

By: Guillen

H.B. No. 3607

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the financing of school district instructional
3 facilities and assistance with the payment of a school district's
4 existing debt.

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

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

8 (c) The funding elements must include:

9 (1) a basic allotment for the purposes of Section
10 42.101 that, when combined with the guaranteed yield component
11 provided by Subchapter F, represents the cost per student of a
12 regular education program that meets all mandates of law and
13 regulation;

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

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

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

24 (5) the enrichment and facilities tax rate under

1 Subchapter F;

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

4 (7) the amount to be appropriated for the school
5 facilities assistance program under Chapter 46, including a
6 specific amount not less than the amount designated in Section
7 46.003(a) that is at least sufficient to provide the financing of
8 facilities under Subchapter A, Chapter 46, in districts that have a
9 wealth per student, as defined by Section 46.006(g), that is less
10 than the statewide average wealth per student.

11 SECTION 2. Section 42.251, Education Code, is amended to
12 read as follows:

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

21 (b) The program shall be financed by:

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

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

27 (3) ad valorem tax revenue generated by local school

1 district effort for the purpose of funding instructional facilities
2 under Subchapter A, Chapter 46;

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

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

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

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

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

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

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

18 (4) the amount of money allocated to the district from
19 the available school fund;

20 (5) [~~(4)~~] the amount of each district's tier one local
21 share under Section 42.252; [~~and~~]

22 (6) [~~(5)~~] the amount of each district's tier two local
23 share under Section 42.302; and

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

26 (b) Except as provided by this subsection, the commissioner
27 shall base the determinations under Subsection (a) on the estimates

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

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

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

20 (a) For each year, except as provided by Sections 46.005 and
 21 46.006, a school district is guaranteed a specified amount per
 22 student in state and local funds for each cent of tax effort, up to
 23 the maximum rate under Subsection (b), to pay the principal of and
 24 interest on eligible bonds issued to construct, acquire, renovate,
 25 or improve an instructional facility. The total amount of state
 26 support provided each biennium to assist with payment of bonds for
 27 which a school district has not previously received state

1 assistance under this subchapter must equal at least \$300 million
2 or a higher amount provided by appropriation. The amount of state
3 support for a school district is determined by the formula:

$$4 \quad \text{FYA} = (\text{FYL} \times \text{ADA} \times \text{BTR} \times 100) - (\text{BTR} \times (\text{DPV}/100))$$

5 where:

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

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

11 "ADA" is the greater of the number of students in average
12 daily attendance, as determined under Section 42.005, in the
13 district or 400;

14 "BTR" is the district's bond tax rate for the current year,
15 which is determined by dividing the amount budgeted by the district
16 for payment of eligible bonds by the quotient of the district's
17 taxable value of property as determined under Subchapter M, Chapter
18 403, Government Code, or, if applicable, Section 42.2521, divided
19 by 100; and

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

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

1 eligible to receive assistance with payment of the bonds under
2 Subchapter B:

3 (1) a school district is entitled to continue
4 receiving state assistance under this subchapter without
5 reapplying to the commissioner; and

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

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

19 SECTION 5. Section 46.033, Education Code, is amended to
20 read as follows:

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

24 (1) the district made payments on the bonds during the
25 final [~~2004-2005~~] school year of the preceding state fiscal
26 biennium;

27 (2) [~~or~~] taxes levied to pay the principal of and

1 interest on the bonds were included in the district's audited debt
2 service collections for that school year; or ~~and~~

3 (3) ~~(2)~~ the district received ~~[does not receive]~~
4 state assistance under Subchapter A for payment of ~~[the]~~ principal
5 and interest on ~~[the]~~ bonds during the final school year of the
6 preceding state fiscal biennium.

7 SECTION 6. Subsection (c), Section 46.034, Education Code,
8 is amended to read as follows:

9 (c) If the amount required to pay the principal of and
10 interest on eligible bonds in a school year is less than the amount
11 of payments made by the district on the bonds during the final
12 [2004-2005] school year of the state fiscal biennium preceding the
13 biennium in which the district first receives assistance under this
14 subchapter for the payment of principal of and interest on the bonds
15 or the district's audited debt service collections for that school
16 year, the district may not receive aid in excess of the amount that,
17 when added to the district's local revenue for the school year,
18 equals the amount required to pay the principal of and interest on
19 the bonds.

20 SECTION 7. This Act takes effect immediately if it receives
21 a vote of two-thirds of all the members elected to each house, as
22 provided by Section 39, Article III, Texas Constitution. If this
23 Act does not receive the vote necessary for immediate effect, this
24 Act takes effect September 1, 2007.