

By: Lucio

S.B. No. 797

A BILL TO BE ENTITLED

AN ACT

relating to the financing of instructional facilities and the payment of existing debt of school districts.

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

SECTION 1. Subsection (c), Section 42.007, Education Code, is amended to read as follows:

(c) The funding elements must include:

(1) a basic allotment for the purposes of Section 42.101 that, when combined with the guaranteed yield component provided by Subchapter F, represents the cost per student of a regular education program that meets all mandates of law and regulation;

(2) adjustments designed to reflect the variation in known resource costs and costs of education beyond the control of school districts;

(3) appropriate program cost differentials and other funding elements for the programs authorized under Subchapter C, with the program funding level expressed as dollar amounts and as weights applied to the adjusted basic allotment for the appropriate year;

(4) the maximum guaranteed level of qualified state and local funds per student for the purposes of Subchapter F;

(5) the enrichment and facilities tax rate under Subchapter F;

1 (6) the computation of students in weighted average
2 daily attendance under Section 42.302; and

3 (7) the amount to be appropriated for the school
4 facilities assistance program under Chapter 46, including a
5 specific amount not less than the amount designated in Section
6 46.003(a) to promote the financing of facilities under Subchapter
7 A, Chapter 46, in districts with low wealth per student as described
8 by Section 42.259(a)(1).

9 SECTION 2. Section 42.251, Education Code, is amended to
10 read as follows:

11 Sec. 42.251. FINANCING; GENERAL RULE. (a) The sum of the
12 basic allotment under Subchapter B and the special allotments under
13 Subchapter C, computed in accordance with this chapter, constitute
14 the tier one allotments. The sum of the tier one allotments and the
15 guaranteed yield allotments under Subchapter F, computed in
16 accordance with this chapter, and the instructional facilities
17 allotment under Subchapter A, Chapter 46, constitute the total cost
18 of the Foundation School Program.

19 (b) The program shall be financed by:

20 (1) ad valorem tax revenue generated by an equalized
21 uniform school district effort;

22 (2) ad valorem tax revenue generated by local school
23 district effort in excess of the equalized uniform school district
24 effort;

25 (3) ad valorem tax revenue generated by local school
26 district effort for the purpose of funding instructional facilities
27 under Subchapter A, Chapter 46;

1 (4) state available school funds distributed in
2 accordance with law; and

3 (5) [~~(4)~~] state funds appropriated for the purposes of
4 public school education and allocated to each district in an amount
5 sufficient to finance the cost of each district's Foundation School
6 Program not covered by other funds specified in this subsection.

7 SECTION 3. Subsections (a), (b), and (c), Section 42.253,
8 Education Code, are amended to read as follows:

9 (a) For each school year the commissioner shall determine:

10 (1) the amount of money to which a school district is
11 entitled under Subchapters B and C;

12 (2) the amount of money to which a school district is
13 entitled under Subchapter F;

14 (3) the amount of money to which a school district is
15 entitled under Subchapter A, Chapter 46;

16 (4) the amount of money allocated to the district from
17 the available school fund;

18 (5) [~~(4)~~] the amount of each district's tier one local
19 share under Section 42.252; [~~and~~]

20 (6) [~~(5)~~] the amount of each district's tier two local
21 share under Section 42.302; and

22 (7) the amount of each district's local share of the
23 instructional facilities allotment under Subchapter A, Chapter 46.

24 (b) Except as provided by this subsection, the commissioner
25 shall base the determinations under Subsection (a) on the estimates
26 provided to the legislature under Section 42.254, or, if the
27 General Appropriations Act provides estimates for that purpose, on

1 the estimates provided under that Act, for each school district for
 2 each school year. The commissioner shall reduce the entitlement of
 3 each district that has a final taxable value of property for the
 4 second year of a state fiscal biennium that is higher than the
 5 estimate under Section 42.254 or the General Appropriations Act, as
 6 applicable. A reduction under this subsection may not reduce the
 7 district's entitlement below the amount to which it is entitled at
 8 its actual taxable value of property. The commissioner shall base
 9 the determinations for the instructional facilities allotment on
 10 the procedures specified in Subchapter A, Chapter 46.

11 (c) Each school district is entitled to an amount equal to
 12 the difference for that district between the sum of Subsections
 13 (a)(1), ~~[and]~~ (a)(2), and (a)(3) and the sum of Subsections
 14 ~~[(a)(3),]~~ (a)(4), ~~[and]~~ (a)(5), (a)(6), and (a)(7).

15 SECTION 4. Section 46.003, Education Code, is amended by
 16 amending Subsections (a) and (h) and adding Subsection (i) to read
 17 as follows:

18 (a) For each year, except as provided by Sections 46.005 and
 19 46.006, a school district is guaranteed a specified amount per
 20 student in state and local funds for each cent of tax effort, up to
 21 the maximum rate under Subsection (b), to pay the principal of and
 22 interest on eligible bonds issued to construct, acquire, renovate,
 23 or improve an instructional facility. The total amount of state
 24 support provided each biennium must equal at least \$300 million or a
 25 higher amount provided by appropriation. The amount of state
 26 support for a school district is determined by the formula:

1
$$\text{FYA} = (\text{FYL} \times \text{ADA} \times \text{BTR} \times 100) - (\text{BTR} \times (\text{DPV}/100))$$

2 where:

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

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

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

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

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

20 (h) To receive state assistance under this subchapter, a
21 school district must apply to the commissioner in accordance with
22 rules adopted by the commissioner before issuing bonds that will be
23 paid with state assistance. Until the bonds are fully paid, ~~or~~
24 the instructional facility is sold, or the school district becomes
25 eligible to receive assistance with payment of the bonds under
26 Subchapter B:

27 (1) a school district is entitled to continue

1 receiving state assistance under this subchapter without
2 reapplying to the commissioner; and

3 (2) the guaranteed level of state and local funds per
4 student per cent of tax effort applicable to the bonds may not be
5 reduced below the level provided for the year in which the bonds
6 were issued.

7 (i) Notwithstanding any other provision of this chapter,
8 the commissioner shall ensure that a school district that becomes
9 eligible for state assistance under Subchapter B with payment of
10 bonds for which the district initially received state assistance
11 under this subchapter continues to receive state assistance under
12 this subchapter as necessary to result in a total guaranteed level
13 of state and local funds per student per cent of tax effort equal to
14 the level provided under this subchapter for the year in which the
15 bonds were issued.

16 SECTION 5. Section 46.033, Education Code, is amended to
17 read as follows:

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

21 (1) the district made payments on the bonds during the
22 final ~~[2002-2003]~~ school year of the preceding state fiscal
23 biennium;

24 (2) ~~[or]~~ taxes levied to pay the principal of and
25 interest on the bonds were included in the district's audited debt
26 service collections for that school year; or ~~[and]~~

27 (3) ~~[(2)]~~ the district received ~~[does not receive]~~

1 state assistance under Subchapter A for payment of [~~the~~] principal
2 and interest on [~~the~~] bonds during the final school year of the
3 preceding state fiscal biennium.

4 SECTION 6. This Act takes effect September 1, 2005.