

By: Lucio

S.B. No. 712

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to the financing of school district facilities and  
3 property tax relief for school district debt; providing for reduced  
4 property tax rates.

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

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

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

10 SECTION 2. The heading to Subchapter A, Chapter 46,  
11 Education Code, is amended to read as follows:

12 SUBCHAPTER A. INITIAL INSTRUCTIONAL FACILITIES ALLOTMENT

13 SECTION 3. The heading to Section 46.003, Education Code,  
14 is amended to read as follows:

15 Sec. 46.003. INITIAL SCHOOL FACILITIES ALLOTMENT.

16 SECTION 4. Sections 46.003(a), (d), (e), and (h), Education  
17 Code, are amended to read as follows:

18 (a) In the second year of the state fiscal biennium in which  
19 the bonds are issued [~~For each year~~], except as provided by Section  
20 [~~Sections~~] 46.005 [~~and 46.006~~], a school district is guaranteed a  
21 specified amount per student in state and local funds for each cent  
22 of tax effort, up to the maximum rate under Subsection (b), to pay  
23 the principal of and interest on eligible bonds issued to  
24 construct, acquire, renovate, or improve an instructional

1 facility. The amount of state support is determined by the formula:

2 
$$\text{FYA} = (\text{FYL} \times \text{ADA} \times \text{BTR} \times 100) - (\text{BTR} \times (\text{DPV}/100))$$

3 where:

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

6 "FYL" is the dollar amount guaranteed level of state and  
7 local funds per student per cent of tax effort, which is the amount  
8 of district tax revenue per student in average daily attendance per  
9 cent of tax effort available to a district at the \_\_\_\_\_ percentile in  
10 wealth per student in average daily attendance, as determined by  
11 the commissioner in cooperation with the Legislative Budget Board,  
12 [~~\$35~~] or a greater amount for any year provided by appropriation;

13 "ADA" is the greater of the number of students in average  
14 daily attendance, as determined under Section 42.005, in the  
15 district or 400;

16 "BTR" is the district's bond tax rate for the current year,  
17 which is determined by dividing the amount budgeted by the district  
18 for payment of eligible bonds by the quotient of the district's  
19 taxable value of property as determined under Subchapter M, Chapter  
20 403, Government Code, or, if applicable, Section 42.2521, divided  
21 by 100; and

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

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

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

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

6           (3) maintenance and operations taxes collected in the  
7 current school year or a preceding school year in excess of the  
8 amount eligible to be used to generate other state financial  
9 assistance for the district; or

10           (4) penalty and interest on delinquent taxes, interest  
11 on bond tax revenue, and any other available local revenue received  
12 in the current school year or a preceding school year, provided that  
13 the revenue was not used to generate other state financial  
14 assistance for the district.

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

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

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

22           (h) To receive state assistance under this subchapter, a  
23 school district must certify ~~[apply]~~ to the commissioner, in  
24 accordance with rules adopted by the commissioner, the amount of  
25 the payment due on the ~~[before issuing]~~ bonds that will be paid with  
26 state assistance that year. ~~[Until the bonds are fully paid or the~~  
27 ~~instructional facility is sold.]~~

1           ~~[(1) a school district is entitled to continue~~  
2 ~~receiving state assistance without reapplying to the commissioner,~~  
3 ~~and~~

4           ~~[(2) the guaranteed level of state and local funds per~~  
5 ~~student per cent of tax effort applicable to the bonds may not be~~  
6 ~~reduced below the level provided for the year in which the bonds~~  
7 ~~were issued.]~~

8           SECTION 5. Section 46.005, Education Code, is amended to  
9 read as follows:

10           Sec. 46.005. LIMITATION ON GUARANTEED AMOUNT. (a) The  
11 guaranteed amount of state and local funds to which a school  
12 district is entitled ~~[for a new project that a district may be~~  
13 ~~awarded in any state fiscal biennium]~~ under Section 46.003 ~~[for a~~  
14 ~~school district]~~ may not exceed the lesser of:

15           (1) the amount of ~~[the]~~ actual debt service payments  
16 the district makes in the biennium in which the bonds are issued; or

17           (2) the greater of:

18                   (A) \$\_\_\_\_\_ ~~[\$100,000]~~; or

19                   (B) the product of the number of students in  
20 average daily attendance in the district multiplied by \$\_\_\_\_\_  
21 ~~[\$250]~~.

22           (b) A school district may not receive state assistance for a  
23 project under this subchapter for more than one year. After that  
24 year, the district is entitled to state assistance for that project  
25 only as provided by Subchapter B.

26           SECTION 6. The heading to Section 46.009, Education Code,  
27 is amended to read as follows:

1           Sec. 46.009. PAYMENT OF INITIAL SCHOOL FACILITIES  
2 ALLOTMENTS.

3           SECTION 7. Section 46.009, Education Code, is amended by  
4 amending Subsection (b) and adding Subsection (b-1) to read as  
5 follows:

6           (b) The total amount of money to which a district is  
7 entitled under this subchapter is a portion of the total amount of  
8 the district's entitlement under this chapter and is not a separate  
9 item subject to specific appropriation. If the amount available  
10 ~~[appropriated]~~ for purposes of this subchapter for a year is less  
11 than the total amount determined under Subsection (a) for that  
12 year, the commissioner shall~~+~~

13           ~~[(1)]~~ transfer from the Foundation School Program to  
14 the instructional facilities program the amount by which the total  
15 amount determined under Subsection (a) exceeds the amount  
16 available.

17           (b-1) If as a result of the transfer made under Subsection  
18 (b) there are insufficient funds in the Foundation School Program  
19 to pay for the program as required under Section 42.253, the  
20 commissioner shall ~~[appropriated, and~~

21           ~~[(2)]~~ reduce each district's foundation school fund  
22 allocations for that year and increase each district's foundation  
23 school fund allocations for the following year in the manner  
24 provided by Section 42.253(h).

25           SECTION 8. Section 46.0111(a)(2), Education Code, is  
26 amended to read as follows:

27           (2) "State's share" means an amount equal to the

1 district's net proceeds from the recovery multiplied by a  
2 percentage determined by dividing the amount of state assistance  
3 under this chapter [~~subchapter~~] used to pay the principal of and  
4 interest on bonds issued in connection with the instructional  
5 facility that is the subject of the action by the total amount of  
6 principal and interest paid on the bonds as of the date of the  
7 judgment or settlement.

8 SECTION 9. Sections 46.0111(b) and (d), Education Code, are  
9 amended to read as follows:

10 (b) A school district that brings an action for recovery of  
11 damages for the defective design, construction, renovation, or  
12 improvement of an instructional facility financed by bonds for  
13 which the district receives state assistance under this chapter  
14 [~~subchapter~~] shall provide the commissioner with written notice of  
15 the action.

16 (d) A school district shall use the net proceeds from an  
17 action brought by the district for the defective design,  
18 construction, renovation, or improvement of an instructional  
19 facility financed by bonds for which the district receives state  
20 assistance under this chapter [~~subchapter~~] to repair the defective  
21 design, construction, renovation, or improvement of the  
22 instructional facility on which the action is brought or to replace  
23 the facility. Section 46.008 applies to the repair.

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

26 SUBCHAPTER B. [~~ASSISTANCE WITH PAYMENT OF EXISTING~~] DEBT TAX

27 RELIEF

1 SECTION 11. The heading to Section 46.032, Education Code,  
2 is amended to read as follows:

3 Sec. 46.032. DEBT TAX RELIEF ALLOTMENT.

4 SECTION 12. Section 46.032, Education Code, is amended by  
5 amending Subsections (a) and (c) and adding Subsections (a-1),  
6 (a-2), and (d) to read as follows:

7 (a) Each school district is guaranteed a specified amount  
8 per student in state and local funds for each cent of tax effort to  
9 pay the principal of and interest on eligible bonds. The amount of  
10 state support, subject only to the maximum amount under Section  
11 46.034, is determined by the formula:

12 
$$\text{DTRA} [\text{EDA}] = (\text{EDGL} \times \text{ADA} \times \text{EDTR} \times 100) - (\text{EDTR} \times (\text{DPV}/100))$$

13 where:

14 "DTRA" [~~"EDA"~~] is the amount of state funds to be allocated to  
15 the district for reduction of the [~~assistance with~~] existing debt  
16 tax rate;

17 "EDGL" is the dollar amount guaranteed level of state and  
18 local funds per student per cent of tax effort, which is the  
19 greatest of the amount of district tax revenue per student in  
20 average daily attendance per cent of tax effort available to a  
21 district at the \_\_\_\_ percentile in wealth per student in average  
22 daily attendance, as determined by the commissioner in cooperation  
23 with the Legislative Budget Board, the amount of district tax  
24 revenue per student per cent of tax effort used for purposes of this  
25 subchapter in the preceding year, [\$35] or a specified [greater]  
26 amount for any year provided by appropriation;

27 "ADA" is the greater of the number of students in average

1 daily attendance, as determined under Section 42.005, in the  
2 district or 400;

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

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

12 (a-1) The percentile in wealth per student described by  
13 Subsection (a) for purposes of determining the dollar amount  
14 guaranteed level of state and local funds ("EDGL") applies  
15 beginning with the 2018-2019 school year. For the 2013-2014  
16 through 2017-2018 school years, "EDGL" is determined as follows:

17 (1) for the 2013-2014 school year, "EDGL" is \$35;

18 (2) for the 2014-2015 school year, "EDGL" is  
19 determined under Subsection (a) using the \_\_\_\_ percentile in wealth  
20 per student;

21 (3) for the 2015-2016 school year, "EDGL" is  
22 determined under Subsection (a) using the \_\_\_\_ percentile in wealth  
23 per student;

24 (4) for the 2016-2017 school year, "EDGL" is  
25 determined under Subsection (a) using the \_\_\_\_ percentile in wealth  
26 per student; and

27 (5) for the 2017-2018 school year, "EDGL" is

1 determined under Subsection (a) using the \_\_\_\_\_ percentile in wealth  
2 per student.

3 (a-2) Subsection (a-1) and this subsection expire September  
4 1, 2018.

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

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

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

13 (3) maintenance and operations taxes collected in the  
14 current school year or a preceding school year in excess of the  
15 amount eligible to be used to generate other state financial  
16 assistance for the district; or

17 (4) penalty and interest on delinquent taxes, interest  
18 on bond tax revenue, and any other available local revenue received  
19 in the current school year or a preceding school year, provided that  
20 the revenue was not used to generate other state financial  
21 assistance for the district.

22 (d) A school district shall reduce the tax rate levied by  
23 the district for payment of eligible bonds by a percentage  
24 established by the commissioner to account for an increase in the  
25 yield guaranteed under Subsection (a) or an increase in the yield  
26 produced by a higher yield under this subchapter over the yield  
27 received by the district before the bonds became eligible for

1 assistance under this subchapter.

2 SECTION 13. Section 46.033, Education Code, is amended to  
3 read as follows:

4 Sec. 46.033. ELIGIBLE BONDS. Bonds, including bonds issued  
5 under Section 45.006, are eligible to be paid with state and local  
6 funds under this subchapter if during the final school year of the  
7 preceding state fiscal biennium:

8 (1) the district:

9 (A) made payments on the bonds;

10 (B) [~~during the final school year of the~~  
11 ~~preceding state fiscal biennium or taxes~~] levied taxes to pay the  
12 principal of and interest on the bonds that were included in the  
13 district's audited debt service collections; or

14 (C) received [~~for that school year, and (2) the~~  
15 ~~district does not receive~~] state assistance under Subchapter A for  
16 payment of [~~the~~] principal of and interest on [~~the~~] bonds; and

17 (2) the district certifies to the commissioner in  
18 accordance with rules adopted by the commissioner the amount of  
19 payments due on the bonds in each year of the subsequent state  
20 fiscal biennium.

21 SECTION 14. Section 46.034, Education Code, is amended by  
22 amending Subsections (a) and (c) and adding Subsection (d) to read  
23 as follows:

24 (a) The existing debt tax rate ("EDTR") under Section 46.032  
25 may not exceed \$       [~~\$0.29~~] per \$100 of valuation, or a greater  
26 amount for any year provided by appropriation.

27 (c) Except as provided by Subsection (d), if [~~if~~] the amount

1 required to pay the principal of and interest on eligible bonds in a  
2 school year is less than the amount of payments made by the district  
3 on the bonds during the final school year of the preceding state  
4 fiscal biennium or the district's audited debt service collections  
5 for that school year, the district may not receive aid in excess of  
6 the amount that, when added to the district's local revenue for the  
7 school year, equals the amount required to pay the principal of and  
8 interest on the bonds.

9 (d) A school district is entitled to state assistance under  
10 this subchapter based on the district's tax rate for the current  
11 school year if the district demonstrates to the commissioner's  
12 satisfaction that the district must construct, acquire, renovate,  
13 or improve one or more instructional facilities to serve the  
14 children of military personnel transferred to a military  
15 installation in or near the district under the Defense Base Closure  
16 and Realignment Act of 1990 (10 U.S.C. Section 2687).

17 SECTION 15. The heading to Subchapter C, Chapter 46,  
18 Education Code, is amended to read as follows:

19 SUBCHAPTER C. FINANCING AND REFINANCING

20 SECTION 16. Subchapter C, Chapter 46, Education Code, is  
21 amended by adding Section 46.051 to read as follows:

22 Sec. 46.051. DETERMINATION BY COMMISSIONER OF GUARANTEED  
23 YIELDS AND PERCENTAGE REDUCTION OF DISTRICT DEBT TAX RATES. (a)  
24 Before the beginning of each school year, the commissioner, in  
25 cooperation with the Legislative Budget Board, shall estimate the  
26 guaranteed yields under Subchapters A and B.

27 (b) As required under Section 46.032(d), the commissioner

1 shall determine the percentage by which a district is required to  
2 reduce the district's debt tax rate to account for an increase in  
3 the guaranteed yield over the preceding year.

4 SECTION 17. Section 46.061, Education Code, is amended to  
5 read as follows:

6 Sec. 46.061. AUTHORITY OF COMMISSIONER OVER ~~[STATE~~  
7 ~~ASSISTANCE FOR]~~ REFINANCING. ~~[(a)]~~ The commissioner by rule may  
8 provide for the payment of state assistance under this chapter to  
9 refinance school district debt. A refinancing may not increase the  
10 cost to the state of providing the assistance.

11 ~~[(b) The commissioner may allocate state assistance~~  
12 ~~provided for a refinancing to Subchapter A, Subchapter B, or both,~~  
13 ~~as appropriate.]~~

14 SECTION 18. The following sections of the Education Code  
15 are repealed:

- 16 (1) Section 46.006;  
17 (2) Section 46.011; and  
18 (3) Sections 46.034(b) and (b-1).

19 SECTION 19. This Act takes effect September 1, 2013.