

## **BILL ANALYSIS**

Senate Research Center  
81R10895 SMH/KKA-D

S.B. 2430  
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Education  
4/20/2009  
As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Public schools throughout Texas are facing severe economic hardships. Many fast-growth schools are struggling to reconcile strong growth patterns with dwindling budgets due to the fact they must operate within a target revenue system which freezes property taxes at 2005-2006 rates and does not allow the strong property value increases to inure to the school. Additionally, schools are without recourse to generate revenue to help offset their budget shortages due to the rollback election requirement and the inability of the board to autonomously raise additional pennies commensurate with their needs.

This bill removes the provision for a rollback election and allows boards to independently access additional pennies above the compressed tax rate of up to four cents annually without voter approval. This bill ties those pennies that are accessed to the greater amount of Austin Independent School District (ISD) yield or what the ISD accessed the previous year.

As proposed, S.B. 2430 amends current law relating to public school finance and certain limitations on the ad valorem tax rate of a school district.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 42.2522(e), Education Code, to require the commissioner of education (commissioner) to notify school districts as soon as practicable as to the availability of funds under this section. Deletes the requirement that a district adjust the district's tax rate limit to reflect assistance received under this section.

SECTION 2. Amends Section 42.302(a-1), Education Code, to define "wealth per student" and provide that for the 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:

(2) the greater of the amount of district tax revenue per weighted student per cent of tax effort that would be available to the Austin Independent School District, as determined by the commissioner in cooperation with the Legislative Budget Board (LBB), if the reduction of the limitation on tax increases as provided by Section 11.26(a-1), (a-2), or (a-3) (relating to the limitation of school tax on homesteads of elderly or disabled), Tax Code, did not apply, or the amount of district tax revenue per weighted student per cent of tax effort used for purposes of this subdivision in the preceding school year for the district's maintenance and operations tax effort that exceeds the amount of tax effort described by Subdivision (1) (relating to the amount the district tax revenue per weighted student per cent of tax effort available to a district at the 88th percentile in wealth per student), rather than for the first six cents by which the district's maintenance and operations tax rate exceeds the rate equal to the product of the state compression percentage, as determined under Section 42.2516 (Additional State Aid For Tax Reduction) and notwithstanding the limitation on district enrichment tax rate ("DTR") under Section 42.303 (Limitation On Enrichment Tax Rate), multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year; and

\$31.95, for the district's maintenance and operations tax effort that exceeds the amount of tax effort described by Subdivision 2. Makes conforming changes.

SECTION 3. Amends Sections 44.004(c) and (i), Education Code, as follows:

(c) Prohibits the notice of public meeting to discuss and adopt the budget and the proposed tax rate from being smaller than one-quarter page of a standard-size or a tabloid-size newspaper, and requires the headline on the notice to be in 18-point or larger type. Requires the notice, subject to Subsection (d) to:

(8) contain a certain statement in bold print regarding a notice of the maximum maintenance tax, rather than rollback, rate. Requires that the notice state the highest maintenance tax rate the district is authorized to adopt before requiring voter approval at an election is (the maximum maintenance tax rate the district is authorized to adopt before requiring voter approval at an election under Section 45.003 (Bond and Tax Elections), rather than school district rollback rate determined under Section 26.08 (Election To Ratify School Taxes), Tax Code. Deletes text providing that this election will be automatically held if the district adopts a rate in excess of the rollback rate of the school district rollback rate.

(i) Deletes existing text requiring the district, after receipt of the certified appraisal roll, to publish a revised notice and hold another public meeting before the district is authorized to adopt a tax rate that exceeds the district's rollback rate determined under Section 26.08, Tax Code, using the certified appraisal role. Makes conforming changes.

SECTION 4. Amends Section 45.003, Education Code, by adding Subsection (g), to prohibit a district, notwithstanding any other law, from adopting a maintenance tax rate for the current tax year that exceeds the sum of the district's maintenance tax rate for the proceeding tax year and the rate of four cents per \$100 of taxable value in the district.

SECTION 5. Repealer: Section 42.302(a-2) (regarding the limitation on the district enrichment tax rate's applicability to the district's maintenance and operations tax effort), Education Code.

Repealer: Sections 26.08 and 313.029 (Tax Rate Limitation), Tax Code.

Repealer: Section 2, Chapter 1191 (H.B. 828), Acts of the 80th Legislature, Regular Session, 2007, which amended Subsection (a-1), Section 42.302 (Allotment), Education Code.

SECTION 6. Provides that to the extent of any conflict, this Act prevails over another Act of the 81st Legislature, Regular Session, 2009, relating to nonsubstantive additions to and corrections in enacted codes.

SECTION 7. (a) Provides that the changes in law made by Sections 1, 3, 4, and 5(b) of this Act apply to the ad valorem tax rate of a school district beginning with the 2009 tax year, except as provided by Subsection (b) of this section.

(b) Provides that if the governing body of a school district adopted an ad valorem tax rate for the school district for the 2009 tax year before the effective date of Sections 1, 3, 4, and 5(b) of this Act, the changes in law made by Sections 1, 3, 4, and 5(b) of this Act apply to the ad valorem 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.

SECTION 8. (a) Effective date, except as provided by Subsection (b) of this section: upon passage or September 1, 2009.

(b) Effective date, Section 42.302(a-1), Education Code, as amended by this Act, and the repeal by this Act of Section 42.302(a-2), Education Code: September 1, 2009.