

By: Davis, Wendy

S.B. No. 2430

A BILL TO BE ENTITLED

AN ACT

relating to public school finance and certain limitations on the ad valorem tax rate of a school district.

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

SECTION 1. Section 42.2522(e), Education Code, is amended to read as follows:

(e) The commissioner shall notify school districts as soon as practicable as to the availability of funds under this section.

~~[For purposes of computing a rollback tax rate under Section 26.08, Tax Code, a district shall adjust the district's tax rate limit to reflect assistance received under this section.]~~

SECTION 2. 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; and

(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, if the reduction of the limitation on tax increases as provided by Section 11.26(a-1), (a-2), or (a-3), 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 ~~[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 and notwithstanding the limitation on district enrichment tax rate ("DTR") under Section 42.303, multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year, and~~

~~[(3) \$31.95, for the]~~ district's maintenance and operations tax effort that exceeds the amount of tax effort described by Subdivision (1) ~~[(2)]~~.

SECTION 3. Sections 44.004(c) and (i), Education Code, are amended to read as follows:

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

to Subsection (d), the notice must:

(1) contain a statement in the following form:

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

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

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

(A) maintenance and operations;

(B) debt service; and

(C) total expenditures;

(3) contain a section entitled "Total Appraised Value and Total Taxable Value," which must show the total appraised value and the total taxable value of all property and the total appraised

value and the total taxable value of new property taxable by the district in the preceding tax year and the current tax year as calculated under Section 26.04, Tax Code;

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

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

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

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

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

(a) in the case of "Maintenance & Operations," is the tax rate that, when applied to the current taxable value for the district, as certified by the chief appraiser under Section 26.01, Tax Code, and as adjusted to reflect changes made by the chief appraiser as of the time the notice is prepared, would impose taxes in an amount that, when added to state funds to be distributed to the district under Chapter 42, would provide the same amount of maintenance and operations taxes and state funds distributed under Chapter 42 per student in average daily attendance for the applicable school year that was available to the district in the preceding school year; and

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

12 (iii) the "Proposed Rate";

13 (B) contain fourth and fifth columns aligned with
14 the columns required by Paragraph (A) that show, for each row
15 required by Paragraph (A):

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

24 (ii) the "State Revenue per Student," which
25 is computed by determining the amount of state aid received or to be
26 received by the district under Chapters 42, 43, and 46 and dividing
27 that amount by the number of students in average daily attendance in

the district for the applicable school year; and

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

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

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

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

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

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

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

(B) contain the following information: "Increase (Decrease) in Taxes" expressed in dollars

1 and cents, which is computed by subtracting the "Taxes Due on
2 Average Residence" for the preceding tax year from the "Taxes Due on
3 Average Residence" for the current tax year;

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

11 (8) contain the following statement in bold
12 print: "Notice of Maximum Maintenance Tax ~~[Rollback]~~ Rate: The
13 highest maintenance tax rate the district can adopt before
14 requiring voter approval at an election is (the maximum maintenance
15 tax rate the district may adopt before requiring voter approval at
16 an election under Section 45.003 ~~[school district rollback rate~~
17 ~~determined under Section 26.08, Tax Code]~~). ~~[This election will be~~
18 ~~automatically held if the district adopts a rate in excess of the~~
19 ~~rollback rate of (the school district rollback rate).]~~"; and

20 (9) contain a section entitled "Fund Balances," which
21 must include the estimated amount of interest and sinking fund
22 balances and the estimated amount of maintenance and operation or
23 general fund balances remaining at the end of the current fiscal
24 year that are not encumbered with or by corresponding debt
25 obligation, less estimated funds necessary for the operation of the
26 district before the receipt of the first payment under Chapter 42 in
27 the succeeding school year.

(i) A school district that uses a certified estimate, as authorized by Subsection (h), may adopt a budget at the public meeting designated in the notice prepared using the estimate, but the district may not adopt a tax rate before the district receives the certified appraisal roll for the district required by Section 26.01(a), Tax Code. After receipt of the certified appraisal roll, the district must publish a revised notice and hold another public meeting before the district may adopt a tax rate that exceeds[÷

~~(1)] the rate proposed in the notice prepared using the estimate[÷ or~~

~~[(2) the district's rollback rate determined under Section 26.08, Tax Code, using the certified appraisal roll].~~

SECTION 4. Section 45.003, Education Code, is amended by adding Subsection (g) to read as follows:

(g) Notwithstanding any other law, a district may not adopt a maintenance tax rate for the current tax year that exceeds the sum of:

(1) the district's maintenance tax rate for the preceding tax year; and

(2) the rate of four cents per \$100 of taxable value in the district.

SECTION 5. (a) Section 42.302(a-2), Education Code, is repealed.

(b) Sections 26.08 and 313.029, Tax Code, are repealed.

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

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

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

9 (b) If the governing body of a school district adopted an ad
10 valorem tax rate for the school district for the 2009 tax year
11 before the effective date of Sections 1, 3, 4, and 5(b) of this Act,
12 the changes in law made by Sections 1, 3, 4, and 5(b) of this Act
13 apply to the ad valorem tax rate of that school district beginning
14 with the 2010 tax year, and the law in effect when the tax rate was
15 adopted applies to the 2009 tax year with respect to that school
16 district.

17 SECTION 8. (a) Except as provided by Subsection (b) of this
18 section:

19 (1) this Act takes effect immediately if it receives a
20 vote of two-thirds of all the members elected to each house, as
21 provided by Section 39, Article III, Texas Constitution; and

22 (2) if this Act does not receive the vote necessary for
23 immediate effect, this Act takes effect September 1, 2009.

24 (b) Section 42.302(a-1), Education Code, as amended by this
25 Act, and the repeal by this Act of Section 42.302(a-2), Education
26 Code, take effect September 1, 2009.