

## **BILL ANALYSIS**

Senate Research Center

S.B. 1658  
By: Paxton  
Education  
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Enrolled

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Before the 2006-2007 school year, school districts typically conducted elections to request voter authorization to exercise their preference option, frequently Option 3, Option 4, or both, to adjust their student populations in order to equalize their wealth per student. In 2006, the Texas Legislature authorized districts subject to Chapter 41 (Equalized Wealth Level), Education Code, to offset their costs for recapture against their state funding for additional state aid for tax reduction (ASATR).

Subsequently, the legislature passed additional provisions that allow a Chapter 41 district to forego the requirement to conduct an election to authorize one or more options, if the district received its first notification of Chapter 41 status in the 2006-2007 school year or later and the ASATR for the school year exceeds the recapture costs for that same year.

These districts, which have never held an election to allow the Texas Education Agency to withhold wealth equalization funding, will be required to hold an election to continue their Option 3 or Option 4 agreements once ASATR funding drops below the amount needed to equalize wealth per student.

This additional election would cost taxpayers an unnecessary \$50,000 or more, and in many cases voters will simply be ratifying the current practice previously selected by the school district.

S.B. 1658 allows school districts to continue operating as they have since 2006 without the need for an immediate election to exercise an option election. S.B. 1658 allows school districts to vote on the proposition at a regularly scheduled school board or bond election rather than requiring an immediate election. Mid-size school districts that became Chapter 41 school districts after 2007 will retain the ability to hold an election to request or ratify for a future option.

S.B. 1658 amends current law relating to the effect of certain state aid on school districts required to take action to equalize wealth under the school finance system.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends the heading to Section 41.0041, Education Code, to read as follows:

Sec. 41.0041. EFFECT OF STATE AID.

SECTION 2. Amends Sections 41.0041(b), (c), and (d), Education Code, as follows:

(b) Requires the commissioner of education (commissioner), when the commissioner initially identifies a school district under Section 41.004 (Annual Review of Property

Wealth) as having a wealth per student for a school year that exceeds the equalized wealth level, to estimate:

(1) the amount of state revenue to which the district is entitled under Chapter 42 (Foundation School Program), rather than Section 42.2516 (Additional State Aid for Tax Reduction), for that school year; and

(2) the cost to the district to purchase attendance credits under Subchapter D (Purchase of Attendance Credit) in an amount sufficient to reduce the district's wealth per student to the equalized wealth level for that school year.

(c) Authorizes the district's board of trustees, in lieu of exercising an option described by Section 41.003 (Options to Achieve Equalized Wealth Level), to authorize the commissioner to withhold from the state revenue to which the district is entitled under Chapter 42, rather than Section 42.2516, an amount equal to the amount described by Subsection (b)(2).

(d) Provides that if the final amount calculated for the cost for the district to reduce the district's wealth level for a school year exceeds the amount of state revenue to which the district is entitled under Chapter 42, rather than Section 42.2516, for that year:

(1) the commissioner is required to:

(A) withhold the entire amount of state revenue to which the district is entitled under Chapter 42, rather than Section 42.2516, for that year; and

(B) withhold the additional amount of the cost for the district to reduce the district's wealth per student to the equalized wealth level for that year from the state revenue to which the district is entitled under Chapter 42, rather than Section 42.2516, for a subsequent school year, or if the additional amount exceeds the amount of state revenue to which the district is entitled, add the difference to the cost of the attendance credits that the district is required to purchase in the subsequent year; and

(2) Makes no change to this subdivision.

SECTION 3. Amends Section 57.32(a), Chapter 4 (S.B. 1), Acts of the 82nd Legislature, 1st Called Session, 2011, to delete Section 41.0041, Education Code, from a list of certain provisions to be repealed effective September 1, 2017, and to make nonsubstantive changes.

SECTION 4. Effective date: September 1, 2013.