

SENATE AMENDMENTS

2nd Printing

By: Hochberg, et al.

H.B. No. 828

A BILL TO BE ENTITLED

AN ACT

relating to the amount of the guaranteed yield under the Foundation School Program.

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

SECTION 1. Section 42.302(a-1), Education Code, is amended to read as follows:

(a-1) In this section, "wealth per student" has the meaning assigned by Section 41.001. For purposes of Subsection (a), the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort ("GL") for a school district is:

(1) the amount of district tax revenue per weighted student per cent of tax effort available to a district at the 88th percentile in wealth per student, as determined by the commissioner in cooperation with the Legislative Budget Board, for the district's maintenance and operations tax effort equal to or less than the rate equal to the product of the state compression percentage, as determined under Section 42.2516, multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year;

(2) the greater of the amount of district tax revenue per weighted student per cent of tax effort available to the Austin Independent School District, as determined by the commissioner in cooperation with the Legislative Budget Board, or the amount of

1 district tax revenue per weighted student per cent of tax effort
2 used for purposes of this subdivision in the preceding school year,
3 for the first six cents by which the district's maintenance and
4 operations tax rate exceeds the rate equal to the product of the
5 state compression percentage, as determined under Section 42.2516
6 ~~[and notwithstanding the limitation on district enrichment tax rate~~
7 ~~("DTR") under Section 42.303]~~, multiplied by the maintenance and
8 operations tax rate adopted by the district for the 2005 tax year;
9 and

10 (3) \$31.95, for the district's maintenance and
11 operations tax effort that exceeds the amount of tax effort
12 described by Subdivision (2).

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

ADOPTED

MAY 23 2007

Latay Spaw
Secretary of the Senate

FLOOR AMENDMENT NO. 1

BY: *Ingir*

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reading*

1 Amend H.B. No. 828 by adding the following appropriately
2 numbered SECTION and renumbering subsequent SECTIONS of the bill
3 accordingly:

4 SECTION _____. Section 42.2516, Education Code, is amended by
5 amending Subsection (b) and adding Subsection (b-2) to read as
6 follows:

7 (b) Subject to Subsections (b-2), (g), and (h), but
8 notwithstanding any other provision of this title, a school
9 district is entitled to state revenue necessary to provide the
10 district with the sum of:

11 (1) the amount of state revenue necessary to maintain
12 state and local revenue per student in weighted average daily
13 attendance in the amount equal to the greater of:

14 (A) the amount of state and local revenue per
15 student in weighted average daily attendance for the maintenance
16 and operations of the district available to the district for the
17 2005-2006 school year;

18 (B) the amount of state and local revenue per
19 student in weighted average daily attendance for the maintenance
20 and operations of the district to which the district would have
21 been entitled for the 2006-2007 school year under this chapter, as
22 it existed on January 1, 2006, or, if the district would have been
23 subject to Chapter 41, as that chapter existed on January 1, 2006,
24 the amount to which the district would have been entitled under
25 that chapter, based on the funding elements in effect for the 2005-
26 2006 school year, if the district imposed a maintenance and

1 operations tax at the rate adopted by the district for the 2005 tax
2 year; or

3 (C) the amount of state and local revenue per
4 student in weighted average daily attendance for the maintenance
5 and operations of the district to which the district would have
6 been entitled for the 2006-2007 school year under this chapter, as
7 it existed on January 1, 2006, or, if the district would have been
8 subject to Chapter 41, as that chapter existed on January 1, 2006,
9 the amount to which the district would have been entitled under
10 that chapter, based on the funding elements in effect for the 2005-
11 2006 school year, if the district imposed a maintenance and
12 operations tax at the rate equal to the rate described by Section
13 26.08(i) or (k)(1), Tax Code, as applicable, for the 2006 tax year;

14 (2) an amount equal to the product of \$2,500 multiplied
15 by the number of classroom teachers, full-time librarians, full-
16 time counselors certified under Subchapter B, Chapter 21, and full-
17 time school nurses employed by the district and entitled to a
18 minimum salary under Section 21.402; and

19 (3) an amount equal to the product of \$275 multiplied by
20 the number of students in average daily attendance in grades nine
21 through 12 in the district.

22 (b-2) The amount determined for a school district under
23 Subsection (b) is increased or reduced as follows:

24 (1) if for any school year the district is entitled to
25 greater allotments under Section 42.155 and 42.2515 than the
26 allotment to which the district was entitled under that section for
27 the school year on which the district's entitlement under
28 Subsection (b) is based, the district's entitlement under
29 Subsection (b) is increased by an amount equal to the difference

1 between the amount to which the district is entitled under Sections
2 42.155 and 42.2515 for that school year and the amount to which the
3 district was entitled under that section for:

4 (A) the 2005-2006 school year, if the amount
5 determined for the district under Subsection (b) is determined
6 under Subsection (b) (1) (A); or

7 (B) the 2006-2007 school year, if the amount
8 determined for the district under Subsection (b) is determined
9 under Subsection (b) (1) (B) or (C); and

10 (2) if for any school year the district is not entitled
11 to allotments under Section 42.155 and 42.2515 or is entitled to a
12 lesser allotment under that section than the allotment to which the
13 district was entitled under that section for the school year on
14 which the district's entitlement under Subsection (b) is based, the
15 district's entitlement under Subsection (b) is reduced by an amount
16 equal to the difference between the amount to which the district
17 was entitled under Sections 42.155 and 42.2515 for the 2005-2006 or
18 2006-2007 school year, as appropriate based on whether the
19 district's entitlement under Subsection (b) is determined under
20 Subsection (b) (1) (A), (B), or (C), and the amount to which the
21 district is entitled under Sections 42.155 and 42.2515 for the
22 current school year.

on 3rd
Reading

ADOPTED

FLOOR AMENDMENT NO. 2

MAY 23 2007

Larry Shaw
Secretary of the Senate

BY:

Shapiro

1 Amend H.B. No. 828 by adding the following appropriately
2 numbered SECTION and renumbering subsequent SECTIONS of the bill
3 accordingly:

4 (f-1) For a school district that, for the 2007 tax year or
5 a subsequent tax year, adopts an exemption under Section
6 11.13(n), Tax Code, that was not in effect for the 2006 tax year
7 or adopts an exemption under Section 11.13(n), Tax Code, at a
8 greater percentage than the percentage in effect for the
9 district for the 2006 tax year, the commissioner shall adjust
10 the amount of the district's local revenue derived from
11 maintenance and operations tax collections, as calculated for
12 purposes of determining the amount of state revenue to which a
13 school district is entitled under this section. The commissioner
14 shall calculate the adjusted local revenue as the amount of
15 maintenance and operations taxes the district would have levied
16 had the district not adopted, as applicable, an exemption under
17 Section 11.13(n), Tax Code, for the 2007 tax year or a
18 subsequent tax year or increased the percentage of an exemption
19 under Section 11.13(n), Tax Code, for the 2007 tax year or a
20 subsequent tax year. A determination by the commissioner under
21 this subsection is final and may not be appealed.
22

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 14, 2007

TO: Honorable Florence Shapiro, Chair, Senate Committee on Education

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: **HB828** by Hochberg (Relating to the amount of the guaranteed yield under the Foundation School Program.), **As Engrossed**

No fiscal implication to the State is anticipated.

The bill would set the guaranteed yield per weighted student for the four cents (which increases to six cents in 2009 under current law) by which a school district's maintenance and operations tax rate exceeds the state compression percentage at that of Austin Independent School District (ISD), or the yield from the previous year, if higher. The bill would take effect immediately upon enactment with the necessary voting majorities or September 1, 2007 and would apply beginning with the 2007-2008 school-year.

In order for Austin ISD's revenue yield per penny per weighted student to decrease from year to year, its property value would need to grow more slowly than its number of weighted students. While this has occurred in the past, current projections do not estimate a decline in Austin ISD's yield, and thus the bill would have no fiscal impact on the state cost of the Foundation School Program. In the event that Austin ISD did experience property value decline, there would be a state cost to hold the enrichment yield at the prior year's higher level. For example, if Austin ISD experienced a 3 percent property value decline in fiscal year 2010, it is estimated state costs in the enrichment tier could increase by approximately \$39 million that year.

Local Government Impact

Under current assumptions, the bill is not expected to have a fiscal impact on school districts. If Austin ISD were to experience a property value decline, the bill would provide additional state aid in the enrichment tier compared to current law.

Source Agencies: 701 Central Education Agency

LBB Staff: JOB, JSp, UP, JGM

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 17, 2007

TO: Honorable Rob Eissler, Chair, House Committee on Public Education

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: **HB828** by Hochberg (relating to the amount of the guaranteed yield under the Foundation School Program.), **Committee Report 1st House, Substituted**

No fiscal implication to the State is anticipated.

The bill would set the guaranteed yield per weighted student for the four cents (which increases to six cents in 2009 under current law) by which a school district's maintenance and operations tax rate exceeds the state compression percentage at that of Austin Independent School District (ISD), or the yield from the previous year, if higher. The bill would take effect immediately upon enactment with the necessary voting majorities or September 1, 2007 and would apply beginning with the 2007-2008 school-year.

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Source Agencies: 701 Central Education Agency

LBB Staff: JOB, JSp, UP, JGM

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LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 12, 2007

TO: Honorable Rob Eissler, Chair, House Committee on Public Education

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: **HB828** by Hochberg (Relating to the guaranteed yield of school district enrichment taxes to fund the maintenance and operations of public schools.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would set the guaranteed yield per weighted student for the four cents (which increases to six cents in 2009 under current law) by which a school district's maintenance and operations tax rate exceeds the state compression percentage at that of Austin Independent School District (ISD), or the yield from the previous year, if higher. The bill would take effect immediately upon enactment with the necessary voting majorities or September 1, 2007 and would apply beginning with the 2007-2008 school-year.

In order for Austin ISD's revenue yield per penny per weighted student to decrease from year to year, its property value would need to grow more slowly than its number of weighted students. While this has occurred in the past, current projections do not estimate a decline in Austin ISD's yield, and thus the bill would have no fiscal impact on the state cost of the Foundation School Program. In the event that Austin ISD did experience property value decline, there would be a state cost to hold the enrichment yield at the prior year's higher level. For example, if Austin ISD experienced a 3 percent property value decline in fiscal year 2010, it is estimated state costs in the enrichment tier could increase by approximately \$39 million that year.

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Source Agencies: 701 Central Education Agency

LBB Staff: JOB, JSp, UP, JGM

LEGISLATIVE BUDGET BOARD

Austin, Texas

EQUALIZED EDUCATION FUNDING IMPACT STATEMENT

80TH LEGISLATIVE REGULAR SESSION

May 15, 2007

TO: Honorable Florence Shapiro, Chair, Senate Committee on Education

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB828 by Hochberg (Relating to the amount of the guaranteed yield under the Foundation School Program.), **As Engrossed**

No adverse impact on equalized funding requirements and policies affecting public education is anticipated from the provisions of this bill. In the event of a decline in the yield represented by the amount of tax revenue per weighted student per cent of tax effort available to the Austin Independent School District, the bill would maintain the level of equalization provided in the prior year under the enrichment tier of the Foundation School Program.

Source Agencies:

LBB Staff: JOB, UP, JSp

LEGISLATIVE BUDGET BOARD
Austin, Texas

EQUALIZED EDUCATION FUNDING IMPACT STATEMENT

80TH LEGISLATIVE REGULAR SESSION

April 17, 2007

TO: Honorable Rob Eissler, Chair, House Committee on Public Education

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: **HB828** by Hochberg (relating to the amount of the guaranteed yield under the Foundation School Program.), **Committee Report 1st House, Substituted**

No adverse impact on equalized funding requirements and policies affecting public education is anticipated from the provisions of this bill. In the event of a decline in the yield represented by the amount of tax revenue per weighted student per cent of tax effort available to the Austin Independent School District, the bill would maintain the level of equalization provided in the prior year under the enrichment tier of the Foundation School Program.

Source Agencies:

LBB Staff: JOB, UP, JSp

LEGISLATIVE BUDGET BOARD
Austin, Texas

EQUALIZED EDUCATION FUNDING IMPACT STATEMENT

80TH LEGISLATIVE REGULAR SESSION

March 12, 2007

TO: Honorable Rob Eissler, Chair, House Committee on Public Education

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB828 by Hochberg (Relating to the guaranteed yield of school district enrichment taxes to fund the maintenance and operations of public schools.), **As Introduced**

No adverse impact on equalized funding requirements and policies affecting public education is anticipated from the provisions of this bill. In the event of a decline in the yield represented by the amount of tax revenue per weighted student per cent of tax effort available to the Austin Independent School District, the bill would maintain the level of equalization provided in the prior year under the enrichment tier of the Foundation School Program.

Source Agencies:

LBB Staff: JOB, UP, JSp

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