section takes effect October 1, 2006.

9 (c) This section takes effect only if H.B. No. 4, Acts of the
10 79th Legislature, 3rd Called Session, 2006, is enacted and becomes
11 law. If that Act does not become law, this section has no effect.

12 SECTION 4. (a) Subchapter J, Chapter 154, Tax Code, is
13 amended by adding Section 154.6035 to read as follows:

14 Sec. 154.6035. ALLOCATION OF CERTAIN REVENUE TO PROPERTY
15 TAX RELIEF FUND. Notwithstanding Section 154.603, all proceeds
16 from the collection of taxes imposed by this chapter attributable
17 to the portion of the tax rate in excess of \$20.50 per thousand on
18 cigarettes, regardless of weight, shall be deposited to the credit
19 of the property tax relief fund under Section 403.109, Government
20 Code.

21 (b) Subchapter H, Chapter 155, Tax Code, is amended by
22 adding Section 155.2415 to read as follows:

23 Sec. 155.2415. ALLOCATION OF CERTAIN REVENUE TO PROPERTY
24 TAX RELIEF FUND. Notwithstanding Section 155.241, all proceeds
25 from the collection of taxes imposed by Section 155.0211
26 attributable to the portion of the tax rate in excess of 35.213
27 percent of the manufacturer's list price, exclusive of any trade

1 discount, special discount, or deal, shall be deposited to the
2 credit of the property tax relief fund under Section 403.109,
3 Government Code.

4 (c) Except as provided by Subsection (d) of this section,
5 this section takes effect September 1, 2006.

6 (d) This section takes effect only if H.B. No. 5, Acts of the
7 79th Legislature, 3rd Called Session, 2006, is enacted and becomes
8 law. If that Act does not become law, this section has no effect.

9 SECTION 5. To the extent of a conflict between a provision
10 of this Act and a provision of any other Act of the 79th
11 Legislature, 3rd Called Session, 2006, the provision of this Act
12 prevails, regardless of relative dates of enactment.

13 SECTION 6. Except as otherwise provided by this Act, this
14 Act takes effect September 1, 2006.

President of the Senate

Speaker of the House

I certify that H.B. No. 2 was passed by the House on April 24, 2006, by the following vote: Yeas 82, Nays 66, 1 present, not voting; that the House refused to concur in Senate amendments to H.B. No. 2 on May 10, 2006, and requested the appointment of a conference committee to consider the differences between the two houses; and that the House adopted the conference committee report on H.B. No. 2 on May 15, 2006, by the following vote: Yeas 89, Nays 56, 1 present, not voting.

Chief Clerk of the House

H.B. No. 2

I certify that H.B. No. 2 was passed by the Senate, with amendments, on May 2, 2006, by the following vote: Yeas 21, Nays 10; at the request of the House, the Senate appointed a conference committee to consider the differences between the two houses; and that the Senate adopted the conference committee report on H.B. No. 2 on May 12, 2006, by the following vote: Yeas 19, Nays 8.

Secretary of the Senate

APPROVED: _____

Date

Governor