

By: Heflin

H.B. No. 2617

A BILL TO BE ENTITLED

AN ACT

relating to state financial assistance for maintenance, repair, or renovation of school district instructional facilities.

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

SECTION 1. Subtitle I, Title 2, Education Code, is amended by adding Chapter 47 to read as follows:

CHAPTER 47. STATE FINANCIAL ASSISTANCE FOR MAINTENANCE, REPAIR, OR RENOVATION OF INSTRUCTIONAL FACILITIES

Sec. 47.001. DEFINITIONS. (a) In this subchapter:

(1) "Average daily attendance" is the average daily attendance as determined under Section 42.005.

(2) "Guaranteed wealth level" means a wealth per student determined under Subsection (b).

(3) "Instructional facility" has the meaning assigned by Section 46.001.

(4) "Wealth per student" has the meaning assigned by Section 46.006(g).

(b) The guaranteed wealth level is determined by the formula:

$$\text{GWL} = (\text{GL} \times 10,000) \times (\text{SWADA}/\text{SADA})$$

where:

"GWL" is the guaranteed wealth level;

"GL" is the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort, as provided by

1 Section 42.302(a-1)(1);

2 "SWADA" is the total weighted average daily attendance,
3 determined in the manner provided by Section 42.302, for all school
4 districts in the state; and

5 "SADA" is the total average daily attendance for all school
6 districts in the state.

7 Sec. 47.002. DISTRICT ELIGIBILITY. A school district is
8 eligible for state assistance under this subchapter if the district
9 has a wealth per student that is less than \$185,000.

10 Sec. 47.003. AMOUNT OF STATE ASSISTANCE. Except as
11 provided by Section 47.004, the amount of state assistance to which
12 a school district is entitled for an eligible project is determined
13 by the formula:

14
$$\text{SA} = (1 - (\text{WPS}/\text{GWL})) \times \text{PC}$$

15 where:

16 "SA" is the amount of state assistance;

17 "WPS" is the district's wealth per student;

18 "GWL" is the guaranteed wealth level; and

19 "PC" is the total cost of the project, excluding financing
20 costs.

21 Sec. 47.004. SUPPLEMENTAL STATE ASSISTANCE FOR SMALL
22 DISTRICTS. (a) In addition to the amount determined under
23 Section 47.003, a school district is entitled to supplemental state
24 assistance under this subchapter if the district's average daily
25 attendance is less than the product of the quotient of the total
26 average daily attendance for all school districts in the state
27 divided by the total weighted average daily attendance, as

1 determined under Section 42.302, for all school districts in the
2 state, multiplied by 2,500.

3 (b) The amount of supplemental state assistance to which a
4 school district is entitled is the lesser of the amounts determined
5 by the formulas:

6
$$\text{SSA} = \text{PC} - \text{SA} - (.002 \times \text{DPV} \times \text{PC} / 500,000)$$

7 where:

8 "SSA" is the amount of supplemental state assistance;

9 "SA" is the amount of state assistance determined under
10 Section 47.003;

11 "DPV" is the district's taxable value of property as provided
12 under Section 46.003; and

13 "PC" is the total cost of the project; or

14
$$\text{SSA} = \text{PC} - \text{SA} - (0.15 \times \text{PC})$$

15 where:

16 "SSA" is the amount of supplemental state assistance;

17 "SA" is the amount of state assistance determined under
18 Section 47.003; and

19 "PC" is the total cost of the project.

20 (c) If the lesser of the amounts determined under Subsection
21 (b) is less than zero, the district is not entitled to supplemental
22 state assistance under this section.

23 Sec. 47.005. PROJECT ELIGIBILITY AND APPROVAL. (a) A
24 project must be construction to maintain, repair, or renovate an
25 instructional facility to be eligible for state assistance under
26 this subchapter.

27 (b) A school district is entitled to state assistance under

1 this subchapter for only one project in a state fiscal biennium.

2 (c) To receive state assistance under this subchapter, a
3 school district must submit to the commissioner a proposal that
4 contains the information required by commissioner rule by the date
5 established by commissioner rule. The rule must require a district
6 to provide:

7 (1) information concerning the proposed cost of the
8 project;

9 (2) a description of the nature of the maintenance,
10 repair, or renovation construction proposed; and

11 (3) any other information the commissioner determines
12 necessary.

13 (d) The commissioner shall review each proposal and approve
14 each proposal that meets the requirements of this subchapter and
15 commissioner rule.

16 (e) If the amount of state assistance under this subchapter
17 for an approved project is insufficient to enable a school district
18 complete the project as proposed, the district may modify the
19 project to reduce the cost of the project and may resubmit the
20 proposal.

21 Sec. 47.006. LIMITATION ON ASSISTANCE. (a) The cost of a
22 project for which a district may receive assistance under this
23 subchapter may not exceed the greater of:

24 (1) \$500,000; or

25 (2) the product of the number of students in average
26 daily attendance in the district multiplied by \$266.

27 (b) For purposes of Sections 47.003 and 47.004, a project

1 that has a cost that exceeds the limit prescribed by Subsection (a)
2 is treated as if the cost equals the applicable limit.

3 Sec. 47.007. SHORTAGE OF APPROPRIATED FUNDS. (a) If the
4 total amount appropriated for a state fiscal biennium for purposes
5 of this subchapter is less than the amount of money to which school
6 districts applying for state assistance for eligible projects are
7 entitled for the biennium, the commissioner shall, in accordance
8 with commissioner rule, give priority in awarding available state
9 assistance to a district if the district:

10 (1) has not received assistance under Subchapter A,
11 Chapter 46;

12 (2) would be required, without state assistance, to
13 impose ad valorem taxes at a rate that exceeds \$0.14 per \$100 of
14 valuation of taxable property in the district to pay the principal
15 of and interest on bonds to finance the eligible project;

16 (3) is not considered to be a fast-growth district
17 under criteria established under commissioner rule; and

18 (4) has proposed a construction project that will
19 extend the use of an instructional facility and promote the safety
20 and welfare of students and district employees.

21 (b) The commissioner shall award the full amount of state
22 assistance to which a school district is entitled under this
23 subchapter, except that the commissioner may award less than the
24 full amount to the last district for which any funds are available.

25 (c) Any amount appropriated for the first year of a fiscal
26 biennium that is not awarded to a school district may be used to
27 provide assistance under this subchapter in the following fiscal

1 year.

2 Sec. 47.008. USE OF EXCESS APPROPRIATED FUNDS. If the total
3 state assistance necessary for approved projects in a state fiscal
4 biennium is less than the amount appropriated for that biennium,
5 the commissioner may use the excess amount for any purpose under the
6 Foundation School Program.

7 Sec. 47.009. PAYMENT OF STATE ASSISTANCE. (a) The
8 commissioner shall approve warrants to a school district that
9 receives state assistance under this subchapter as necessary to
10 permit the district to meet contractual obligations as construction
11 for maintenance, repair, or renovation progresses.

12 (b) If the commissioner determines that a school district
13 has altered a project in a manner that reduces the cost of the
14 project below the cost stated in the proposal, the commissioner
15 shall recompute the amount of state assistance to which the
16 district is entitled under this subchapter based on the reduced
17 project cost and approve warrants to the district accordingly.

18 Sec. 47.010. RULES. The commissioner shall adopt rules as
19 necessary to administer this chapter.

20 SECTION 2. Section 42.002(b), Education Code, is amended to
21 read as follows:

22 (b) The Foundation School Program consists of:

23 (1) two tiers that in combination provide for:

24 (A) sufficient financing for all school
25 districts to provide a basic program of education that is rated
26 academically acceptable or higher under Section 39.072 and meets
27 other applicable legal standards; and

1 (B) substantially equal access to funds to
2 provide an enriched program; and

3 (2) a facilities component as provided by Chapters
4 [~~Chapter~~] 46 and 47.

5 SECTION 3. Section 42.007(c), Education Code, is amended to
6 read as follows:

7 (c) The funding elements must include:

8 (1) a basic allotment for the purposes of Section
9 42.101 that, when combined with the guaranteed yield component
10 provided by Subchapter F, represents the cost per student of a
11 regular education program that meets all mandates of law and
12 regulation;

13 (2) adjustments designed to reflect the variation in
14 known resource costs and costs of education beyond the control of
15 school districts;

16 (3) appropriate program cost differentials and other
17 funding elements for the programs authorized under Subchapter C,
18 with the program funding level expressed as dollar amounts and as
19 weights applied to the adjusted basic allotment for the appropriate
20 year;

21 (4) the maximum guaranteed level of qualified state
22 and local funds per student for the purposes of Subchapter F;

23 (5) the enrichment and facilities tax rate under
24 Subchapter F;

25 (6) the computation of students in weighted average
26 daily attendance under Section 42.302; and

27 (7) the amount to be appropriated for the school

1 facilities assistance programs [~~program~~] under Chapters [~~Chapter~~]
2 46 and 47.

3 SECTION 4. Section 42.2521(a), Education Code, is amended
4 to read as follows:

5 (a) For purposes of Chapters 41, [~~and~~] 46, and 47 and this
6 chapter, and to the extent money specifically authorized to be used
7 under this section is available, the commissioner shall adjust the
8 taxable value of property in a school district that, due to factors
9 beyond the control of the board of trustees, experiences a rapid
10 decline in the tax base used in calculating taxable values in excess
11 of four percent of the tax base used in the preceding year.

12 SECTION 5. Section 42.261(a), Education Code, is amended to
13 read as follows:

14 (a) Funds appropriated by the legislature for a tax year for
15 the purpose of reducing a school district's maintenance and
16 operations tax rate and providing state aid under Section 42.2516:

17 (1) are not excess funds for purposes of Section
18 42.2517;

19 (2) are not available for purposes of Section 42.2521
20 or 42.2522;

21 (3) may not be used for purposes of Chapter 46 or 47;
22 and

23 (4) may not be provided by the commissioner to a school
24 district for a purpose other than reduction of the district's
25 maintenance and operations tax rate.

26 SECTION 6. Section 44.004(c), Education Code, is amended to
27 read as follows:

1 (c) The notice of public meeting to discuss and adopt the
2 budget and the proposed tax rate may not be smaller than one-quarter
3 page of a standard-size or a tabloid-size newspaper, and the
4 headline on the notice must be in 18-point or larger type. Subject
5 to Subsection (d), the notice must:

6 (1) contain a statement in the following form:

7 "NOTICE OF PUBLIC MEETING TO DISCUSS BUDGET AND PROPOSED TAX RATE

8 "The (name of school district) will hold a public meeting at
9 (time, date, year) in (name of room, building, physical location,
10 city, state). The purpose of this meeting is to discuss the school
11 district's budget that will determine the tax rate that will be
12 adopted. Public participation in the discussion is invited." The
13 statement of the purpose of the meeting must be in bold type. In
14 reduced type, the notice must state: "The tax rate that is
15 ultimately adopted at this meeting or at a separate meeting at a
16 later date may not exceed the proposed rate shown below unless the
17 district publishes a revised notice containing the same information
18 and comparisons set out below and holds another public meeting to
19 discuss the revised notice.";

20 (2) contain a section entitled "Comparison of Proposed
21 Budget with Last Year's Budget," which must show the difference,
22 expressed as a percent increase or decrease, as applicable, in the
23 amounts budgeted for the preceding fiscal year and the amount
24 budgeted for the fiscal year that begins in the current tax year for
25 each of the following:

26 (A) maintenance and operations;

27 (B) debt service; and

1 (C) total expenditures;

2 (3) contain a section entitled "Total Appraised Value
3 and Total Taxable Value," which must show the total appraised value
4 and the total taxable value of all property and the total appraised
5 value and the total taxable value of new property taxable by the
6 district in the preceding tax year and the current tax year as
7 calculated under Section 26.04, Tax Code;

8 (4) contain a statement of the total amount of the
9 outstanding and unpaid bonded indebtedness of the school district;

10 (5) contain a section entitled "Comparison of Proposed
11 Rates with Last Year's Rates," which must:

12 (A) show in rows the tax rates described by
13 Subparagraphs (i)-(iii), expressed as amounts per \$100 valuation of
14 property, for columns entitled "Maintenance & Operations,"
15 "Interest & Sinking Fund," and "Total," which is the sum of
16 "Maintenance & Operations" and "Interest & Sinking Fund":

17 (i) the school district's "Last Year's
18 Rate";

19 (ii) the "Rate to Maintain Same Level of
20 Maintenance & Operations Revenue & Pay Debt Service," which:

21 (a) in the case of "Maintenance &
22 Operations," is the tax rate that, when applied to the current
23 taxable value for the district, as certified by the chief appraiser
24 under Section 26.01, Tax Code, and as adjusted to reflect changes
25 made by the chief appraiser as of the time the notice is prepared,
26 would impose taxes in an amount that, when added to state funds to
27 be distributed to the district under Chapter 42, would provide the

1 same amount of maintenance and operations taxes and state funds
2 distributed under Chapter 42 per student in average daily
3 attendance for the applicable school year that was available to the
4 district in the preceding school year; and

5 (b) in the case of "Interest & Sinking
6 Fund," is the tax rate that, when applied to the current taxable
7 value for the district, as certified by the chief appraiser under
8 Section 26.01, Tax Code, and as adjusted to reflect changes made by
9 the chief appraiser as of the time the notice is prepared, and when
10 multiplied by the district's anticipated collection rate, would
11 impose taxes in an amount that, when added to state funds to be
12 distributed to the district under Chapter 46 or 47 and any excess
13 taxes collected to service the district's debt during the preceding
14 tax year but not used for that purpose during that year, would
15 provide the amount required to service the district's debt; and

16 (iii) the "Proposed Rate";

17 (B) contain fourth and fifth columns aligned with
18 the columns required by Paragraph (A) that show, for each row
19 required by Paragraph (A):

20 (i) the "Local Revenue per Student," which
21 is computed by multiplying the district's total taxable value of
22 property, as certified by the chief appraiser for the applicable
23 school year under Section 26.01, Tax Code, and as adjusted to
24 reflect changes made by the chief appraiser as of the time the
25 notice is prepared, by the total tax rate, and dividing the product
26 by the number of students in average daily attendance in the
27 district for the applicable school year; and

1 (ii) the "State Revenue per Student," which
2 is computed by determining the amount of state aid received or to be
3 received by the district under Chapters 42, 43, [~~and~~] 46, and 47 and
4 dividing that amount by the number of students in average daily
5 attendance in the district for the applicable school year; and

6 (C) contain an asterisk after each calculation
7 for "Interest & Sinking Fund" and a footnote to the section that, in
8 reduced type, states "The Interest & Sinking Fund tax revenue is
9 used to pay for bonded indebtedness on construction, equipment, or
10 both. The bonds, and the tax rate necessary to pay those bonds,
11 were approved by the voters of this district.";

12 (6) contain a section entitled "Comparison of Proposed
13 Levy with Last Year's Levy on Average Residence," which must:

14 (A) show in rows the information described by
15 Subparagraphs (i)-(iv), rounded to the nearest dollar, for columns
16 entitled "Last Year" and "This Year":

17 (i) "Average Market Value of Residences,"
18 determined using the same group of residences for each year;

19 (ii) "Average Taxable Value of Residences,"
20 determined after taking into account the limitation on the
21 appraised value of residences under Section 23.23, Tax Code, and
22 after subtracting all homestead exemptions applicable in each year,
23 other than exemptions available only to disabled persons or persons
24 65 years of age or older or their surviving spouses, and using the
25 same group of residences for each year;

26 (iii) "Last Year's Rate Versus Proposed
27 Rate per \$100 Value"; and

1 (iv) "Taxes Due on Average Residence,"
2 determined using the same group of residences for each year; and

3 (B) contain the following information: "Increase
4 (Decrease) in Taxes" expressed in dollars and cents, which is
5 computed by subtracting the "Taxes Due on Average Residence" for
6 the preceding tax year from the "Taxes Due on Average Residence" for
7 the current tax year;

8 (7) contain the following statement in bold
9 print: "Under state law, the dollar amount of school taxes imposed
10 on the residence of a person 65 years of age or older or of the
11 surviving spouse of such a person, if the surviving spouse was 55
12 years of age or older when the person died, may not be increased
13 above the amount paid in the first year after the person turned 65,
14 regardless of changes in tax rate or property value.";

15 (8) contain the following statement in bold
16 print: "Notice of Rollback Rate: The highest tax rate the
17 district can adopt before requiring voter approval at an election
18 is (the school district rollback rate determined under Section
19 26.08, Tax Code). This election will be automatically held if the
20 district adopts a rate in excess of the rollback rate of (the school
21 district rollback rate)."; and

22 (9) contain a section entitled "Fund Balances," which
23 must include the estimated amount of interest and sinking fund
24 balances and the estimated amount of maintenance and operation or
25 general fund balances remaining at the end of the current fiscal
26 year that are not encumbered with or by corresponding debt
27 obligation, less estimated funds necessary for the operation of the

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1 district before the receipt of the first payment under Chapter 42 in
2 the succeeding school year.

3 SECTION 7. This Act takes effect September 1, 2009.