

## **BILL ANALYSIS**

C.S.S.B. 2274  
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Ways & Means  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Under current law, if a school district lowers its maintenance and operations tax rate and subsequently raises it to the level it was previous to the decrease, a rollback election is triggered. This is a disincentive for school districts to lower the maintenance and operations tax rate to increase interest and sinking tax and to retire bond debt.

C.S.S.B. 2274 allows certain school districts to reduce their maintenance and operations tax rate and subsequently raise it to the amount it was prior to the decrease, without triggering a rollback election. The bill authorizes a school district to levy taxes and collected related revenue to pay off bond debt early.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.S.B. 2274 amends the Tax Code to provide that, if for the preceding tax year a school district having specified characteristics adopted a maintenance and operations tax rate that was less than the district's effective maintenance and operations tax rate for that preceding tax year, the rollback tax rate of the district for the current tax year is calculated as if the district adopted a maintenance and operations tax rate for the preceding tax year that was equal to the district's effective maintenance and operations tax rate for that preceding tax year. The bill makes its provisions applicable only to a school district that borders another state of the United States, includes within its territory at least 75 percent but not more than 85 percent of the territory of a single county, and has at least 500 but not more than 1,000 students in weighted average daily attendance.

C.S.S.B. 2274 amends the Education Code to authorize the governing board of an independent school district including the city council or commission that has jurisdiction over a municipally-controlled independent school district, the governing board of a rural high school district, and the commissioners court of a county, on behalf of each common school district under its jurisdiction, to pay the principal of and interest on the bonds backed by property taxes not only as the principal and interest become due, as under existing law, but, alternatively, before they become due.

C.S.S.B. 2274 makes its provisions applicable to the property tax rate of a school district beginning with the 2009 tax year, except that if the governing body of a school district adopted a property tax rate for the school district for the 2009 tax year before the bill's effective date, the change in law made by the bill applies to the property tax rate of that school district beginning with the 2010 tax year, and the law in effect when the tax rate was adopted applies to the 2009 tax year with respect to that school district.

**EFFECTIVE DATE**

On passage, or, if the act does not receive the necessary vote, the act takes effect September 1, 2009.

**COMPARISON OF ORIGINAL AND SUBSTITUTE**

C.S.S.B. 2274 adds language not in the original making its provisions applicable only to a school district with specified geographic characteristics and weighted average daily attendance parameters.