

By: Paxton

H.B. No. 2563

A BILL TO BE ENTITLED

AN ACT

1
2 relating to determination of and notification regarding the state
3 compression percentage under the public school finance system and
4 the elimination of property taxes for school district maintenance
5 and operations.

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

7 SECTION 1. Section 42.2516, Education Code, is amended by
8 amending Subsections (a) and (a-1) and adding Subsection (a-2) to
9 read as follows:

10 (a) In this section, "state compression percentage" means
11 the percentage, as determined by the commissioner in consultation
12 with the Legislative Budget Board, of a school district's adopted
13 maintenance and operations tax rate for the 2005 tax year that
14 serves as the basis for state funding for tax rate reduction under
15 this section. The commissioner, in consultation with the
16 Legislative Budget Board, shall determine the state compression
17 percentage for each school year based on the percentage by which a
18 district is able to reduce the district's maintenance and
19 operations tax rate for that year, as compared to the district's
20 adopted maintenance and operations tax rate for the 2005 tax year,
21 as a result of state funds appropriated for distribution under this
22 section for that year from the property tax relief fund established
23 under Section 403.109, Government Code, or from another funding
24 source available for school district property tax relief.

1 (a-1) For the state fiscal year ending August 31, 2009, the
2 state compression percentage is 66.67 percent. For each subsequent
3 state fiscal year, the state compression percentage is the lesser
4 of:

5 (1) the percentage determined in accordance with
6 Subsection (a); or

7 (2) the state compression percentage for the preceding
8 state fiscal year.

9 (a-2) Not later than March 1 of each year, the commissioner
10 shall:

11 (1) inform school districts of the state compression
12 percentage for the following school year; and

13 (2) post the state compression percentage for the
14 following school year on the agency's website. [~~Subsection (a)~~
15 ~~applies beginning with the state fiscal year ending August 31,~~
16 ~~2009. For the state fiscal year ending August 31, 2007, the state~~
17 ~~compression percentage is 88.67 percent. For the state fiscal year~~
18 ~~ending August 31, 2008, the state compression percentage is 66.67~~
19 ~~percent. This subsection expires September 1, 2009.]~~

20 SECTION 2. Section 45.002, Education Code, is amended to
21 read as follows:

22 Sec. 45.002. MAINTENANCE TAXES. (a) The governing board of
23 an independent school district, including the city council or
24 commission that has jurisdiction over a municipally controlled
25 independent school district, the governing board of a rural high
26 school district, and the commissioners court of a county, on behalf
27 of each common school district under its jurisdiction, may levy,

1 assess, and collect annual ad valorem taxes for the further
2 maintenance of public schools in the district, subject to Section
3 45.003.

4 (b) Notwithstanding Section 45.003(d) or (f) or Section
5 26.08, Tax Code, an entity listed in Subsection (a) may, during the
6 five-year period beginning with the year in which the state
7 compression percentage, as specified under Section 42.2516, is
8 zero, impose an annual ad valorem tax for the maintenance of public
9 schools at a rate not to exceed \$0.17. After that period,
10 notwithstanding Subsection (a), Section 45.003(d) or (f), or any
11 other provision of this code, annual ad valorem taxes for the
12 maintenance of public schools may not be levied, assessed, or
13 collected by an entity listed in Subsection (a). This subsection
14 does not affect the authority of an entity listed in Subsection (a)
15 to levy, assess, and collect annual ad valorem taxes authorized
16 under Section 45.001 to pay the principal and interest on bonds.

17 SECTION 3. This Act takes effect immediately if it receives
18 a vote of two-thirds of all the members elected to each house, as
19 provided by Section 39, Article III, Texas Constitution. If this
20 Act does not receive the vote necessary for immediate effect, this
21 Act takes effect September 1, 2009.