

Amend **HB 7** as adopted by the Senate on third reading by adding the following appropriately numbered SECTIONS to the bill and renumbering subsequent SECTIONS of the bill accordingly:

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

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

(1) the wealth per student that generates the amount of maintenance and operations tax revenue per weighted student available to a district with maintenance and operations tax revenue per cent of tax effort equal to the maximum amount provided per cent under Section 42.101(a) or (b), for the district's maintenance and operations tax effort equal to or less than the rate equal to the sum of the product of the state compression percentage, as determined under Section 42.2516, multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year and any additional tax effort included in calculating the district's compressed tax rate under Section 42.101(a-1);

(2) the wealth per student that generates the amount of maintenance and operations tax revenue per weighted student available to the Austin Independent School District, as determined by the commissioner in cooperation with the Legislative Budget Board, for the first six cents by which the district's maintenance and operations tax rate exceeds the rate equal to the sum of the product of the state compression percentage, as determined under Section 42.2516, multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year and any additional tax effort included in calculating the district's compressed tax rate under Section 42.101(a-1), subject to Section 41.093(b-1); or

(3) \$319,500, for the district's maintenance and operations tax effort that exceeds the amount of tax effort described by Subdivision (2) [~~first six cents by which the district's maintenance and operations tax effort exceeds the rate equal to the product of the state compression percentage, as determined under Section 42.2516, multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year~~].

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

(b-1) If the guaranteed level of state and local funds per weighted student per cent of tax effort under Section 42.302(a-1)(1) for which state funds are appropriated for a school year is an amount at least equal to the amount of revenue per weighted student per cent of tax effort available to the Austin Independent School District, as determined by the commissioner in cooperation with the Legislative Budget Board, the commissioner, in computing the amounts described by Subsections (a)(1) and (2) and determining the cost of an attendance credit, shall exclude maintenance and operations tax revenue resulting from the tax rate described by Section 41.002(a)(2) [~~first six cents by which a district's maintenance and operations tax rate exceeds the rate equal to the product of the state compression percentage, as determined under Section 42.2516, multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year~~].

SECTION _____. Section 42.101, Education Code, as effective September 1, 2015, is amended by adding Subsections (a-1), (a-2), and (c) to read as follows:

(a-1) Notwithstanding Subsection (a), for a school district that adopted a maintenance and operations tax rate for the 2005 tax year below the maximum rate permitted by law for that year, the district's compressed tax rate ("DCR") includes the portion of the district's current maintenance and operations tax rate in excess of the first six cents above the district's compressed tax rate, as defined by Subsection (a), until the district's compressed tax rate computed in accordance with this subsection is equal to the state maximum compressed tax rate ("MCR").

(a-2) Subsection (a-1) applies beginning with the 2017-2018 school year. For the 2015-2016 and 2016-2017 school years, the board of trustees of a school district that adopted a maintenance and operations tax rate for the 2005 tax year below the maximum rate permitted by law for that year may choose to apply Subsection (a-1) to the calculation of the district's compressed tax rate ("DCR"). A board of trustees that chooses to apply Subsection (a-1) must notify the commissioner of the decision in writing not later than

September 1 of the affected school year. This subsection expires September 1, 2018.

(c) This subsection applies to a school district for which the compressed tax rate ("DCR") is determined in accordance with Subsection (a-1). Any reduction in the district's adopted maintenance and operations tax rate is applied to the following components of the district's tax rate in the order specified:

(1) tax effort described by Section 42.302(a-1)(2);

(2) tax effort described by Section 42.302(a-1)(1);

and

(3) tax effort included in the determination of the district's compressed tax rate ("DCR") under Subsection (a-1).

SECTION _____. Section 42.2516, Education Code, is amended by adding Subsection (c-1) to read as follows:

(c-1) Revenue generated by the portion of a district's maintenance and operations tax rate included in calculating the district's compressed tax rate under Section 42.101(a-1) and local share under Section 42.252(a-1) is included in determining the amount to which a district is entitled under this section, but may not increase the total amount of revenue per weighted student to which the district is entitled under this section. This subsection expires September 1, 2017.

SECTION _____. Section 42.252, Education Code, is amended by adding Subsection (a-1) to read as follows:

(a-1) Notwithstanding Subsection (a), for a school district that adopted a maintenance and operations tax rate for the 2005 tax year below the maximum rate permitted by law for that year, the district's tax rate ("TR") includes the tax effort included in calculating the district's compressed tax rate under Section 42.101(a-1).

SECTION _____. Subchapter E, Chapter 42, Education Code, is amended by adding Section 42.262 to read as follows:

Section 42.262. TAX RATE CONVERSION FUND. (a) Each fiscal year, the commissioner shall identify amounts appropriated in the General Appropriations Act from the Foundation School Fund, to be deposited in the tax rate conversion fund in the general revenue fund. The amount identified by the commissioner shall be

sufficient to provide additional state aid to school districts to which the compressed tax rate modified under Section 42.101(a-1) applies, in excess of the level of state aid to which the district would have been entitled to had Section 42.101(a-1) not taken effect.

(b) For the purposes of state aid payments to school districts under this chapter, the tax rate conversion fund shall be considered to be used in the same manner as the foundation school fund.

SECTION _____. Section 42.302(a-1), Education Code, is amended to read as follows:

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

(1) the greater of the amount of district tax revenue per weighted student per cent of tax effort that would be available to the Austin Independent School District, as determined by the commissioner in cooperation with the Legislative Budget Board, if the reduction of the limitation on tax increases as provided by Section 11.26(a-1), (a-2), or (a-3), Tax Code, did not apply, or the amount of district tax revenue per weighted student per cent of tax effort used for purposes of this subdivision in the preceding school year, for the first six cents by which the district's maintenance and operations tax rate exceeds the rate equal to the sum of the product of the state compression percentage, as determined under Section 42.2516, multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year and any additional tax effort included in calculating the district's compressed tax rate under Section 42.101(a-1); and

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