

By: Dunnam

H.B. No. 3937

A BILL TO BE ENTITLED

AN ACT

relating to the appropriation of money from the property tax relief fund.

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

SECTION 1. Section 403.109, Government Code, is amended 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 residence homestead exemption is increased to \$45,000 or the average school district maintenance and operations tax rate is not more than \$1.33 [~~\$1.00~~ per \$100 of taxable value, money in the fund may be appropriated only for covering the cost of increasing the residence homestead exemption or 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 residence homestead exemption is increased to \$45,000 or the average school district maintenance and

1 operations tax rate is not more than \$1.33 [~~\$1.00~~] per \$100 of  
2 taxable value, any money remaining in the fund after a sufficient  
3 amount of money is appropriated in that state fiscal year to  
4 maintain the cost of increasing the residence homestead exemption  
5 or to maintain an average school district maintenance and  
6 operations tax rate of \$1.33 [~~\$1.00~~] per \$100 of taxable value may  
7 be appropriated only as follows:

8 (1) two-thirds of the money appropriated from the fund  
9 may be appropriated only for a purpose that will result in a further  
10 increase in the residence homestead exemption or reduction of the  
11 average school district maintenance and operations tax rate; and

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

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

22 SECTION 2. This Act takes effect September 1, 2007.