

By: Lucio, Davis

S.B. No. 90

A BILL TO BE ENTITLED

AN ACT

relating to the financing of school district facilities and tax relief for facilities debt.

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

SECTION 1. The heading to Chapter 46, Education Code, is amended to read as follows:

CHAPTER 46. ~~[ASSISTANCE WITH]~~ SCHOOL ~~[INSTRUCTIONAL]~~ FACILITIES
~~[AND PAYMENT OF EXISTING]~~ DEBT TAX RELIEF

SECTION 2. Subsections (a), (d), and (e), Section 46.003, Education Code, are amended to read as follows:

(a) In the second year of the fiscal biennium in which the debt is issued ~~[For each year]~~, except as provided by Sections 46.005 and 46.006, a school district is guaranteed a specified amount per student in state and local funds for each cent of tax effort, up to the maximum rate under Subsection (b), to pay the principal of and interest on eligible bonds issued to construct, acquire, renovate, or improve an instructional facility. The amount of state support is determined by the formula:

$$\text{FYA} = (\text{FYL} \times \text{ADA} \times \text{BTR} \times 100) - (\text{BTR} \times (\text{DPV}/100))$$

where:

"FYA" is the guaranteed facilities yield amount of state funds allocated to the district for the year;

"FYL" is the dollar amount guaranteed level of state and local funds per student per cent of tax effort, which is \$35 or a

1 greater amount for any year provided by appropriation;

2 "ADA" is the greater of the number of students in average
3 daily attendance, as determined under Section 42.005, in the
4 district or 400;

5 "BTR" is the district's bond tax rate for the current year,
6 which is determined by dividing the amount budgeted by the district
7 for payment of eligible bonds by the quotient of the district's
8 taxable value of property as determined under Subchapter M, Chapter
9 403, Government Code, or, if applicable, Section 42.2521, divided
10 by 100; and

11 "DPV" is the district's taxable value of property as
12 determined under Subchapter M, Chapter 403, Government Code, or, if
13 applicable, Section 42.2521.

14 (d) The amount budgeted by a district for payment of
15 eligible bonds may include:

16 (1) bond taxes collected in the current school year;

17 (2) bond taxes collected in a preceding school year in
18 excess of the amount necessary to pay the district's share of actual
19 debt service on bonds in that year, provided that the taxes were not
20 used to generate other state financial assistance for the district;
21 ~~or~~

22 (3) maintenance and operations taxes collected in the
23 current school year or a preceding school year in excess of the
24 amount eligible to be used to generate other state financial
25 assistance for the district; or

26 (4) penalty and interest on delinquent taxes, interest
27 on bond tax revenue, or any other available local revenue that has

1 not otherwise been used to generate other state financial
2 assistance for the district.

3 (e) Bonds are eligible to be paid with state and local funds
4 under this section if ~~[+~~

5 ~~[(1) taxes to pay the principal of and interest on the~~
6 ~~bonds were first levied in the 1997-1998 school year or a later~~
7 ~~school year, and~~

8 ~~[(2)]~~ the bonds do not have a weighted average
9 maturity of less than eight years.

10 SECTION 3. Subsection (a), Section 46.006, Education Code,
11 is amended to read as follows:

12 (a) If the total amount appropriated for this chapter for a
13 fiscal biennium ~~[year for new projects]~~ is less than the amount of
14 money to which school districts are entitled for prior debt
15 guaranteed under this subchapter and Subchapter B and the amount of
16 money to which school districts applying for state assistance are
17 entitled for in that biennium ~~[year]~~, the commissioner shall rank
18 each school district applying by wealth per student. For purposes
19 of this section, a district's wealth per student is reduced by 10
20 percent for each state fiscal biennium in which the district did not
21 receive assistance under this subchapter.

22 SECTION 4. Subsections (a) and (b), Section 46.009,
23 Education Code, are amended to read as follows:

24 (a) For each school year, the commissioner shall determine
25 the amount of money to which each school district is entitled under
26 this chapter ~~[subchapter]~~.

27 (b) If the amount appropriated for purposes of this chapter

1 [~~subchapter~~] for a year is less than the total amount determined
2 under Subsection (a) for that year, the commissioner shall:

3 (1) transfer from the Foundation School Program to the
4 instructional facilities program the amount by which the total
5 amount determined under Subsection (a) exceeds the amount
6 appropriated; and

7 (2) reduce each district's foundation school fund
8 allocations in the manner provided by Section 42.253(h).

9 SECTION 5. The heading to Subchapter B, Chapter 46,
10 Education Code, is amended to read as follows:

11 SUBCHAPTER B. [~~ASSISTANCE WITH PAYMENT OF EXISTING~~] DEBT TAX
12 RELIEF

13 SECTION 6. The heading to Section 46.032, Education Code,
14 is amended to read as follows:

15 Sec. 46.032. DEBT TAX RELIEF ALLOTMENT.

16 SECTION 7. Section 46.032, Education Code, is amended by
17 amending Subsections (a) and (c) and adding Subsection (d) to read
18 as follows:

19 (a) Each school district is guaranteed a specified amount
20 per student in state and local funds for each cent of tax effort to
21 pay the principal of and interest on eligible bonds. The amount of
22 state support, subject only to the maximum amount under Section
23 46.034, is determined by the formula:

24
$$\underline{DTRA} [\underline{EDA}] = (EDGL \times ADA \times EDTR \times 100) - (EDTR \times (DPV/100))$$

25 where:

26 "DTRA" [~~"EDA"~~] is the amount of state funds to be allocated to
27 the district for assistance with existing debt;

1 "EDGL" is the dollar amount guaranteed level of state and
2 local funds per student per cent of tax effort, which is \$35 or a
3 greater amount for any year provided by appropriation;

4 "ADA" is the number of students in average daily attendance,
5 as determined under Section 42.005, in the district;

6 "EDTR" is the existing debt tax rate of the district, which is
7 determined by dividing the amount budgeted by the district for
8 payment of eligible bonds by the quotient of the district's taxable
9 value of property as determined under Subchapter M, Chapter 403,
10 Government Code, or, if applicable, under Section 42.2521, divided
11 by 100; and

12 "DPV" is the district's taxable value of property as
13 determined under Subchapter M, Chapter 403, Government Code, or, if
14 applicable, under Section 42.2521.

15 (c) The amount budgeted by a district for payment of
16 eligible bonds may include:

17 (1) bond taxes collected in the current school year;

18 (2) bond taxes collected in a preceding school year in
19 excess of the amount necessary to pay the district's share of actual
20 debt service on bonds in that year, provided that the taxes were not
21 used to generate other state financial assistance for the district;
22 [~~or~~]

23 (3) maintenance and operations taxes collected in the
24 current school year or a preceding school year in excess of the
25 amount eligible to be used to generate other state financial
26 assistance for the district; or

27 (4) penalty and interest on delinquent taxes, interest

1 on bond tax revenue, or any other available local revenue that has
2 not otherwise been used to generate other state financial
3 assistance for the district.

4 (d) A school district must reduce the tax rate levied for
5 payment on the bonds by the percentage established by the
6 commissioner to reflect any increase in the guaranteed yield
7 authorized under Subsection (a) or increase in yield resulting from
8 the higher guarantee under this subchapter over the yield received
9 prior to eligibility under this subchapter.

10 SECTION 8. Section 46.033, Education Code, is amended to
11 read as follows:

12 Sec. 46.033. ELIGIBLE BONDS. Bonds, including bonds issued
13 under Section 45.006, are eligible to be paid with state and local
14 funds under this subchapter if:

15 (1) the district made payments on the bonds during the
16 final school year of the preceding state fiscal biennium;

17 (2) ~~or~~ taxes levied to pay the principal of and
18 interest on the bonds were included in the district's audited debt
19 service collections for that school year; ~~and~~

20 (3) ~~(2)~~ the district certifies to the commissioner
21 during the final school year of the preceding state fiscal
22 biennium, in accordance with rules adopted by the commissioner, the
23 amount of payments due on the bonds in each year of the state's next
24 fiscal biennium; and

25 (4) the district does not receive state assistance
26 under Subchapter A for payment of the principal and interest on the
27 bonds.

1 SECTION 9. The heading to Subchapter C, Chapter 46,
2 Education Code, is amended to read as follows:

3 SUBCHAPTER C. FINANCING AND REFINANCING

4 SECTION 10. Subchapter C, Chapter 46, Education Code, is
5 amended by adding Section 46.051 to read as follows:

6 Sec. 46.051. DETERMINATION BY THE COMMISSIONER OF YIELDS
7 AND COMPRESSION RATES. (a) For any year in which the guaranteed
8 level of state and local funds ("EDGL") under Sec. 46.032 is set at
9 a higher level than the guaranteed level for the prior year, the
10 commissioner shall determine the tax rate compression ratio inverse
11 to the increase in guaranteed yield over the prior year required
12 under Subchapter B.

13 (c) Each school district shall reduce its prior bond tax
14 rate to reflect the appropriate compression.

15 SECTION 11. This Act takes effect immediately if it
16 receives a vote of two-thirds of all the members elected to each
17 house, as provided by Section 39, Article III, Texas Constitution.
18 If this Act does not receive the vote necessary for immediate
19 effect, this Act takes effect September 1, 2011.