

By: Murr

H.B. No. 285

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to elimination of certain property taxes for school  
3 district maintenance and operations and providing public education  
4 funding through an increase in the state sales and use tax rate.

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

6 ARTICLE 1. PUBLIC SCHOOL FINANCE

7 SECTION 1.01. Section 21.402(a), Education Code, as  
8 effective September 1, 2017, is amended to read as follows:

9 (a) Except as provided by Subsection (e-1) or (f), a school  
10 district must pay each classroom teacher, full-time librarian,  
11 full-time school counselor certified under Subchapter B, or  
12 full-time school nurse not less than the minimum monthly salary,  
13 based on the employee's level of experience in addition to other  
14 factors, as determined by commissioner rule, determined by the  
15 following formula:

16 
$$MS = SF \times FS$$

17 where:

18 "MS" is the minimum monthly salary;

19 "SF" is the applicable salary factor specified by Subsection  
20 (c); and

21 "FS" is the amount, as determined by the commissioner under  
22 Subsection (b), of the basic allotment as provided by Section  
23 42.101(a) or (b) [~~for a school district with a maintenance and~~  
24 ~~operations tax rate at least equal to the state maximum compressed~~

1 ~~tax rate, as defined by Section 42.101(a)].~~

2 SECTION 1.02. Section 29.008(b), Education Code, is amended  
3 to read as follows:

4 (b) Except as provided by Subsection (c), costs of an  
5 approved contract for residential placement may be paid from a  
6 combination of federal and~~[,]~~ state~~[, and local]~~ funds. ~~[The local  
7 share of the total contract cost for each student is that portion of  
8 the local tax effort that exceeds the district's local fund  
9 assignment under Section 42.252, divided by the average daily  
10 attendance in the district. If the contract involves a private  
11 facility, the state share of the total contract cost is that amount  
12 remaining after subtracting the local share. If the contract  
13 involves a public facility, the state share is that amount  
14 remaining after subtracting the local share from the portion of the  
15 contract that involves the costs of instructional and related  
16 services. For purposes of this subsection, "local tax effort"  
17 means the total amount of money generated by taxes imposed for debt  
18 service and maintenance and operation less any amounts paid into a  
19 tax increment fund under Chapter 311, Tax Code.]~~

20 SECTION 1.03. Sections 29.203(b) and (g), Education Code,  
21 are amended to read as follows:

22 (b) A school district is entitled to the allotment provided  
23 by Section 42.157 for each eligible student using a public  
24 education grant. A ~~[If the district has a wealth per student  
25 greater than the guaranteed wealth level but less than the  
26 equalized wealth level, a]~~ school district is entitled under rules  
27 adopted by the commissioner to additional state aid in an amount

1 equal to the difference between the cost to the district of  
2 providing services to a student using a public education grant and  
3 the sum of the state aid received because of the allotment under  
4 Section 42.157 and money from the available school fund  
5 attributable to the student.

6 (g) In this section, "guaranteed~~[+~~

7 ~~[(1) "Equalized wealth level" has the meaning assigned~~  
8 ~~by Section 41.001.~~

9 ~~[(2) "Guaranteed~~] wealth level" means a wealth per  
10 student equal to the dollar amount guaranteed level of state and  
11 local funds per weighted student per cent of tax effort, as provided  
12 by Section 42.302, multiplied by 10,000.

13 ~~[(3) "Wealth per student" has the meaning assigned by~~  
14 ~~Section 41.001.]~~

15 SECTION 1.04. Section 42.009(b), Education Code, is amended  
16 to read as follows:

17 (b) In making the determinations regarding funding levels  
18 required by Subsection (a), the commissioner shall:

19 (1) make adjustments as necessary to reflect changes  
20 in a school district's enrichment ~~[maintenance and operations]~~ tax  
21 rate; and

22 (2) ~~[for a district required to take action under~~  
23 ~~Chapter 41 to reduce its wealth per student to the equalized wealth~~  
24 ~~level, base the determinations on the district's net funding levels~~  
25 ~~after deducting any amounts required to be expended by the district~~  
26 ~~to comply with Chapter 41, and~~

27 ~~[(3)]~~ determine a district's weighted average daily

1 attendance in accordance with this chapter as it existed on January  
2 1, 2011.

3 SECTION 1.05. Section 42.101(a), Education Code, is amended  
4 to read as follows:

5 (a) For each student in average daily attendance, not  
6 including the time students spend each day in special education  
7 programs in an instructional arrangement other than mainstream or  
8 career and technology education programs, for which an additional  
9 allotment is made under Subchapter C, a district is entitled to an  
10 allotment equal to ~~[the lesser of]~~ \$4,765 ~~[or the amount that~~  
11 ~~results from the following formula:~~

$$12 \quad [A = \$4,765 \times (DCR/MCR)]$$

13 ~~[where:~~

14 ~~["A" is the allotment to which a district is entitled,~~

15 ~~["DCR" is the district's compressed tax rate, which is the~~  
16 ~~product of the state compression percentage, as determined under~~  
17 ~~Section 42.2516, multiplied by the maintenance and operations tax~~  
18 ~~rate adopted by the district for the 2005 tax year, and~~

19 ~~["MCR" is the state maximum compressed tax rate, which is the~~  
20 ~~product of the state compression percentage, as determined under~~  
21 ~~Section 42.2516, multiplied by \$1.50].~~

22 SECTION 1.06. Section 42.251(b), Education Code, is amended  
23 to read as follows:

24 (b) The program shall be financed by:

25 (1) ~~[ad valorem tax revenue generated by an equalized~~  
26 ~~uniform school district effort,~~

27 ~~[(2)]~~ ad valorem tax revenue generated by local school

1 district effort as provided by Subchapter F [~~in excess of the~~  
2 ~~equalized uniform school district effort~~];

3 (2) [~~(3)~~] state available school funds distributed in  
4 accordance with law; and

5 (3) [~~(4)~~] state funds appropriated for the purposes of  
6 public school education and allocated to each district in an amount  
7 sufficient to finance the cost of each district's Foundation School  
8 Program not covered by other funds specified in this subsection.

9 SECTION 1.07. Section [42.2521\(a\)](#), Education Code, is  
10 amended to read as follows:

11 (a) For purposes of Chapter [~~Chapters 41 and~~] [46](#) and this  
12 chapter, and to the extent money specifically authorized to be used  
13 under this section is available, the commissioner shall adjust the  
14 taxable value of property in a school district that, due to factors  
15 beyond the control of the board of trustees, experiences a rapid  
16 decline in the tax base used in calculating taxable values in excess  
17 of four percent of the tax base used in the preceding year.

18 SECTION 1.08. Section [42.2523\(a\)](#), Education Code, is  
19 amended to read as follows:

20 (a) For purposes of Chapter [~~Chapters 41 and~~] [46](#) and this  
21 chapter, the commissioner shall adjust the taxable value of  
22 property of a school district all or part of which is located in an  
23 area declared a disaster area by the governor under Chapter [418](#),  
24 Government Code, as necessary to ensure that the district receives  
25 funding based as soon as possible on property values as affected by  
26 the disaster.

27 SECTION 1.09. Sections [42.2524\(c\)](#) and (d), Education Code,

1 are amended to read as follows:

2 (c) The commissioner may provide reimbursement under this  
3 section only if funds are available for that purpose from [~~as~~  
4 ~~follows~~]:

5 (1) [~~reimbursement for a school district not required~~  
6 ~~to take action under Chapter 41 may be provided from:~~

7 [~~(A)~~] amounts appropriated for that purpose,  
8 including amounts appropriated for those districts for that purpose  
9 to the disaster contingency fund established under Section 418.073,  
10 Government Code; or

11 (2) [~~(B)~~] Foundation School Program funds available  
12 for that purpose, based on a determination by the commissioner that  
13 the amount appropriated for the Foundation School Program,  
14 including the facilities component as provided by Chapter 46,  
15 exceeds the amount to which districts are entitled under this  
16 chapter and Chapter 46 [~~, and~~

17 [~~(2) reimbursement for a school district required to~~  
18 ~~take action under Chapter 41 may be provided from funds described by~~  
19 ~~Subdivision (1)(B) if funds remain available after fully~~  
20 ~~reimbursing each school district described by Subdivision (1) for~~  
21 ~~its disaster remediation costs].~~

22 (d) If the amount of money available for purposes of  
23 reimbursing school districts [~~not required to take action under~~  
24 ~~Chapter 41~~] is not sufficient to fully reimburse each district's  
25 disaster remediation costs, the commissioner shall reduce the  
26 amount of assistance provided to each of those districts  
27 proportionately. [~~If the amount of money available for purposes of~~

1 ~~reimbursing school districts required to take action under Chapter~~  
2 ~~41 is not sufficient to fully reimburse each district's disaster~~  
3 ~~remediation costs, the commissioner shall reduce the amount of~~  
4 ~~assistance provided to each of those districts proportionately.]~~

5 SECTION 1.10. Sections 42.253(a) and (c), Education Code,  
6 are amended to read as follows:

7 (a) For each school year the commissioner shall determine:

8 (1) the amount of money to which a school district is  
9 entitled under Subchapters B and C;

10 (2) the amount of money to which a school district is  
11 entitled under Subchapter F;

12 (3) the amount of money allocated to the district from  
13 the available school fund; and

14 (4) ~~[the amount of each district's tier one local share~~  
15 ~~under Section 42.252, and~~

16 ~~[(5)]~~ the amount of each district's tier two local  
17 share under Section 42.302.

18 (c) Each school district is entitled to an amount equal to  
19 the difference for that district between the sum of Subsections  
20 (a)(1) and (a)(2) and the sum of Subsections (a)(3) and ~~[(7)]~~ (a)(4) ~~[(7)~~  
21 ~~and (a)(5)]~~.

22 SECTION 1.11. Section 42.253(h), Education Code, as  
23 effective September 1, 2017, is amended to read as follows:

24 (h) If the amount appropriated for the Foundation School  
25 Program for the second year of a state fiscal biennium is less than  
26 the amount to which school districts and open-enrollment charter  
27 schools are entitled for that year, the commissioner shall certify

1 the amount of the difference to the Legislative Budget Board not  
2 later than January 1 of the second year of the state fiscal  
3 biennium. The Legislative Budget Board shall propose to the  
4 legislature that the certified amount be transferred to the  
5 foundation school fund from the economic stabilization fund and  
6 appropriated for the purpose of increases in allocations under this  
7 subsection. If the legislature fails during the regular session to  
8 enact the proposed transfer and appropriation and there are not  
9 funds available under Subsection (j), the commissioner shall adjust  
10 the total amounts due to each school district and open-enrollment  
11 charter school under this chapter [~~and the total amounts necessary~~  
12 ~~for each school district to comply with the requirements of Chapter~~  
13 ~~41~~] by an amount determined by applying to each district and school  
14 the same percentage adjustment to the total amount of state and  
15 local revenue due to the district or school under this chapter [~~and~~  
16 ~~Chapter 41~~] so that the total amount of the adjustment to all  
17 districts and schools results in an amount equal to the total  
18 adjustment necessary. The following fiscal year, ~~[+~~

19 [~~(1)~~] a district's or school's entitlement under this  
20 section is increased by an amount equal to the adjustment made under  
21 this subsection [~~, and~~

22 [~~(2) the amount necessary for a district to comply~~  
23 ~~with the requirements of Chapter 41 is reduced by an amount~~  
24 ~~necessary to ensure a district's full recovery of the adjustment~~  
25 ~~made under this subsection].~~

26 SECTION 1.12. Sections 42.2531(a), (b), and (c), Education  
27 Code, are amended to read as follows:



1           (a) The commissioner may make adjustments to amounts due to  
2 a school district under this chapter or Chapter 46, [~~or to amounts~~  
3 ~~necessary for a district to comply with the requirements of Chapter~~  
4 ~~41,~~] as provided by this section.

5           (b) A school district that has a major taxpayer, as  
6 determined by the commissioner, that because of a protest of the  
7 valuation of the taxpayer's property fails to pay all or a portion  
8 of the ad valorem taxes due to the district may apply to the  
9 commissioner to have the district's taxable value of property or ad  
10 valorem tax collections adjusted for purposes of this chapter or  
11 Chapter [~~41 or~~ 46. The commissioner may make the adjustment only  
12 to the extent the commissioner determines that making the  
13 adjustment will not:

14                 (1) in the fiscal year in which the adjustment is made,  
15 cause the amount to which school districts are entitled under this  
16 chapter to exceed the amount appropriated for purposes of the  
17 Foundation School Program for that year; and

18                 (2) if the adjustment is made in the first year of a  
19 state fiscal biennium, cause the amount to which school districts  
20 are entitled under this chapter for the second year of the biennium  
21 to exceed the amount appropriated for purposes of the Foundation  
22 School Program for that year.

23           (c) The commissioner shall recover the benefit of any  
24 adjustment made under this section by making offsetting adjustments  
25 in the school district's taxable value of property or ad valorem tax  
26 collections for purposes of this chapter or Chapter [~~41 or~~ 46 on a  
27 final determination of the taxable value of property that was the

1 basis of the original adjustment, or in the second school year  
2 following the year in which the adjustment is made, whichever is  
3 earlier.

4 SECTION 1.13. Section 42.257(b), Education Code, is amended  
5 to read as follows:

6 (b) If the district would have received a greater amount  
7 from the foundation school fund for the applicable school year  
8 using the adjusted value, the commissioner shall add the difference  
9 to subsequent distributions to the district from the foundation  
10 school fund. ~~[An adjustment does not affect the local fund  
11 assignment of any other district.]~~

12 SECTION 1.14. Section 42.260(b), Education Code, as  
13 effective September 1, 2017, is amended to read as follows:

14 (b) The amount of additional funds to which each school  
15 district or participating charter school is entitled due to the  
16 increases in formula funding made by H.B. No. 3343, Acts of the 77th  
17 Legislature, Regular Session, 2001, and any subsequent legislation  
18 amending the provisions amended by that Act that increase formula  
19 funding under ~~[Chapter 41 and]~~ this chapter to school districts and  
20 charter schools is available for purposes of Subsection (c).

21 SECTION 1.15. Sections 42.302(a), (a-1), (a-2), (b), and  
22 (d), Education Code, are amended to read as follows:

23 (a) Each school district is guaranteed a specified amount  
24 per weighted student in state and local funds for each cent of tax  
25 effort ~~[over that required for the district's local fund  
26 assignment]~~ up to the maximum level specified in this subchapter.  
27 The amount of state support, subject only to the maximum amount

1 under Section 42.303, is determined by the formula:

$$2 \quad \text{GYA} = (\text{GL} \times \text{WADA} \times \text{DTR} \times 100) - \text{LR}$$

3 where:

4 "GYA" is the guaranteed yield amount of state funds to be  
5 allocated to the district;

6 "GL" is the dollar amount guaranteed level of state and local  
7 funds per weighted student per cent of tax effort, which is an  
8 amount described by Subsection (a-1) or a greater amount for any  
9 year provided by appropriation;

10 "WADA" is the number of students in weighted average daily  
11 attendance, which is calculated by dividing the sum of the school  
12 district's allotments under Subchapters B and C, less any allotment  
13 to the district for transportation, any allotment under Section  
14 42.158 or 42.160, and 50 percent of the adjustment under Section  
15 42.102, by the basic allotment for the applicable year;

16 "DTR" is the district enrichment tax rate of the school  
17 district, which is determined by subtracting the amounts specified  
18 by Subsection (b) from the total amount of enrichment [~~maintenance~~  
19 ~~and operations~~] taxes collected by the school district for the  
20 applicable school year and dividing the difference by the quotient  
21 of the district's taxable value of property as determined under  
22 Subchapter M, Chapter 403, Government Code, or, if applicable,  
23 under Section 42.2521, divided by 100; and

24 "LR" is the local revenue, which is determined by multiplying  
25 "DTR" by the quotient of the district's taxable value of property as  
26 determined under Subchapter M, Chapter 403, Government Code, or, if  
27 applicable, under Section 42.2521, divided by 100.

1 (a-1) For purposes of Subsection (a), the dollar amount  
2 guaranteed level of state and local funds per weighted student per  
3 cent of tax effort ("GL") for a school district is:

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

19 (2) \$31.95, for the district's enrichment ~~[maintenance~~  
20 ~~and operations]~~ tax effort that exceeds the amount of tax effort  
21 described by Subdivision (1).

22 (a-2) The limitation on district enrichment tax rate  
23 ("DTR") under Section 42.303 does not apply to the district's  
24 ~~[maintenance and operations]~~ tax effort described by Subsection  
25 (a-1)(1).

26 (b) In computing the district enrichment tax rate of a  
27 school district, the total amount of enrichment ~~[maintenance and~~

1 ~~operations~~] taxes collected by the school district does not include  
2 the amount of[+]

3 ~~[(1) the district's local fund assignment under~~  
4 ~~Section 42.252, or~~

5 ~~[-2)]~~ taxes paid into a tax increment fund under  
6 Chapter 311, Tax Code.

7 (d) For purposes of this section, the total amount of  
8 enrichment [~~maintenance and operations~~] taxes collected for an  
9 applicable school year by a school district with alternate tax  
10 dates, as authorized by Section 26.135, Tax Code, is the amount of  
11 enrichment taxes collected on or after January 1 of the year in  
12 which the school year begins and not later than December 31 of the  
13 same year.

14 SECTION 1.16. Section 42.303, Education Code, is amended to  
15 read as follows:

16 Sec. 42.303. LIMITATION ON ENRICHMENT TAX RATE. The  
17 district enrichment tax rate ("DTR") under Section 42.302 may not  
18 exceed \$0.17 [~~the amount~~] per \$100 of valuation [~~by which the~~  
19 ~~maximum rate permitted under Section 45.003 exceeds the rate used~~  
20 ~~to determine the district's local share under Section 42.252, or a~~  
21 ~~greater amount for any year provided by appropriation)].~~

22 SECTION 1.17. Sections 44.004(c) and (c-1), Education Code,  
23 are amended to read as follows:

24 (c) The notice of public meeting to discuss and adopt the  
25 budget and the proposed tax rate may not be smaller than one-quarter  
26 page of a standard-size or a tabloid-size newspaper, and the  
27 headline on the notice must be in 18-point or larger type. Subject

1 to Subsection (d), the notice must:

2 (1) contain a statement in the following form:

3 "NOTICE OF PUBLIC MEETING TO DISCUSS BUDGET AND PROPOSED TAX RATE

4 "The (name of school district) will hold a public meeting at  
5 (time, date, year) in (name of room, building, physical location,  
6 city, state). The purpose of this meeting is to discuss the school  
7 district's budget that will determine the tax rate that will be  
8 adopted. Public participation in the discussion is invited." The  
9 statement of the purpose of the meeting must be in bold type. In  
10 reduced type, the notice must state: "The tax rate that is  
11 ultimately adopted at this meeting or at a separate meeting at a  
12 later date may not exceed the proposed rate shown below unless the  
13 district publishes a revised notice containing the same information  
14 and comparisons set out below and holds another public meeting to  
15 discuss the revised notice.";

16 (2) contain a section entitled "Comparison of Proposed  
17 Budget with Last Year's Budget," which must show the difference,  
18 expressed as a percent increase or decrease, as applicable, in the  
19 amounts budgeted for the preceding fiscal year and the amount  
20 budgeted for the fiscal year that begins in the current tax year for  
21 each of the following:

22 (A) enrichment [~~maintenance and operations~~];

23 (B) debt service; and

24 (C) total expenditures;

25 (3) contain a section entitled "Total Appraised Value  
26 and Total Taxable Value," which must show the total appraised value  
27 and the total taxable value of all property and the total appraised

1 value and the total taxable value of new property taxable by the  
2 district in the preceding tax year and the current tax year as  
3 calculated under Section 26.04, Tax Code;

4 (4) contain a statement of the total amount of the  
5 outstanding and unpaid bonded indebtedness of the school district;

6 (5) contain a section entitled "Comparison of Proposed  
7 Rates with Last Year's Rates," which must:

8 (A) show in rows the tax rates described by  
9 Subparagraphs (i)-(iii), expressed as amounts per \$100 valuation of  
10 property, for columns entitled "Enrichment," [~~"Maintenance &  
11 Operations~~,"] "Interest & Sinking Fund," and "Total," which is the  
12 sum of "Enrichment" [~~"Maintenance & Operations~~"] and "Interest &  
13 Sinking Fund":

14 (i) the school district's "Last Year's  
15 Rate";

16 (ii) the "Rate to Maintain Same Level of  
17 Enrichment [~~Maintenance & Operations~~] Revenue & Pay Debt Service,"  
18 which:

19 (a) in the case of "Enrichment,"  
20 [~~"Maintenance & Operations~~,"] is the tax rate that, when applied to  
21 the current taxable value for the district, as certified by the  
22 chief appraiser under Section 26.01, Tax Code, and as adjusted to  
23 reflect changes made by the chief appraiser as of the time the  
24 notice is prepared, would impose taxes in an amount that, when added  
25 to state funds to be distributed to the district under Subchapter F,  
26 Chapter 42, would provide the same amount of enrichment funds  
27 [~~maintenance and operations taxes and state funds distributed under~~

1 ~~Chapter 42~~] per student in average daily attendance for the  
2 applicable school year that was available to the district in the  
3 preceding school year; and

4 (b) in the case of "Interest & Sinking  
5 Fund," is the tax rate that, when applied to the current taxable  
6 value for the district, as certified by the chief appraiser under  
7 Section 26.01, Tax Code, and as adjusted to reflect changes made by  
8 the chief appraiser as of the time the notice is prepared, and when  
9 multiplied by the district's anticipated collection rate, would  
10 impose taxes in an amount that, when added to state funds to be  
11 distributed to the district under Chapter 46 and any excess taxes  
12 collected to service the district's debt during the preceding tax  
13 year but not used for that purpose during that year, would provide  
14 the amount required to service the district's debt; and

15 (iii) the "Proposed Rate";

16 (B) contain fourth and fifth columns aligned with  
17 the columns required by Paragraph (A) that show, for each row  
18 required by Paragraph (A):

19 (i) the "Local Revenue per Student," which  
20 is computed by multiplying the district's total taxable value of  
21 property, as certified by the chief appraiser for the applicable  
22 school year under Section 26.01, Tax Code, and as adjusted to  
23 reflect changes made by the chief appraiser as of the time the  
24 notice is prepared, by the total tax rate, and dividing the product  
25 by the number of students in average daily attendance in the  
26 district for the applicable school year; and

27 (ii) the "State Revenue per Student," which



1 is computed by determining the amount of state aid received or to be  
2 received by the district under Chapters 42, 43, and 46 and dividing  
3 that amount by the number of students in average daily attendance in  
4 the district for the applicable school year; and

5 (C) contain an asterisk after each calculation  
6 for "Interest & Sinking Fund" and a footnote to the section that, in  
7 reduced type, states "The Interest & Sinking Fund tax revenue is  
8 used to pay for bonded indebtedness on construction, equipment, or  
9 both. The bonds, and the tax rate necessary to pay those bonds,  
10 were approved by the voters of this district.";

11 (6) contain a section entitled "Comparison of Proposed  
12 Levy with Last Year's Levy on Average Residence," which must:

13 (A) show in rows the information described by  
14 Subparagraphs (i)-(iv), rounded to the nearest dollar, for columns  
15 entitled "Last Year" and "This Year":

16 (i) "Average Market Value of Residences,"  
17 determined using the same group of residences for each year;

18 (ii) "Average Taxable Value of Residences,"  
19 determined after taking into account the limitation on the  
20 appraised value of residences under Section 23.23, Tax Code, and  
21 after subtracting all homestead exemptions applicable in each year,  
22 other than exemptions available only to disabled persons or persons  
23 65 years of age or older or their surviving spouses, and using the  
24 same group of residences for each year;

25 (iii) "Last Year's Rate Versus Proposed  
26 Rate per \$100 Value"; and

27 (iv) "Taxes Due on Average Residence,"

1 determined using the same group of residences for each year; and

2 (B) contain the following information:

3 "Increase (Decrease) in Taxes" expressed in dollars and cents,  
4 which is computed by subtracting the "Taxes Due on Average  
5 Residence" for the preceding tax year from the "Taxes Due on Average  
6 Residence" for the current tax year;

7 (7) contain the following statement in bold print:

8 "Under state law, the dollar amount of school taxes imposed on the  
9 residence of a person 65 years of age or older or of the surviving  
10 spouse of such a person, if the surviving spouse was 55 years of age  
11 or older when the person died, may not be increased above the amount  
12 paid in the first year after the person turned 65, regardless of  
13 changes in tax rate or property value.";

14 (8) contain the following statement in bold print:

15 "Notice of Rollback Rate: The highest tax rate the district can  
16 adopt before requiring voter approval at an election is (the school  
17 district rollback rate determined under Section 26.08, Tax Code).  
18 This election will be automatically held if the district adopts a  
19 rate in excess of the rollback rate of (the school district rollback  
20 rate)."; and

21 (9) contain a section entitled "Fund Balances," which

22 must include the estimated amount of interest and sinking fund  
23 balances and the estimated amount of maintenance and operation or  
24 general fund balances remaining at the end of the current fiscal  
25 year that are not encumbered with or by corresponding debt  
26 obligation, less estimated funds necessary for the operation of the  
27 district before the receipt of the first payment under Chapter 42 in

1 the succeeding school year.

2 (c-1) The notice described by Subsection (c) must state in a  
3 distinct row or on a separate or individual line for each of the  
4 following taxes:

5 (1) the proposed rate of the school district's  
6 enrichment [~~maintenance~~] tax described by Section 45.003, under the  
7 heading "Enrichment [~~Maintenance~~] Tax"; and

8 (2) if the school district has issued ad valorem tax  
9 bonds under Section 45.001, the proposed rate of the tax to pay for  
10 the bonds, under the heading "School Debt Service Tax Approved by  
11 Local Voters."

12 SECTION 1.18. The heading to Subchapter A, Chapter 45,  
13 Education Code, is amended to read as follows:

14 SUBCHAPTER A. TAX BONDS AND ENRICHMENT [~~MAINTENANCE~~] TAXES

15 SECTION 1.19. Section 45.002, Education Code, is amended to  
16 read as follows:

17 Sec. 45.002. ENRICHMENT [~~MAINTENANCE~~] TAXES. The governing  
18 board of an independent school district, including the city council  
19 or commission that has jurisdiction over a municipally controlled  
20 independent school district, the governing board of a rural high  
21 school district, and the commissioners court of a county, on behalf  
22 of each common school district under its jurisdiction, may levy,  
23 assess, and collect annual ad valorem taxes for the further  
24 enrichment [~~maintenance~~] of public schools in the district, subject  
25 to Section 45.003.

26 SECTION 1.20. Section 45.003(d), Education Code, is amended  
27 to read as follows:

1 (d) A proposition submitted to authorize the levy of  
2 enrichment [~~maintenance~~] taxes must include the question of whether  
3 the governing board or commissioners court may levy, assess, and  
4 collect annual ad valorem taxes for the enrichment [~~further~~  
5 ~~maintenance~~] of public schools, at a rate not to exceed the rate  
6 stated in the proposition. For any year, the enrichment  
7 [~~maintenance~~] tax rate per \$100 of taxable value adopted by the  
8 district may not exceed the rate [~~equal to the sum~~] of \$0.17 [~~and~~  
9 ~~the product of the state compression percentage, as determined~~  
10 ~~under Section 42.2516, multiplied by \$1.50~~].

11 SECTION 1.21. Section 45.104(a), Education Code, is amended  
12 to read as follows:

13 (a) The board of trustees of any school district may pledge  
14 its delinquent taxes levied for maintenance purposes for specific  
15 past [~~, current, and future~~] school years or levied for enrichment  
16 purposes for specific past, current, and future school years as  
17 security for a loan, and may evidence any such loan with negotiable  
18 notes, and the delinquent taxes pledged shall be applied against  
19 the principal and interest of the loan. Negotiable notes issued  
20 under this subsection must mature not more than 20 years from their  
21 date.

22 SECTION 1.22. Section 45.108(a), Education Code, is amended  
23 to read as follows:

24 (a) Independent or consolidated school districts may borrow  
25 money for the purpose of paying maintenance expenses and may  
26 evidence those loans with negotiable or nonnegotiable notes, except  
27 that the loans may not at any time exceed 75 percent of the previous

1 year's income. The notes may be payable from and secured by a lien  
2 on and pledge of any available funds of the district, including  
3 proceeds of an enrichment [~~a maintenance~~] tax. The term  
4 "maintenance expenses" or "maintenance expenditures" as used in  
5 this section means any lawful expenditure of the school district  
6 other than payment of principal of and interest on bonds. The term  
7 includes expenditures relating to notes issued to refund notes  
8 previously issued under this section if the refunding notes are  
9 coterminous with the refunded obligation. The term also includes  
10 all costs incurred in connection with environmental cleanup and  
11 asbestos cleanup and removal programs implemented by school  
12 districts or in connection with the maintenance, repair,  
13 rehabilitation, or replacement of heating, air conditioning,  
14 water, sanitation, roofing, flooring, electric, or other building  
15 systems of existing school properties. Notes issued pursuant to  
16 this section may be issued to mature in not more than 20 years from  
17 their date. Notes issued for a term longer than one year must be  
18 treated as "debt" as defined in Section 26.012(7), Tax Code.

19 SECTION 1.23. Section 45.109(c), Education Code, is amended  
20 to read as follows:

21 (c) The consideration for a contract under this section may  
22 be paid from any source available to the independent school  
23 district. [~~If voted as provided by this section, the district may~~  
24 ~~pledge to the payment of the contract an annual maintenance tax in~~  
25 ~~an amount sufficient, without limitation, to provide all of the~~  
26 ~~consideration. If voted and pledged, the maintenance tax shall be~~  
27 ~~assessed, levied, and collected annually in the same manner as~~

1 ~~provided by general law applicable to independent school districts~~  
2 ~~for other maintenance taxes.]~~

3 SECTION 1.24. Section 45.156(c), Education Code, is amended  
4 to read as follows:

5 (c) The consideration payable by the district under a  
6 contract may be paid from any source available to the district. [~~If~~  
7 ~~voted, the district may pledge to the payment of the contract an~~  
8 ~~annual maintenance tax in an amount sufficient, without limitation,~~  
9 ~~to provide all or part of the consideration. If voted and pledged,~~  
10 ~~the maintenance tax shall be assessed, levied, and collected~~  
11 ~~annually in the same manner as provided by general law applicable to~~  
12 ~~independent school districts for other maintenance taxes. A~~  
13 ~~maintenance tax may not be pledged to the payment of any contract or~~  
14 ~~assessed, levied, or collected unless an election is held in the~~  
15 ~~district, and the maintenance tax for that purpose is favorably~~  
16 ~~voted by a majority of the qualified voters of the district. The~~  
17 ~~election order for an election under this subsection must include~~  
18 ~~the polling place or places and any other matters considered~~  
19 ~~advisable by the board of trustees.]~~

20 SECTION 1.25. Section 45.261(a), Education Code, is amended  
21 to read as follows:

22 (a) If the commissioner orders payment from the money  
23 appropriated to the Foundation School Program on behalf of a school  
24 district [~~that is not required to reduce its wealth per student~~  
25 ~~under Chapter 41~~], the commissioner shall direct the comptroller to  
26 withhold the amount paid from the first state money payable to the  
27 district. [~~If the commissioner orders payment from the money~~

1 ~~appropriated to the Foundation School Program on behalf of a school~~  
2 ~~district that is required to reduce its wealth per student under~~  
3 ~~Chapter 41, the commissioner shall increase amounts due from the~~  
4 ~~district under that chapter in a total amount equal to the amount of~~  
5 ~~payments made on behalf of the district under this subchapter.]~~  
6 Amounts withheld [~~or received~~] under this subsection shall be used  
7 for the Foundation School Program.

8 SECTION 1.26. Section 403.302(a), Government Code, is  
9 amended to read as follows:

10 (a) The comptroller shall conduct a study using comparable  
11 sales and generally accepted auditing and sampling techniques to  
12 determine the total taxable value of all property in each school  
13 district. The study shall determine the taxable value of all  
14 property and of each category of property in the district and the  
15 productivity value of all land that qualifies for appraisal on the  
16 basis of its productive capacity and for which the owner has applied  
17 for and received a productivity appraisal. [~~The comptroller shall~~  
18 ~~make appropriate adjustments in the study to account for actions~~  
19 ~~taken under Chapter 41, Education Code.~~]

20 SECTION 1.27. Section 1579.251(a), Insurance Code, is  
21 amended to read as follows:

22 (a) The state shall assist employees of participating  
23 school districts and charter schools in the purchase of group  
24 health coverage under this chapter by providing for each covered  
25 employee the amount of \$900 each state fiscal year or a greater  
26 amount as provided by the General Appropriations Act. The state  
27 contribution shall be distributed through the school finance

1 formulas under Chapter [~~Chapters 41 and~~] 42, Education Code, and  
2 used by school districts and charter schools as provided by Section  
3 42.260, Education Code.

4 SECTION 1.28. Section 21.01, Tax Code, is amended to read as  
5 follows:

6 Sec. 21.01. REAL PROPERTY. Real property is taxable by a  
7 taxing unit if located in the unit on January 1 [~~, except as provided~~  
8 ~~by Chapter 41, Education Code~~].

9 SECTION 1.29. Section 21.02(a), Tax Code, is amended to  
10 read as follows:

11 (a) Except as provided by Subsection [~~Subsections (b) and~~]  
12 (e) and by Sections 21.021, 21.04, and 21.05, tangible personal  
13 property is taxable by a taxing unit if:

14 (1) it is located in the unit on January 1 for more  
15 than a temporary period;

16 (2) it normally is located in the unit, even though it  
17 is outside the unit on January 1, if it is outside the unit only  
18 temporarily;

19 (3) it normally is returned to the unit between uses  
20 elsewhere and is not located in any one place for more than a  
21 temporary period; or

22 (4) the owner resides (for property not used for  
23 business purposes) or maintains the owner's principal place of  
24 business in this state (for property used for business purposes) in  
25 the unit and the property is taxable in this state but does not have  
26 a taxable situs pursuant to Subdivisions (1) through (3) [~~of this~~  
27 ~~subsection~~].



1 SECTION 1.30. Section 26.05(b), Tax Code, is amended to  
2 read as follows:

3 (b) A taxing unit may not impose property taxes in any year  
4 until the governing body has adopted a tax rate for that year, and  
5 the annual tax rate must be set by ordinance, resolution, or order,  
6 depending on the method prescribed by law for adoption of a law by  
7 the governing body. The vote on the ordinance, resolution, or order  
8 setting the tax rate must be separate from the vote adopting the  
9 budget. For a taxing unit other than a school district, the vote on  
10 the ordinance, resolution, or order setting a tax rate that exceeds  
11 the effective tax rate must be a record vote, and at least 60  
12 percent of the members of the governing body must vote in favor of  
13 the ordinance, resolution, or order. For a school district, the  
14 vote on the ordinance, resolution, or order setting a tax rate that  
15 exceeds the sum of the effective [~~maintenance and operations~~] tax  
16 rate of the district [~~as determined under Section 26.08(i)~~] and the  
17 district's current debt rate must be a record vote, and at least 60  
18 percent of the members of the governing body must vote in favor of  
19 the ordinance, resolution, or order. A motion to adopt an  
20 ordinance, resolution, or order setting a tax rate that exceeds the  
21 effective tax rate must be made in the following form: "I move that  
22 the property tax rate be increased by the adoption of a tax rate of  
23 (specify tax rate), which is effectively a (insert percentage by  
24 which the proposed tax rate exceeds the effective tax rate) percent  
25 increase in the tax rate." If the ordinance, resolution, or order  
26 sets a tax rate that, if applied to the total taxable value, will  
27 impose an amount of taxes to fund maintenance and operation

1 expenditures of the taxing unit that exceeds the amount of taxes  
2 imposed for that purpose in the preceding year, the taxing unit  
3 must:

4 (1) include in the ordinance, resolution, or order in  
5 type larger than the type used in any other portion of the document:

6 (A) the following statement: "THIS TAX RATE WILL  
7 RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S  
8 TAX RATE."; and

9 (B) if the tax rate exceeds the effective  
10 maintenance and operations rate, the following statement: "THE TAX  
11 RATE WILL EFFECTIVELY BE RAISED BY (INSERT PERCENTAGE BY WHICH THE  
12 TAX RATE EXCEEDS THE EFFECTIVE MAINTENANCE AND OPERATIONS RATE)  
13 PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A  
14 \$100,000 HOME BY APPROXIMATELY \$(Insert amount)."; and

15 (2) include on the home page of any Internet website  
16 operated by the unit:

17 (A) the following statement: "(Insert name of  
18 unit) ADOPTED A TAX RATE THAT WILL RAISE MORE TAXES FOR MAINTENANCE  
19 AND OPERATIONS THAN LAST YEAR'S TAX RATE"; and

20 (B) if the tax rate exceeds the effective  
21 maintenance and operations rate, the following statement: "THE TAX  
22 RATE WILL EFFECTIVELY BE RAISED BY (INSERT PERCENTAGE BY WHICH THE  
23 TAX RATE EXCEEDS THE EFFECTIVE MAINTENANCE AND OPERATIONS RATE)  
24 PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A  
25 \$100,000 HOME BY APPROXIMATELY \$(Insert amount)."

26 SECTION 1.31. Section [312.210\(b\)](#), Tax Code, is amended to  
27 read as follows:

1 (b) A tax abatement agreement with the owner of real  
2 property or tangible personal property that is located in the  
3 reinvestment zone described by Subsection (a) and in a school  
4 district [~~that has a wealth per student that does not exceed the~~  
5 ~~equalized wealth level~~] must exempt from taxation:

6 (1) the portion of the value of the property in the  
7 amount specified in the joint agreement among the municipality,  
8 county, and junior college district; and

9 (2) an amount equal to 10 percent of the maximum  
10 portion of the value of the property that may under Section  
11 [312.204](#)(a) be otherwise exempted from taxation.

12 SECTION 1.32. The following provisions are repealed:

13 (1) Section [13.054](#)(f), Education Code;

14 (2) Chapter [41](#), Education Code;

15 (3) Sections [42.101](#)(a-1) and (c), Education Code;

16 (4) Section [42.158](#)(e), Education Code;

17 (5) Section [42.160](#)(b), Education Code;

18 (6) Section [42.2516](#), Education Code, as effective  
19 September 1, 2017;

20 (7) Sections [42.2518](#) and [42.252](#), Education Code;

21 (8) Section [42.2524](#)(f), Education Code;

22 (9) Section [42.2528](#)(b), Education Code;

23 (10) Section [42.262](#), Education Code;

24 (11) Section [42.302](#)(f), Education Code;

25 (12) Section [45.003](#)(f), Education Code;

26 (13) Section [45.109](#)(d), Education Code;

27 (14) Section [45.111](#)(b), Education Code;

1 (15) Sections 21.02(b) and (c), Tax Code;

2 (16) Section 25.25(k), Tax Code;

3 (17) Section 26.08(i), Tax Code, as effective  
4 September 1, 2017;

5 (18) Sections 26.08(n), (o), and (p), Tax Code; and

6 (19) Section 312.210(c), Tax Code.

7 ARTICLE 2. STATE SALES AND USE TAX INCREASE FOR PUBLIC EDUCATION

8 SECTION 2.01. Section 151.051(b), Tax Code, is amended to  
9 read as follows:

10 (b) The sales tax rate is 12 [~~6-1/4~~] percent of the sales  
11 price of the taxable item sold.

12 SECTION 2.02. Section 151.801, Tax Code, is amended by  
13 amending Subsection (a) and adding Subsection (b-1) to read as  
14 follows:

15 (a) Except for the amounts allocated under Subsections (b),  
16 (b-1), (c), and (c-2), all proceeds from the collection of the taxes  
17 imposed by this chapter shall be deposited to the credit of the  
18 general revenue fund.

19 (b-1) Notwithstanding any other provision of this section,  
20 an amount of revenue under this chapter equal to the proceeds, other  
21 than the proceeds allocated under Subsection (b), derived from the  
22 collection of taxes imposed by this chapter attributable to the  
23 portion of the tax rate in excess of 6.25 percent of the sales price  
24 of the taxable item sold shall be deposited to the credit of the  
25 foundation school fund.

26 SECTION 2.03. The changes in law made by this article do not  
27 affect taxes imposed before the effective date of this article, and

1 the law in effect before that date is continued in effect for  
2 purposes of the liability for and collection of those taxes.

3 ARTICLE 3. APPLICABILITY; EFFECTIVE DATE

4 SECTION 3.01. (a) Chapter 42, Education Code, as amended by  
5 this Act, applies beginning with the 2019-2020 school year.

6 (b) The repeal by this Act of Chapter 41, Education Code,  
7 does not affect the obligations of a school district under that  
8 chapter, as it existed before repeal by this Act, for the 2018-2019  
9 school year.

10 SECTION 3.02. This Act takes effect January 1, 2019.