

By: Landgraf

H.B. No. 1319

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the repeal of provisions requiring school districts to
3 reduce their wealth per student to the equalized wealth level.

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

5 SECTION 1. Section 12.013(b), Education Code, is amended to
6 read as follows:

7 (b) A home-rule school district is subject to:

8 (1) a provision of this title establishing a criminal
9 offense;

10 (2) a provision of this title relating to limitations
11 on liability; and

12 (3) a prohibition, restriction, or requirement, as
13 applicable, imposed by this title or a rule adopted under this
14 title, relating to:

15 (A) the Public Education Information Management
16 System (PEIMS) to the extent necessary to monitor compliance with
17 this subchapter as determined by the commissioner;

18 (B) educator certification under Chapter 21 and
19 educator rights under Sections 21.407, 21.408, and 22.001;

20 (C) criminal history records under Subchapter C,
21 Chapter 22;

22 (D) student admissions under Section 25.001;

23 (E) school attendance under Sections 25.085,
24 25.086, and 25.087;

- 1 (F) inter-district or inter-county transfers of
2 students under Subchapter B, Chapter 25;
- 3 (G) elementary class size limits under Section
4 25.112, in the case of any campus in the district that fails to
5 satisfy any standard under Section 39.054(e);
- 6 (H) high school graduation under Section 28.025;
- 7 (I) special education programs under Subchapter
8 A, Chapter 29;
- 9 (J) bilingual education under Subchapter B,
10 Chapter 29;
- 11 (K) prekindergarten programs under Subchapter E,
12 Chapter 29;
- 13 (L) safety provisions relating to the
14 transportation of students under Sections 34.002, 34.003, 34.004,
15 and 34.008;
- 16 (M) computation and distribution of state aid
17 under Chapters 31, 42, and 43;
- 18 (N) extracurricular activities under Section
19 33.081;
- 20 (O) health and safety under Chapter 38;
- 21 (P) public school accountability under
22 Subchapters B, C, D, E, and J, Chapter 39;
- 23 (Q) ~~equalized wealth under Chapter 41,~~
- 24 ~~(R)~~ a bond or other obligation or tax rate
25 under Chapters 42, 43, and 45; and
- 26 (R) ~~(S)~~ purchasing under Chapter 44.

27 SECTION 2. Section 12.029(b), Education Code, is amended to

1 read as follows:

2 (b) If [~~Except as provided by Subchapter H, Chapter 41, if~~]
3 two or more school districts having different status, one of which
4 is home-rule school district status, consolidate into a single
5 district, the petition under Section 13.003 initiating the
6 consolidation must state the status for the consolidated district.
7 The ballot shall be printed to permit voting for or against the
8 proposition: "Consolidation of (names of school districts) into a
9 single school district governed as (status of school district
10 specified in the petition)."

11 SECTION 3. Section 21.410(h), Education Code, is amended to
12 read as follows:

13 (h) A grant a school district receives under this section is
14 in addition to any funding the district receives under Chapter 42.
15 The commissioner shall distribute funds under this section with the
16 Foundation School Program payment to which the district is entitled
17 as soon as practicable after the end of the school year as
18 determined by the commissioner. [~~A district to which Chapter 41
19 applies is entitled to the grants paid under this section.~~] The
20 commissioner shall determine the timing of the distribution of
21 grants to a district that does not receive Foundation School
22 Program payments.

23 SECTION 4. Section 21.411(h), Education Code, is amended to
24 read as follows:

25 (h) A grant a school district receives under this section is
26 in addition to any funding the district receives under Chapter 42.
27 The commissioner shall distribute funds under this section with the

1 Foundation School Program payment to which the district is entitled
2 as soon as practicable after the end of the school year as
3 determined by the commissioner. [~~A district to which Chapter 41~~
4 ~~applies is entitled to the grants paid under this section.~~] The
5 commissioner shall determine the timing of the distribution of
6 grants to a district that does not receive Foundation School
7 Program payments.

8 SECTION 5. Section 21.412(h), Education Code, is amended to
9 read as follows:

10 (h) A grant a school district receives under this section is
11 in addition to any funding the district receives under Chapter 42.
12 The commissioner shall distribute funds under this section with the
13 Foundation School Program payment to which the district is entitled
14 as soon as practicable after the end of the school year as
15 determined by the commissioner. [~~A district to which Chapter 41~~
16 ~~applies is entitled to the grants paid under this section.~~] The
17 commissioner shall determine the timing of the distribution of
18 grants to a district that does not receive Foundation School
19 Program payments.

20 SECTION 6. Section 21.413(h), Education Code, is amended to
21 read as follows:

22 (h) A grant a school district receives under this section is
23 in addition to any funding the district receives under Chapter 42.
24 The commissioner shall distribute funds under this section with the
25 Foundation School Program payment to which the district is entitled
26 as soon as practicable after the end of the school year as
27 determined by the commissioner. [~~A district to which Chapter 41~~

1 ~~applies is entitled to the grants paid under this section.]~~ The
2 commissioner shall determine the timing of the distribution of
3 grants to a district that does not receive Foundation School
4 Program payments.

5 SECTION 7. Section 29.203(b), Education Code, is amended to
6 read as follows:

7 (b) A school district is entitled to the allotment provided
8 by Section 42.157 for each eligible student using a public
9 education grant. ~~[If the district has a wealth per student greater
10 than the guaranteed wealth level but less than the equalized wealth
11 level, a school district is entitled under rules adopted by the
12 commissioner to additional state aid in an amount equal to the
13 difference between the cost to the district of providing services
14 to a student using a public education grant and the sum of the state
15 aid received because of the allotment under Section 42.157 and
16 money from the available school fund attributable to the student.]~~

17 SECTION 8. Section 37.0061, Education Code, is amended to
18 read as follows:

19 Sec. 37.0061. FUNDING FOR ALTERNATIVE EDUCATION SERVICES IN
20 JUVENILE RESIDENTIAL FACILITIES. A school district that provides
21 education services to pre-adjudicated and post-adjudicated
22 students who are confined by court order in a juvenile residential
23 facility operated by a juvenile board is entitled to count such
24 students in the district's average daily attendance for purposes of
25 receipt of state funds under the Foundation School Program. ~~[If the
26 district has a wealth per student greater than the guaranteed
27 wealth level but less than the equalized wealth level, the district~~

1 ~~in which the student is enrolled on the date a court orders the~~
2 ~~student to be confined to a juvenile residential facility shall~~
3 ~~transfer to the district providing education services an amount~~
4 ~~equal to the difference between the average Foundation School~~
5 ~~Program costs per student of the district providing education~~
6 ~~services and the sum of the state aid and the money from the~~
7 ~~available school fund received by the district that is attributable~~
8 ~~to the student for the portion of the school year for which the~~
9 ~~district provides education services to the student.]~~

10 SECTION 9. Section 42.009(b), Education Code, is amended to
11 read as follows:

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

14 (1) make adjustments as necessary to reflect changes
15 in a school district's maintenance and operations tax rate; and

16 (2) ~~[for a district required to take action under~~
17 ~~Chapter 41 to reduce its wealth per student to the equalized wealth~~
18 ~~level, base the determinations on the district's net funding levels~~
19 ~~after deducting any amounts required to be expended by the district~~
20 ~~to comply with Chapter 41; and~~

21 ~~[(3)]~~ determine a district's weighted average daily
22 attendance in accordance with this chapter as it existed on January
23 1, 2011.

24 SECTION 10. Section 42.158(e), Education Code, is amended
25 to read as follows:

26 (e) ~~[A school district that is required to take action under~~
27 ~~Chapter 41 to reduce its wealth per student to the equalized wealth~~

1 ~~level is entitled to a credit, in the amount of the allotments to~~
2 ~~which the district is entitled under this section, against the~~
3 ~~total amount required under Section 41.093 for the district to~~
4 ~~purchase attendance credits.]~~ A school district that is otherwise
5 ineligible for state aid under this chapter is entitled to receive
6 allotments under this section.

7 SECTION 11. Section 42.160(b), Education Code, is amended
8 to read as follows:

9 (b) ~~[A school district that is required to take action under~~
10 ~~Chapter 41 to reduce its wealth per student to the equalized wealth~~
11 ~~level is entitled to a credit, in the amount of the allotments to~~
12 ~~which the district is entitled under this section, against the~~
13 ~~total amount required under Section 41.093 for the district to~~
14 ~~purchase attendance credits.]~~ A school district that is otherwise
15 ineligible for state aid under this chapter is entitled to receive
16 allotments under this section.

17 SECTION 12. Section 42.2518(a), Education Code, as added by
18 Section 18, Chapter 465 (S.B. 1), Acts of the 84th Legislature,
19 Regular Session, 2015, is amended to read as follows:

20 (a) Beginning with the 2017-2018 school year, a school
21 district is entitled to additional state aid to the extent that
22 state and local revenue under this chapter ~~[and Chapter 41]~~ is less
23 than the state and local revenue that would have been available to
24 the district under ~~[Chapter 41 and]~~ this chapter as it ~~[those~~
25 ~~chapters]~~ existed on September 1, 2015, excluding any state aid
26 that would have been provided under former Section 42.2516, if the
27 increase in the residence homestead exemption under Section 1-b(c),

1 Article VIII, Texas Constitution, and the additional limitation on
2 tax increases under Section 1-b(d) of that article as proposed by
3 S.J.R. 1, 84th Legislature, Regular Session, 2015, had not
4 occurred.

5 SECTION 13. Section 42.2521(a), Education Code, is amended
6 to read as follows:

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

14 SECTION 14. Section 42.2523(a), Education Code, is amended
15 to read as follows:

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

23 SECTION 15. Sections 42.2524(c) and (d), Education Code,
24 are amended to read as follows:

25 (c) The commissioner may provide reimbursement under this
26 section only if funds are available for that purpose [~~as follows:~~

27 [~~(1) reimbursement for a school district not required~~

1 ~~to take action under Chapter 41 may be provided]~~ from:

2 (1) ~~[(A)]~~ amounts appropriated for that purpose,
3 including amounts appropriated for those districts for that purpose
4 to the disaster contingency fund established under Section 418.073,
5 Government Code; or

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

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

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

27 SECTION 16. Section 42.253(h), Education Code, as effective

1 September 1, 2017, is amended to read as follows:

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

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

27 [~~(2) the amount necessary for a district to comply~~

1 ~~with the requirements of Chapter 41 is reduced by an amount~~
2 ~~necessary to ensure a district's full recovery of the adjustment~~
3 ~~made under this subsection].~~

4 SECTION 17. Sections 42.2531(a), (b), and (c), Education
5 Code, are amended to read as follows:

6 (a) The commissioner may make adjustments to amounts due to
7 a school district under this chapter or Chapter 46~~, or to amounts~~
8 ~~necessary for a district to comply with the requirements of Chapter~~
9 ~~41,~~] as provided by this section.

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

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

23 (2) if the adjustment is made in the first year of a
24 state fiscal biennium, cause the amount to which school districts
25 are entitled under this chapter for the second year of the biennium
26 to exceed the amount appropriated for purposes of the Foundation
27 School Program for that year.

1 (c) The commissioner shall recover the benefit of any
2 adjustment made under this section by making offsetting adjustments
3 in the school district's taxable value of property or ad valorem tax
4 collections for purposes of this chapter or Chapter ~~[41 or]~~ 46 on a
5 final determination of the taxable value of property that was the
6 basis of the original adjustment, or in the second school year
7 following the year in which the adjustment is made, whichever is
8 earlier.

9 SECTION 18. Section 42.258(a-1), Education Code, is amended
10 to read as follows:

11 (a-1) Notwithstanding Subsection (a), the agency may
12 recover an overallocation of state funds over a period not to exceed
13 the subsequent five school years if the commissioner determines
14 that the overallocation was the result of exceptional circumstances
15 reasonably caused by statutory changes to former Chapter 41,
16 Chapter ~~[or]~~ 46, or this chapter and related reporting
17 requirements.

18 SECTION 19. Section 42.260(b), Education Code, is amended
19 to read as follows:

20 (b) For each year, the commissioner shall certify to each
21 school district or participating charter school the amount of
22 ~~[additional funds to which the district or school is entitled due to~~
23 ~~the increase made by H.B. No. 3343, Acts of the 77th Legislature,~~
24 ~~Regular Session, 2001, to:~~

25 ~~[(1) the equalized wealth level under Section 41.002,~~
26 ~~or~~

27 ~~[(2)] the guaranteed level of state and local funds~~

1 per weighted student per cent of tax effort under Section 42.302.

2 SECTION 20. Section 45.251(2), Education Code, is amended
3 to read as follows:

4 (2) "Foundation School Program" means the program
5 established under Chapters ~~41~~ 42~~7~~ and 46, or any successor
6 program of state appropriated funding for school districts in this
7 state.

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

10 (a) If the commissioner orders payment from the money
11 appropriated to the Foundation School Program on behalf of a school
12 district ~~[that is not required to reduce its wealth per student~~
13 ~~under Chapter 41]~~, the commissioner shall direct the comptroller to
14 withhold the amount paid from the first state money payable to the
15 district. If the commissioner orders payment from the money
16 appropriated to the Foundation School Program on behalf of a school
17 district that is not entitled to state assistance under Chapter 42
18 ~~[required to reduce its wealth per student under Chapter 41]~~, the
19 commissioner shall order ~~[increase amounts due from]~~ the district
20 to remit to the commissioner an ~~[under that chapter in a total]~~
21 amount equal to the amount of payments made on behalf of the
22 district under this subchapter. Amounts withheld or received under
23 this subsection shall be used for the Foundation School Program.

24 SECTION 22. Section 403.302(a), Government Code, is amended
25 to read as follows:

26 (a) The comptroller shall conduct a study using comparable
27 sales and generally accepted auditing and sampling techniques to

1 determine the total taxable value of all property in each school
2 district. The study shall determine the taxable value of all
3 property and of each category of property in the district and the
4 productivity value of all land that qualifies for appraisal on the
5 basis of its productive capacity and for which the owner has applied
6 for and received a productivity appraisal. [~~The comptroller shall~~
7 ~~make appropriate adjustments in the study to account for actions~~
8 ~~taken under Chapter 41, Education Code.~~]

9 SECTION 23. Section 21.01, Tax Code, is amended to read as
10 follows:

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

14 SECTION 24. Section 21.02(a), Tax Code, is amended to read
15 as follows:

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

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

21 (2) it normally is located in the unit, even though it
22 is outside the unit on January 1, if it is outside the unit only
23 temporarily;

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

27 (4) the owner resides (for property not used for

1 business purposes) or maintains the owner's principal place of
2 business in this state (for property used for business purposes) in
3 the unit and the property is taxable in this state but does not have
4 a taxable situs pursuant to Subdivisions (1) through (3) of this
5 subsection.

6 SECTION 25. Section 26.08(i), Tax Code, as effective
7 September 1, 2017, is amended to read as follows:

8 (i) For purposes of this section, the effective maintenance
9 and operations tax rate of a school district is the tax rate that,
10 applied to the current total value for the district, would impose
11 taxes in an amount that, when added to state funds that would be
12 distributed to the district under Chapter 42, Education Code, for
13 the school year beginning in the current tax year using that tax
14 rate, would provide the same amount of state funds distributed
15 under Chapter 42, Education Code, and maintenance and operations
16 taxes of the district per student in weighted average daily
17 attendance for that school year that would have been available to
18 the district in the preceding year if the funding elements for
19 Chapter [~~Chapters 41 and~~] 42, Education Code, for the current year
20 had been in effect for the preceding year.

21 SECTION 26. Section 312.210(b), Tax Code, is amended to
22 read as follows:

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

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

4 (2) an amount equal to 10 percent of the maximum
5 portion of the value of the property that may under Section
6 [312.204](#)(a) be otherwise exempted from taxation.

7 SECTION 27. The following laws are repealed:

8 (1) Chapter [41](#), Education Code;

9 (2) Sections [7.055](#)(b)(34), [8.056](#), [29.203](#)(g), and
10 [42.2524](#)(f), Education Code; and

11 (3) Sections [21.02](#)(b) and (c), [25.25](#)(k), and
12 [312.210](#)(c), Tax Code.

13 SECTION 28. This Act takes effect September 1, 2017 and its
14 provisions shall be first implemented for the 2018-2019 academic
15 year. The Commissioner of Education shall provide members of the
16 Texas Legislature and school districts with an implementation
17 report outlining the impact of this act no later than January 1,
18 2018.