

BILL ANALYSIS

H.B. 2756
By: Branch
Public Education
Committee Report (Unamended)

BACKGROUND AND PURPOSE

When school district property tax rates were compressed in 2006, three tiers were created for the equalized wealth level in the new system of school finance. The second tier is set at a level equivalent to the yield per student of maintenance and operations (M&O) tax effort for the Austin Independent School District, for the first six cents by which a district's M&O tax rate exceeds its compressed M&O tax rate. These first six cents are commonly referred to as the "golden pennies," as these six pennies are not subject to recapture and are equalized for purposes of computing a district's allotment under the school finance system's guaranteed yield program. Interested parties assert that school districts would benefit from two additional golden pennies. H.B. 2756 seeks to address this concern.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 2756 amends the Education Code to increase from the first six cents to the first eight cents above a school district's compressed maintenance and operations (M&O) tax rate the level of tax effort at which a district's wealth per student is capped, or equalized, at the level of the wealth per student that generates the amount of M&O tax revenue per weighted student available to the Austin Independent School District. The bill applies the \$319,500 cap on a district's wealth per student to the district's M&O tax effort that is greater than eight cents above the district's compressed M&O tax rate.

H.B. 2756 increases the level of tax effort subject to equalization in computing a district's allotment under the school finance system's guaranteed yield program so that the dollar amount guaranteed level of state and local funds per weighted student for each penny of tax effort is the amount of district tax revenue per weighted student that would be available to the Austin Independent School District, if that amount is greater than the yield per student otherwise available to the district from the district's per student property wealth, for each of the first eight cents, rather than for each of the first six cents, above the district's compressed M&O tax rate.

EFFECTIVE DATE

September 1, 2013.