

By: Davis

S.B. No. 112

A BILL TO BE ENTITLED

1 AN ACT
2 relating to public school finance and certain limitations on the ad
3 valorem tax rate of a school district.

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

5 SECTION 1. Section 41.002(a), Education Code, is amended to
6 read as follows:

7 (a) A school district may not have a wealth per student that
8 exceeds:

9 (1) the wealth per student that generates the amount
10 of maintenance and operations tax revenue per weighted student
11 available to a district with maintenance and operations tax revenue
12 per cent of tax effort equal to the maximum amount provided per cent
13 under Section 42.101, for the district's maintenance and operations
14 tax effort equal to or less than the rate equal to the product of the
15 state compression percentage, as determined under Section 42.2516,
16 multiplied by the maintenance and operations tax rate adopted by
17 the district for the 2005 tax year;

18 (2) the wealth per student that generates the amount
19 of maintenance and operations tax revenue per weighted student
20 available to the Austin Independent School District, as determined
21 by the commissioner in cooperation with the Legislative Budget
22 Board, for the first six cents by which the district's maintenance
23 and operations tax rate exceeds the rate equal to the product of the
24 state compression percentage, as determined under Section 42.2516,

1 multiplied by the maintenance and operations tax rate adopted by
2 the district for the 2005 tax year, subject to Section 41.093(b-1);
3 or

4 (3) the wealth per student that generates the greater
5 of the amount of maintenance and operations tax revenue per
6 weighted student available to the Austin Independent School
7 District, as determined by the commissioner in cooperation with the
8 Legislative Budget Board, or the amount of district tax revenue per
9 weighted student used for purposes of this subdivision in the
10 preceding school year [~~\$319,500~~], for the district's maintenance
11 and operations tax effort that exceeds the first six cents by which
12 the district's maintenance and operations tax effort exceeds the
13 rate equal to the product of the state compression percentage, as
14 determined under Section 42.2516, multiplied by the maintenance and
15 operations tax rate adopted by the district for the 2005 tax year.

16 SECTION 2. Section 41.093(b-1), Education Code, is amended
17 to read as follows:

18 (b-1) If the guaranteed level of state and local funds per
19 weighted student per cent of tax effort under Section 42.302(a-1)
20 [~~42.302(a-1)(1)~~] for which state funds are appropriated for a
21 school year is an amount at least equal to the amount of revenue per
22 weighted student per cent of tax effort available to the Austin
23 Independent School District, as determined by the commissioner in
24 cooperation with the Legislative Budget Board, the commissioner, in
25 computing the amounts described by Subsections (a)(1) and (2) and
26 determining the cost of an attendance credit, shall exclude
27 maintenance and operations tax revenue resulting from the first six

1 cents by which a district's maintenance and operations tax rate
2 exceeds the rate equal to the product of the state compression
3 percentage, as determined under Section 42.2516, multiplied by the
4 maintenance and operations tax rate adopted by the district for the
5 2005 tax year.

6 SECTION 3. Section 42.2522(e), Education Code, is amended
7 to read as follows:

8 (e) The commissioner shall notify school districts as soon
9 as practicable as to the availability of funds under this section.
10 ~~[For purposes of computing a rollback tax rate under Section 26.08,~~
11 ~~Tax Code, a district shall adjust the district's tax rate limit to~~
12 ~~reflect assistance received under this section.]~~

13 SECTION 4. Sections 42.302(a-1) and (a-2), Education Code,
14 are amended to read as follows:

15 (a-1) In this section, "wealth per student" has the meaning
16 assigned by Section 41.001. For purposes of Subsection (a), the
17 dollar amount guaranteed level of state and local funds per
18 weighted student per cent of tax effort ("GL") for a school district
19 is[+

20 ~~(-1)]~~ the greater of the amount of district tax
21 revenue per weighted student per cent of tax effort that would be
22 available to the Austin Independent School District, as determined
23 by the commissioner in cooperation with the Legislative Budget
24 Board, if the reduction of the limitation on tax increases as
25 provided by Section 11.26(a-1), (a-2), or (a-3), Tax Code, did not
26 apply, or the amount of district tax revenue per weighted student
27 per cent of tax effort used for purposes of this subdivision in the

1 preceding school year[, ~~for the first six cents by which the~~
2 ~~district's maintenance and operations tax rate exceeds the rate~~
3 ~~equal to the product of the state compression percentage, as~~
4 ~~determined under Section 42.2516, multiplied by the maintenance and~~
5 ~~operations tax rate adopted by the district for the 2005 tax year,~~
6 ~~and~~

7 ~~[(2) \$31.95, for the district's maintenance and~~
8 ~~operations tax effort that exceeds the amount of tax effort~~
9 ~~described by Subdivision (1)].~~

10 (a-2) The limitation on district enrichment tax rate
11 ("DTR") under Section 42.303 does not apply to the first six cents
12 by which the district's maintenance and operations tax rate exceeds
13 the rate equal to the product of the state compression percentage,
14 as determined under Section 42.2516, multiplied by the maintenance
15 and operations tax rate adopted by the district for the 2005 tax
16 year [~~effort described by Subsection (a-1)(1)].~~

17 SECTION 5. Sections 44.004(c) and (i), Education Code, are
18 amended to read as follows:

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

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

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

26 "The (name of school district) will hold a public meeting at
27 (time, date, year) in (name of room, building, physical location,

1 city, state). The purpose of this meeting is to discuss the school
2 district's budget that will determine the tax rate that will be
3 adopted. Public participation in the discussion is invited." The
4 statement of the purpose of the meeting must be in bold type. In
5 reduced type, the notice must state: "The tax rate that is
6 ultimately adopted at this meeting or at a separate meeting at a
7 later date may not exceed the proposed rate shown below unless the
8 district publishes a revised notice containing the same information
9 and comparisons set out below and holds another public meeting to
10 discuss the revised notice.";

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

17 (A) maintenance and operations;

18 (B) debt service; and

19 (C) total expenditures;

20 (3) contain a section entitled "Total Appraised Value
21 and Total Taxable Value," which must show the total appraised value
22 and the total taxable value of all property and the total appraised
23 value and the total taxable value of new property taxable by the
24 district in the preceding tax year and the current tax year as
25 calculated under Section 26.04, Tax Code;

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

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

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

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

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

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

23 (b) in the case of "Interest & Sinking
24 Fund," is the tax rate that, when applied to the current taxable
25 value for the district, as certified by the chief appraiser under
26 Section 26.01, Tax Code, and as adjusted to reflect changes made by
27 the chief appraiser as of the time the notice is prepared, and when

1 multiplied by the district's anticipated collection rate, would
2 impose taxes in an amount that, when added to state funds to be
3 distributed to the district under Chapter 46 and any excess taxes
4 collected to service the district's debt during the preceding tax
5 year but not used for that purpose during that year, would provide
6 the amount required to service the district's debt; and

7 (iii) the "Proposed Rate";

8 (B) contain fourth and fifth columns aligned with
9 the columns required by Paragraph (A) that show, for each row
10 required by Paragraph (A):

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

19 (ii) the "State Revenue per Student," which
20 is computed by determining the amount of state aid received or to be
21 received by the district under Chapters 42, 43, and 46 and dividing
22 that amount by the number of students in average daily attendance in
23 the district for the applicable school year; and

24 (C) contain an asterisk after each calculation
25 for "Interest & Sinking Fund" and a footnote to the section that, in
26 reduced type, states "The Interest & Sinking Fund tax revenue is
27 used to pay for bonded indebtedness on construction, equipment, or

1 both. The bonds, and the tax rate necessary to pay those bonds,
2 were approved by the voters of this district.";

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

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

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

10 (ii) "Average Taxable Value of Residences,"
11 determined after taking into account the limitation on the
12 appraised value of residences under Section 23.23, Tax Code, and
13 after subtracting all homestead exemptions applicable in each year,
14 other than exemptions available only to disabled persons or persons
15 65 years of age or older or their surviving spouses, and using the
16 same group of residences for each year;

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

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

21 (B) contain the following information: "Increase
22 (Decrease) in Taxes" expressed in dollars and cents, which is
23 computed by subtracting the "Taxes Due on Average Residence" for
24 the preceding tax year from the "Taxes Due on Average Residence" for
25 the current tax year;

26 (7) contain the following statement in bold print:
27 "Under state law, the dollar amount of school taxes imposed on the

1 residence of a person 65 years of age or older or of the surviving
2 spouse of such a person, if the surviving spouse was 55 years of age
3 or older when the person died, may not be increased above the amount
4 paid in the first year after the person turned 65, regardless of
5 changes in tax rate or property value.";

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

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

23 (i) A school district that uses a certified estimate, as
24 authorized by Subsection (h), may adopt a budget at the public
25 meeting designated in the notice prepared using the estimate, but
26 the district may not adopt a tax rate before the district receives
27 the certified appraisal roll for the district required by Section

1 26.01(a), Tax Code. After receipt of the certified appraisal roll,
2 the district must publish a revised notice and hold another public
3 meeting before the district may adopt a tax rate that exceeds[+]

4 [~~(1)~~] the rate proposed in the notice prepared using
5 the estimate[~~, or~~

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

8 SECTION 6. Section 45.003, Education Code, is amended by
9 adding Subsection (g) to read as follows:

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

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

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

17 SECTION 7. Section 45.261(e), Education Code, is amended to
18 read as follows:

19 (e) Any part of a school district's tax rate attributable to
20 producing revenue for purposes of Subsection (c)(1) is considered
21 part of the district's[+]

22 [~~(1) current debt rate for purposes of computing a~~
23 ~~rollback tax rate under Section 26.08, Tax Code, and~~

24 [~~(2)~~] interest and sinking fund tax rate.

25 SECTION 8. Section 3.005(a), Election Code, is amended to
26 read as follows:

27 (a) Except as provided by Subsection [~~Subsections~~] (c) [~~and~~

1 ~~(d)~~, an election ordered by an authority of a political
2 subdivision shall be ordered not later than the 62nd day before
3 election day.

4 SECTION 9. Section 4.008(a), Election Code, is amended to
5 read as follows:

6 (a) The ~~[Except as provided by Subsection (b), the]~~
7 governing body of a political subdivision, other than a county,
8 that orders an election shall deliver notice of the election to the
9 county clerk and voter registrar of each county in which the
10 political subdivision is located not later than the 60th day before
11 election day.

12 SECTION 10. Section 26.05(g), Tax Code, is amended to read
13 as follows:

14 (g) Notwithstanding Subsection (a), the governing body of a
15 school district that elects to adopt a tax rate before the adoption
16 of a budget for the fiscal year that begins in the current tax year
17 may adopt a tax rate for the current tax year before receipt of the
18 certified appraisal roll for the school district if the chief
19 appraiser of the appraisal district in which the school district
20 participates has certified to the assessor for the school district
21 an estimate of the taxable value of property in the school district
22 as provided by Section 26.01(e). If a school district adopts a tax
23 rate under this subsection, the effective tax rate ~~[and the~~
24 ~~rollback tax rate]~~ of the district shall be calculated based on the
25 certified estimate of taxable value.

26 SECTION 11. (a) Sections 3.005(d) and 4.008(b), Election
27 Code, are repealed.

1 (b) Section 26.08, Tax Code, is repealed.

2 SECTION 12. (a) The changes in law made by Sections 3, 5, 6,
3 7, 8, 9, 10, and 11 of this Act apply to the ad valorem tax rate of a
4 school district beginning with the 2011 tax year, except as
5 provided by Subsection (b) of this section.

6 (b) If the governing body of a school district adopted an ad
7 valorem tax rate for the school district for the 2011 tax year
8 before the effective date of Sections 3, 5, 6, 7, 8, 9, 10, and 11 of
9 this Act, the changes in law made by Sections 3, 5, 6, 7, 8, 9, 10,
10 and 11 of this Act apply to the ad valorem tax rate of that school
11 district beginning with the 2012 tax year, and the law in effect
12 when the tax rate was adopted applies to the 2011 tax year with
13 respect to that school district.

14 SECTION 13. (a) Except as provided by Subsection (b) of
15 this section:

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

19 (2) if this Act does not receive the vote necessary for
20 immediate effect, this Act takes effect September 1, 2011.

21 (b) Sections 1, 2, and 4 of this Act take effect September 1,
22 2011.