

BILL ANALYSIS

H.B. 387
By: King, Ken
Public Education
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Interested parties suggest that the additional state aid for tax reduction provided to certain public school districts, which is currently scheduled to expire, should be extended while the legislature examines other means of ensuring these districts are properly funded. H.B. 387 temporarily extends that aid to certain qualifying districts, subject to specific legislative appropriation.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the commissioner of education in SECTION 2.01 of this bill.

ANALYSIS

Article 1. Extension of Additional State Aid for Tax Reduction

H.B. 387 amends the Education Code to extend by two years the provision of additional state aid to certain public school districts to offset the loss of local revenue resulting from previously enacted tax reduction by repealing provisions relating to the expiration of certain of that aid and relating to its replacement and by postponing from September 1, 2017, to September 1, 2019, an applicable expiration date and effective dates applying to certain provisions of Chapter 4 (S.B. 1), Acts of the 82nd Legislature, 1st Called Session, 2011. The bill postpones from September 1, 2017, to September 1, 2019, the date on which the revision of a charter holder's entitlement to foundation school program funding for an open-enrollment charter school takes effect, as specified by Chapter 4 (S.B. 1), Acts of the 82nd Legislature, 1st Called Session, 2011.

H.B. 387 establishes that, if the commissioner of education determines that a school district would receive additional state aid for tax reduction for the 2017-2018 or 2018-2019 school year in an amount that is four percent or less of the total amount of funding the district is entitled to receive under the foundation school program and with regard to the equalized wealth level, the district is ineligible to receive the additional state aid for the year for which the determination is made and any subsequent school year. If the commissioner determines that a district is not entitled to additional state aid for tax reduction for the 2016-2017 or a subsequent school year, the district is ineligible to receive the state aid for any school year subsequent to the year for which the determination was made. The bill makes a district that imposes a maintenance and operations tax at a rate that is less than \$1.00 per \$100 of taxable value ineligible for additional state aid under these provisions, makes such additional state aid conditional on a specific legislative appropriation to the Texas Education Agency (TEA) for that purpose, and caps such an appropriation at \$200 million for the 2018-2019 fiscal biennium. These provisions expire September 1, 2019.

Effective September 1, 2019, and beginning with the 2019-2020 school year, H.B. 387 excludes from the calculation of the additional state aid for the increase in the residence homestead exemption and the additional limitation on tax increases proposed by S.J.R. 1, 84th Legislature, Regular Session, 2015, any state aid that would have been provided to offset the loss of local revenue resulting from previously enacted tax reduction.

H.B. 387 repeals Section 42.2518(e), Education Code, and Section 18, Chapter 465 (S.B. 1), Acts of the 84th Legislature, Regular Session, 2015, which added, effective September 1, 2017, Section 42.2518, Education Code.

Article 2. Provision of Additional State Aid For Tax Reduction

H.B. 387 entitles a school district that received additional state aid for tax reduction for the 2016-2017 school year to the additional state aid for the 2017-2018 and 2018-2019 school years that would have been provided to the district for those school years under applicable law, as the law existed on January 1, 2017, based on the applicable percentage reduction established by appropriation for the 2016-2017 school year. If the commissioner determines that a district would receive this additional state aid for the 2017-2018 or 2018-2019 school year in an amount that is four percent or less of the total amount of funding the district is entitled to receive under the foundation school program and with regard to the equalized wealth level, the district is ineligible to receive the additional state aid for the year for which the determination is made and any subsequent school year. If the commissioner determines that a district is not entitled to this additional state aid for the 2017-2018 school year, the district is ineligible to receive the additional state aid for the 2018-2019 school year.

H.B. 387 makes a district under these provisions that imposes a maintenance and operations tax at a rate that is less than \$1.00 per \$100 of taxable value ineligible for that additional state aid, makes such additional state aid conditional on a specific legislative appropriation to TEA for that purpose, and caps such an appropriation at \$200 million for the 2018-2019 fiscal biennium. The bill establishes that additional funding to which a district is entitled for property value affected by a state of disaster or as reimbursement for disaster remediation costs is in addition to the amount of funding to which the district is entitled under these applicable bill provisions. The bill also establishes that, for purposes of Tax Code provisions relating to an election to ratify school taxes, state funds distributed to a district under these applicable bill provisions are included. The bill requires the commissioner to adopt rules necessary to implement provisions relating to the additional state aid as established by these applicable bill provisions, which expire September 1, 2019.

Effective September 1, 2019, and beginning with the 2019-2020 school year, H.B. 387 excludes from the calculation of the additional state aid for the increase in the residence homestead exemption and the additional limitation on tax increases proposed by S.J.R. 1, 84th Legislature, Regular Session, 2015, any state aid for tax reduction established by these applicable bill provisions that would have been provided.

Article 3. Effective Date Provisions

If H.B. 387 takes effect on the 91st day after the last day of the legislative session, Article 1 of the bill has no effect. If the bill takes effect immediately, Article 2 of the bill has no effect.

EFFECTIVE DATE

Except as otherwise provided, on passage, or, if the bill does not receive the necessary vote, the 91st day after the last day of the legislative session.