

Amend CSHB 2 as follows:

(1) In Section 1A.07 of the bill, strike proposed Subsection (e-2), Section 42.253, Education Code (committee printing, page 2, lines 38-40), and substitute the following:

(e-2) For the 2005-2006 school year, the limit authorized by Subsection (e) is reduced by \$0.35. This subsection expires September 1, 2006.

(2) In Section 1A.11 of the bill, in proposed Subsection (a), Section 42.303, Education Code (committee printing, page 3, line 63), strike "(a)".

(3) In Section 1A.11 of the bill, in proposed Subsection (a), Section 42.303, Education Code (committee printing, page 3, line 65), strike "\$0.69" and substitute "\$0.39".

(4) In Section 1A.11 of the bill, strike proposed Subsection (b), Section 42.303, Education Code (committee printing, page 3, line 67, through page 4, line 1).

(5) In the introductory language of Section 1A.12 of the bill (committee printing, page 4, line 3), strike "Subsections (e) and (f)" and substitute "Subsection (e)".

(6) In Section 1A.12 of the bill, in amended Subsection (d), Section 45.003 (committee printing, page 4, line 10), strike "\$1.45" and substitute "\$1.15".

(7) In Section 1A.12 of the bill, strike proposed Subsections (e) and (f), Section 45.003, Education Code (committee printing, page 4, lines 12-21), and substitute the following:

(e) An election held before January 1, 2005, authorizing a maintenance tax at a rate of at least \$1.15 on the \$100 valuation of taxable property in the district is sufficient to authorize a rate of \$1.15 or less for the 2005 tax year or a subsequent tax year.

(8) In the heading to Part B, Article 1 (committee printing, page 4, line 50), strike "AND STATE PROPERTY TAX" and substitute "AND EQUALIZATION".

(9) In Section 1B.14 of the bill, strike amended Subsection (b), Section 42.251, Education Code (committee printing, page 10, lines 48-62), and substitute the following:

(b) The program shall be financed by:

(1) ad valorem tax revenue generated by an equalized

uniform school district effort;

(2) ad valorem tax revenue generated by local school district effort for an enrichment program in accordance with Subchapter F in excess of the equalized uniform school district effort;

(3) state available school funds distributed in accordance with law; and

(4) state funds appropriated for the purposes of public school education and allocated to each district in an amount sufficient to finance the cost of each district's Foundation School Program not covered by other funds specified in this subsection.

(10) Strike the introductory language of Section 1B.18 of the bill (committee printing, page 11, lines 32-34), and substitute the following:

SECTION 1B.18. Section 42.252(a), Education Code, is amended to read as follows:

(11) In Section 1B.18 of the bill, in amended Subsection (a), Section 42.252, Education Code (committee printing, page 11, line 42), strike ", except as provided by Subsection (a-1),".

(12) In Section 1B.18 of the bill, in amended Subsection (a), Section 42.252, Education Code (committee printing, page 11, line 42), strike "\$0.25" and substitute "\$1.15".

(13) In Section 1B.18 of the bill, strike proposed Subsection (a-1) and amended Subsection (d), Section 42.252, Education Code (committee printing, page 11, line 47, through page 12, line 1).

(14) Strike Section 1B.24 of the bill (committee printing, page 16, lines 6-14), substitute the following appropriately numbered section, and renumber the subsequent sections of Part B, Article 1 accordingly:

SECTION 1B.\_\_\_\_. Chapter 42, Education Code, is amended by adding Subchapter I to read as follows:

#### SUBCHAPTER I. ADDITIONAL EQUALIZATION

##### Sec. 42.401. DISTRICTS SUBJECT TO ADDITIONAL EQUALIZATION.

(a) Except as provided by Subsection (b), a school district in which the district's local share under Section 42.252 exceeds the district's basic program allotments under Section 42.251 shall be

consolidated by the commissioner under Subchapter H, Chapter 41.

(b) As an alternative to consolidation under Subchapter H, Chapter 41, a school district described by Subsection (a) may elect to purchase average daily attendance credit in the manner provided by Subchapter D, Chapter 41.

(15) Between Section 1B.24 and 1B.25 (committee printing, page 16, between lines 14 and 15), insert the following appropriately numbered sections and renumber the subsequent sections of Part B, Article 1 accordingly:

SECTION 1B.\_\_\_\_. The heading to Chapter 41, Education Code, is amended to read as follows:

CHAPTER 41. EQUALIZATION ACTIONS

~~[EQUALIZED WEALTH LEVEL]~~

SECTION 1B.\_\_\_\_. Section 41.004, Education Code, is amended to read as follows:

Sec. 41.004. ANNUAL REVIEW OF EQUALIZATION ~~[PROPERTY WEALTH]~~. (a) Not later than July 15 of each year, using the estimate of enrollment under Section 42.254, the commissioner shall review the local share and basic program allotments ~~[wealth per student]~~ of each school district ~~[districts]~~ in the state and shall notify:

(1) each district subject to commissioner action under Section 42.401 ~~[with wealth per student exceeding the equalized wealth level]~~; and

(2) ~~[each district to which the commissioner proposes to annex property detached from a district notified under Subdivision (1), if necessary, under Subchapter C, and~~

~~[-3-]~~ each district to which the commissioner proposes to consolidate a district notified under Subdivision (1), if necessary, under Subchapter H.

(b) If, before the dates provided by this subsection, a district notified under Subsection (a)(1) has not purchased average daily attendance credit as provided by Subchapter D ~~[successfully exercised one or more options under Section 41.003 that reduce the district's wealth per student to a level equal to or less than the equalized wealth level]~~, the commissioner ~~[shall order the detachment of property from that district as provided by Subchapter~~

~~C. If that detachment will not reduce the district's wealth per student to a level equal to or less than the equalized wealth level, the commissioner may not detach property under Subchapter C but]~~ shall order the consolidation of the district with one or more other districts as provided by Subchapter H. ~~[An agreement under Section 41.003(1) or (2) must be executed not later than September 1 immediately following the notice under Subsection (a).]~~ An election to authorize the purchase of average daily attendance credit as provided by Subchapter D ~~[for an option under Section 41.003(3), (4), or (5)]~~ must be ordered before September 1 immediately following the notice under Subsection (a).

(c) A district notified under Subsection (a) may not adopt a tax rate for the tax year in which the district receives the notice until the commissioner certifies that the district has entered into an agreement under Subchapter D to purchase average daily attendance credit ~~[achieved the equalized wealth level]~~.

(d) A ~~[detachment and annexation or]~~ consolidation under this chapter:

(1) is effective for Foundation School Program funding purposes for the school year that begins in the calendar year in which the ~~[detachment and annexation or]~~ consolidation is ~~[agreed to or]~~ ordered; and

(2) applies to the ad valorem taxation of property beginning with the tax year in which the ~~[agreement or]~~ order is effective.

SECTION 1B.\_\_\_\_. Section 41.006(a), Education Code, is amended to read as follows:

(a) The commissioner may adopt rules necessary for the implementation of this chapter. The rules may provide for the commissioner to make necessary adjustments to the provisions of Chapter 42, including providing for the commissioner to make an adjustment in the funding element established by Section 42.302, at the earliest date practicable, to the amount the commissioner believes, taking into consideration options exercised by school districts under Section 42.401 ~~[this chapter]~~ and estimates of student enrollments, will match appropriation levels.

SECTION 1B.\_\_\_\_. Section 41.008(a), Education Code, is

amended to read as follows:

(a) The governing board of a school district that results from consolidation under this chapter [~~, including a consolidated taxing district under Subchapter F,~~] for the tax year in which the consolidation occurs may determine whether to adopt a homestead exemption provided by Section 11.13, Tax Code, and may set the amount of the exemption, if adopted, at any time before the school district adopts a tax rate for that tax year. This section applies only to an exemption that the governing board of a school district is authorized to adopt or change in amount under Section 11.13, Tax Code.

SECTION 1B.\_\_\_\_. Section 41.009(a), Education Code, is amended to read as follows:

(a) A tax abatement agreement executed by a school district that is involved in consolidation [~~or in detachment and annexation of territory~~] under this chapter is not affected and applies to the taxation of the property covered by the agreement as if executed by the district within which the property is included.

SECTION 1B.\_\_\_\_. Section 41.010, Education Code, is amended to read as follows:

Sec. 41.010. TAX INCREMENT OBLIGATIONS. The payment of tax increments under Chapter 311, Tax Code, is not affected by the consolidation of territory [~~or tax bases or by annexation~~] under this chapter. In each tax year a school district paying a tax increment from taxes on property over which the district has assumed taxing power is entitled to retain the same percentage of the tax increment from that property that the district in which the property was located before the consolidation [~~or annexation~~] could have retained for the respective tax year.

SECTION 1B.\_\_\_\_. Section 41.013(a), Education Code, is amended to read as follows:

(a) A [~~Except as provided by Subchapter C, a~~] decision of the commissioner under this chapter is appealable under Section 7.057.

SECTION 1B.\_\_\_\_. Section 41.091, Education Code, is amended to read as follows:

Sec. 41.091. AGREEMENT. (a) A school district subject to

Section 42.401 [~~with a wealth per student that exceeds the equalized wealth level~~] may execute an agreement with the commissioner to purchase attendance credits in an amount equal to the lesser of the difference between the district's local share under Section 42.252 and the district's basic program allotments under Section 42.251 or the amount equal to 35 percent of the district's total maintenance and operations tax revenue [~~sufficient, in combination with any other actions taken under this chapter, to reduce the district's wealth per student to a level that is equal to or less than the equalized wealth level~~].

(b) Notwithstanding Subsection (a), for the 2006-2007 and 2007-2008 school years, the amount of attendance credits required to be purchased is equal to the greater of:

(1) the amount required under Subsection (a); or

(2) the amount equal to the percentage of the district's total maintenance and operations tax revenue that permits the district to retain the maximum revenue allowed under Section 42.2542 for the applicable school year.

(c) Subsection (b) and this subsection expire September 1, 2008.

SECTION 1B.\_\_\_\_. Section 41.093(a), Education Code, is amended to read as follows:

(a) The cost of each credit is an amount equal to the greater of:

(1) the amount of the district's maintenance and operations tax revenue per student in [~~weighted~~] average daily attendance for the school year for which the contract is executed; or

(2) the amount of the statewide district average of maintenance and operations tax revenue per student in [~~weighted~~] average daily attendance for the school year preceding the school year for which the contract is executed.

SECTION 1B.\_\_\_\_. Section 41.251, Education Code, is amended to read as follows:

Sec. 41.251. COMMISSIONER ORDER. If the commissioner is required under Section 42.401 [~~41.004~~] to order the consolidation of districts, the consolidation is governed by this subchapter.

The commissioner's order shall be effective on a date determined by the commissioner, but not later than the earliest practicable date after November 8.

SECTION 1B.\_\_\_\_. Section 41.252, Education Code, is amended by amending Subsections (a) and (c) and adding Subsection (d) to read as follows:

(a) In selecting the districts to be consolidated with a district subject to Section 42.401 [~~that has a property wealth greater than the equalized wealth level~~], the commissioner shall select one or more districts with a local share under Section 42.252 [~~wealth per student~~] that, when consolidated, will result in a consolidated district that is not subject to Section 42.401 [~~with a wealth per student equal to or less than the equalized wealth level~~]. In achieving that result, the commissioner shall give priority to school districts in the following order:

(1) first, to the contiguous district that has the lowest local share percentage [~~wealth per student~~] and is located in the same county;

(2) second, to the district that has the lowest local share percentage [~~wealth per student~~] and is located in the same county;

(3) third, to a contiguous district not subject to Section 42.401 [~~with a property wealth below the equalized wealth level~~] that has requested the commissioner to consider [~~that~~] it for inclusion [~~be considered~~] in a consolidation plan;

(4) fourth, to include as few districts as possible that are not subject to Section 42.401 and [~~fall below the equalized wealth level within the consolidation order that~~] have not requested the commissioner to be included in a consolidation plan;

(5) fifth, to the district that has the lowest local share percentage [~~wealth per student~~] and is located in the same regional education service center area; and

(6) sixth, to a district that has a tax rate similar to that of the district subject to Section 42.401 [~~that has a property wealth greater than the equalized wealth level~~].

(c) In applying the selection criteria specified by Subsection (a), if more than two districts are to be consolidated,

the commissioner shall select the third and each subsequent district to be consolidated by treating the district subject to Section 42.401 [~~that has a property wealth greater than the equalized wealth level~~] and the district or districts previously selected for consolidation as one district.

(d) In this section, "local share percentage" means a percentage determined by dividing a school district's local share under Section 42.252 by the district's tier one allotment under Section 42.251.

(16) In Section 2A.10 of the bill, in proposed Subsection (c-2), Section 21.402, Education Code (committee printing, page 20, lines 25-27), strike "the constitutional amendment proposed by .J.R. No. \_\_\_\_\_, 79th Legislature, Regular Session, 2005, is approved by the voters and".

(17) In Section 2A.10 of the bill, strike proposed Subdivision (2), Subsection (c-2), Section 21.402, Education Code (committee printing, page 20, lines 39-46), and substitute the following:

(2) for the 2006-2007 school year, \$150.

(18) Strike Article 3 of the bill (committee printing, page 71, line 32, through page 85, line 42).

(19) In the heading to Part B, Article 5 (committee printing, page 129, line 33), strike "AND STATE PROPERTY TAX" and substitute "AND EQUALIZATION".

(20) Before Section 5B.01 of the bill (committee printing, page 129, between lines 33 and 34), insert the following appropriately numbered section and renumber the subsequent sections of Part B, Article 5 accordingly:

SECTION 5B.\_\_\_\_. Section 7.055(b)(34), Education Code, is amended to read as follows:

(34) The commissioner shall perform duties in connection with equalization actions [~~the equalized wealth level~~] under Chapter 41.

(21) In Section 5B.01 of the bill, strike amended Subsection (b), Section 12.013, Education Code (committee printing, page 129, line 36, through page 130, line 10), and substitute the following:

SECTION 3.05. Section 12.013(b), Education Code, is amended



to read as follows:

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

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

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

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

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

(B) educator certification under Chapter 21 and educator rights under Sections 21.407, 21.408, and 22.001;

(C) criminal history records under Subchapter C, Chapter 22;

(D) student admissions under Section 25.001;

(E) school attendance under Sections 25.085, 25.086, and 25.087;

(F) inter-district or inter-county transfers of students under Subchapter B, Chapter 25;

(G) elementary class size limits under Section 25.112, in the case of any campus in the district that is considered academically unacceptable [~~low-performing~~] under Section 39.132;

(H) high school graduation under Section 28.025;

(I) special education programs under Subchapter A, Chapter 29;

(J) bilingual education under Subchapter B, Chapter 29;

(K) prekindergarten programs under Subchapter E, Chapter 29;

(L) safety provisions relating to the transportation of students under Sections 34.002, 34.003, 34.004, and 34.008;

(M) computation and distribution of state aid under Chapters 31, 42, and 43;

(N) extracurricular activities under Section

33.081;

(O) health and safety under Chapter 38;

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

(Q) equalization [~~equalized wealth~~] under Section 42.401 [~~Chapter 41~~];

(R) a bond or other obligation or tax rate under Chapters 42, 43, and 45; and

(S) purchasing under Chapter 44.

(22) Strike Section 5B.02 of the bill (committee printing, page 130, lines 11-21).

(23) In Section 5B.03 of the bill (committee printing, page 130, lines 29 and 30), strike "[~~A district to which Chapter 41 applies is entitled to the grants paid under this section.~~]" and substitute "A district to which Section 42.401 [~~Chapter 41~~] applies is entitled to the grants paid under this section."

(24) In Section 5B.04 of the bill (committee printing, page 130, lines 41 and 42), strike "[~~A district to which Chapter 41 applies is entitled to the grants paid under this section.~~]" and substitute "A district to which Section 42.401 [~~Chapter 41~~] applies is entitled to the grants paid under this section."

(25) In Section 5B.05 of the bill (committee printing, page 130, lines 53 and 54), strike "[~~A district to which Chapter 41 applies is entitled to the grants paid under this section.~~]" and substitute "A district to which Section 42.401 [~~Chapter 41~~] applies is entitled to the grants paid under this section."

(26) In Section 5B.06 of the bill (committee printing, page 130, lines 66 and 67), strike "[~~A district to which Chapter 41 applies is entitled to the grants paid under this section.~~]" and substitute "A district to which Section 42.401 [~~Chapter 41~~] applies is entitled to the grants paid under this section."

(27) Strike Section 5B.16 of the bill (committee printing, page 132, lines 53-64).

(28) Strike Section 5B.20 of the bill (committee printing, page 133, lines 41-45).

(29) Strike Subdivision (1), Section 6.02 of the bill (committee printing, page 134, lines 24-32), and substitute the following:

(1) the following provisions of the Education Code:

(A) Subchapters B, C, E, F, and G, Chapter 41;

(B) Subchapter F, Chapter 42, as it existed on

November 1, 2005;

(C) Sections 21.402(b), 29.203(c) and (g), 31.025, 31.1031, 41.001, 41.002, 41.003, 41.0031, 41.007, 41.009(b), 41.011, 41.092, 41.099, 41.252(b), 42.103(b) and (e), 42.2514, 42.2517, 42.259, 42.260, 42.4101; and

(D) Sections 42.2512(a-1) and 42.2541, as added by Part A, Article 1, of this Act;

(30) In Subdivision (3), Section 6.02 of the bill (committee printing, page 134, line 36), strike "and (c)".

(31) Strike Section 6.03 of the bill (committee printing, page 134, lines 38-45), and substitute the following:

SECTION 6.03. A school district maintenance tax rate imposed under Sections 45.002 and 45.003, Education Code, before September 1, 2005, is void.

(32) Between Sections 6.04 and 6.05 of the bill (committee printing, page 134, between lines 52 and 53), insert the following appropriately numbered section and renumber the subsequent sections of Article 6 accordingly:

SECTION 1C.\_\_\_\_. A change in law made by this Act relating to a school district maintenance tax or enrichment tax under Chapter 41 or Chapter 42, Education Code, prevails over any similar provision of H.B. No. 3, Acts of the 79th Legislature, Regular Session, 2005.

(33) Strike Subsections (a) and (b), Section 6.06 of the bill (committee printing, page 134, lines 56-68).