86R66 CJC/KJE-D

By:  Murr H.B. No. 297

A BILL TO BE ENTITLED

AN ACT

relating to the elimination of certain property taxes for school district maintenance and operations and the provision of public education funding by increasing the rates of certain state taxes.

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

ARTICLE 1. PUBLIC SCHOOL FINANCE

SECTION 1.01.  Section 11.1511(c), Education Code, is amended to read as follows:

(c)  The board may:

(1)  issue bonds and levy, pledge, assess, and collect an annual ad valorem tax to pay the principal and interest on the bonds as authorized under Sections 45.001 and 45.003;

(2)  levy, assess, and collect an annual ad valorem tax for enrichment [~~maintenance and operation~~] of the district as authorized under Sections 45.002 and 45.003;

(3)  employ a person to assess or collect the district's taxes as authorized under Section 45.231; and

(4)  enter into contracts as authorized under this code or other law and delegate contractual authority to the superintendent as appropriate.

SECTION 1.02.  Section 12.013(b), Education Code, is amended to read as follows:

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

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

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

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

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

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

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

(D)  student admissions under Section 25.001;

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

(F)  inter-district or inter-county transfers of students under Subchapter B, Chapter 25;

(G)  elementary class size limits under Section 25.112, in the case of any campus in the district that fails to satisfy any standard under Section 39.054(e);

(H)  high school graduation under Section 28.025;

(I)  special education programs under Subchapter A, Chapter 29;

(J)  bilingual education under Subchapter B, Chapter 29;

(K)  prekindergarten programs under Subchapter E, Chapter 29;

(L)  safety provisions relating to the transportation of students under Sections 34.002, 34.003, 34.004, and 34.008;

(M)  computation and distribution of state aid under Chapters 31, 42, and 43;

(N)  extracurricular activities under Section 33.081;

(O)  health and safety under Chapter 38;

(P)  public school accountability under Subchapters B, C, D, and J, Chapter 39, and Chapter 39A;

(Q)  [~~equalized wealth under Chapter 41;~~

[~~(R)~~] a bond or other obligation or tax rate under Chapters 42, 43, and 45; and

(R) [~~(S)~~]  purchasing under Chapter 44.

SECTION 1.03.  Section 12.029(b), Education Code, is amended to read as follows:

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

SECTION 1.04.  Section 12.106(a), Education Code, is amended to read as follows:

(a)  A charter holder is entitled to receive for the open-enrollment charter school funding under Chapter 42 equal to the amount of funding per student in weighted average daily attendance, excluding enrichment funding under Section 42.302(a), to which the charter holder would be entitled for the school under Chapter 42 if the school were a school district [~~without a tier one local share for purposes of Section 42.253~~].

SECTION 1.05.  Sections 13.054(f) and (i), Education Code, are amended to read as follows:

(f)  For five years beginning with the school year in which the annexation occurs, a school district shall receive additional funding as provided by Subchapter G [~~under this subsection or Subsection (h). The amount of funding shall be determined by multiplying the lesser of the enlarged district's local fund assignment computed under Section 42.252 or the enlarged district's total cost of tier one by a fraction, the numerator of which is the number of students residing in the territory annexed to the receiving district preceding the date of the annexation and the denominator of which is the number of students residing in the district as enlarged on the date of the annexation~~].

(i)  The funding provided under Subsection (f) or [~~,~~] (g)[~~, or (h)~~] is in addition to other funding the district receives through other provisions of this code, including Chapter [~~Chapters 41 and~~] 42.

SECTION 1.06.  Section 21.402(a), Education Code, is amended to read as follows:

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

MS = SF x FS

where:

"MS" is the minimum monthly salary;

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

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

SECTION 1.07.  Section 21.410(h), Education Code, is amended to read as follows:

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

SECTION 1.08.  Section 21.411(h), Education Code, is amended to read as follows:

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

SECTION 1.09.  Section 21.412(h), Education Code, is amended to read as follows:

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

SECTION 1.10.  Section 21.413(h), Education Code, is amended to read as follows:

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

SECTION 1.11.  Section 25.081(f), Education Code, as added by Chapter 851 (H.B. 2442), Acts of the 85th Legislature, Regular Session, 2017, is amended to read as follows:

(f)  The commissioner may proportionally reduce the amount of funding a district receives under Chapter [~~41,~~] 42[~~,~~] or 46 and the average daily attendance calculation for the district if the district operates on a calendar that provides fewer minutes of operation than required under Subsection (a).

SECTION 1.12.  Section 29.008(b), Education Code, is amended to read as follows:

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

SECTION 1.13.  Section 29.087(j), Education Code, is amended to read as follows:

(j)  For purposes of funding under Chapters [~~41,~~] 42[~~,~~] and 46, a student attending a program authorized by this section may be counted in attendance only for the actual number of hours each school day the student attends the program, in accordance with Section 25.081.

SECTION 1.14.  Section 29.203(b), Education Code, is amended to read as follows:

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

SECTION 1.15.  Section 30.003(b), Education Code, is amended to read as follows:

(b)  If the student is admitted to the school for a full-time program for the equivalent of two long semesters, the district's share of the cost is an amount equal to the sum of the dollar amount of enrichment [~~maintenance~~] and debt service taxes imposed by the district for that year divided by the district's average daily attendance for the preceding year and a dollar amount determined by the commissioner.

SECTION 1.16.  Section 37.0061, Education Code, is amended to read as follows:

Sec. 37.0061.  FUNDING FOR ALTERNATIVE EDUCATION SERVICES IN JUVENILE RESIDENTIAL FACILITIES. A school district that provides education services to pre-adjudicated and post-adjudicated students who are confined by court order in a juvenile residential facility operated by a juvenile board is entitled to count such students in the district's average daily attendance for purposes of receipt of state funds under the Foundation School Program. [~~If the district has a wealth per student greater than the guaranteed wealth level but less than the equalized wealth level, the district in which the student is enrolled on the date a court orders the student to be confined to a juvenile residential facility shall transfer to the district providing education services an amount equal to the difference between the average Foundation School Program costs per student of the district providing education services and the sum of the state aid and the money from the available school fund received by the district that is attributable to the student for the portion of the school year for which the district provides education services to the student.~~]

SECTION 1.17.  Section 42.009(b), Education Code, is amended to read as follows:

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

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

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

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

SECTION 1.18.  Section 42.101(a), Education Code, is amended to read as follows:

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

[~~A = $4,765 X (DCR/MCR)~~

[~~where:~~

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

[~~"DCR" is the district's compressed tax rate, which is 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~~

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

SECTION 1.19.  Section 42.251(b), Education Code, is amended to read as follows:

(b)  The program shall be financed by:

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

[~~(2)~~]  ad valorem tax revenue generated by local school district effort as provided by Subchapter F [~~in excess of the equalized uniform school district effort~~];

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

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

SECTION 1.20.  Section 42.2511(b), Education Code, is amended to read as follows:

(b)  Notwithstanding any other provision of this chapter [~~or Chapter 41~~], a school district subject to this section is entitled to receive for each student in average daily attendance at the campus described by Subsection (a) an amount equivalent to the difference, if the difference results in increased funding, between:

(1)  the amount described by Section 12.106; and

(2)  the amount to which the district would be entitled under this chapter.

SECTION 1.21.  Section 42.2521(a), Education Code, is amended to read as follows:

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

SECTION 1.22.  Section 42.2522(e), Education Code, is amended to read as follows:

(e)  The commissioner shall notify school districts as soon as practicable as to the availability of funds under this section. [~~For purposes of computing a rollback tax rate under Section 26.08, Tax Code, a district shall adjust the district's tax rate limit to reflect assistance received under this section.~~]

SECTION 1.23.  Section 42.2523(a), Education Code, is amended to read as follows:

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

SECTION 1.24.  Sections 42.2524(c) and (d), Education Code, are amended to read as follows:

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

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

[~~(A)~~]  amounts appropriated for that purpose, including amounts appropriated for [~~those~~] districts to which this section applies, [~~for that purpose~~] to the disaster contingency fund established under Section 418.073, Government Code; or

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

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

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

SECTION 1.25.  Sections 42.253(a), (c), and (h), Education Code, are amended to read as follows:

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

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

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

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

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

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

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

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

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

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

SECTION 1.26.  Sections 42.2531(a), (b), and (c), Education Code, are amended to read as follows:

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

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

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

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

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

SECTION 1.27.  Section 42.257(b), Education Code, is amended to read as follows:

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

SECTION 1.28.  Section 42.258(a-1), Education Code, is amended to read as follows:

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

SECTION 1.29.  Section 42.259(a)(4), Education Code, is amended to read as follows:

(4)  "Wealth per student" means the taxable property values reported by the comptroller under Section 5.09, Tax Code, [~~to the commissioner under Section 42.252~~] divided by the number of students in average daily attendance.

SECTION 1.30.  Section 42.260(b), Education Code, is amended to read as follows:

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

SECTION 1.31.  Sections 42.302(a), (a-1), (a-2), (b), and (d), Education Code, are amended to read as follows:

(a)  Each school district is guaranteed a specified amount per weighted student in state and local funds for each cent of tax effort [~~over that required for the district's local fund assignment~~] up to the maximum level specified in this subchapter. The amount of state support, subject only to the maximum amount under Section 42.303, is determined by the formula:

GYA = (GL X WADA X DTR X 100) - LR

where:

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

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

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

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

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

(a-1)  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 of [~~by which~~] the district's enrichment [~~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 enrichment [~~maintenance and operations~~] tax effort that exceeds the amount of tax effort described by Subdivision (1).

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

(b)  In computing the district enrichment tax rate of a school district, the total amount of enrichment [~~maintenance and operations~~] taxes collected by the school district does not include the amount of[~~:~~

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

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

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

SECTION 1.32.  Section 42.303, Education Code, is amended to read as follows:

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

SECTION 1.33.  Section 44.004, Education Code, is amended by amending Subsections (c), (c-1), and (i) and adding Subsections (c-2) and (c-3) to read as follows:

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

(1)  contain a statement in the following form:

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

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

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

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

(B)  debt service; and

(C)  total expenditures;

(3)  contain a section entitled "Total Appraised Value and Total Taxable Value," which must show the total appraised value and the total taxable value of all property and the total appraised value and the total taxable value of new property taxable by the district in the preceding tax year and the current tax year as calculated under Section 26.04, Tax Code;

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

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

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

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

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

(a)  in the case of "Enrichment," [~~"Maintenance & Operations,"~~] is the tax rate that, when applied to the current taxable value for the district, as certified by the chief appraiser under Section 26.01, Tax Code, and as adjusted to reflect changes made by the chief appraiser as of the time the notice is prepared, would impose taxes in an amount that, when added to state funds to be distributed to the district under Subchapter F, Chapter 42, would provide the same amount of enrichment [~~maintenance and operations~~] taxes and state funds distributed under Subchapter F, Chapter 42, per student in average daily attendance for the applicable school year that was available to the district in the preceding school year; and

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

(iii)  the "Proposed Rate";

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

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

(ii)  the "State Revenue per Student," which is computed by determining the amount of state aid received or to be received by the district under Chapters 42, 43, and 46 and dividing that amount by the number of students in average daily attendance in the district for the applicable school year; and

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

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

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

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

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

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

(iv)  "Taxes Due on Average Residence," determined using the same group of residences for each year; and

(B)  contain the following information: "Increase (Decrease) in Taxes" expressed in dollars and cents, which is computed by subtracting the "Taxes Due on Average Residence" for the preceding tax year from the "Taxes Due on Average Residence" for the current tax year;

(7)  contain the following statement in bold print: "Under state law, the dollar amount of school taxes imposed on the residence of a person 65 years of age or older or of the surviving spouse of such a person, if the surviving spouse was 55 years of age or older when the person died, may not be increased above the amount paid in the first year after the person turned 65, regardless of changes in tax rate or property value."; and

(8)  [~~contain the following statement in bold print: "Notice of Rollback Rate: The highest tax rate the district can adopt before requiring voter approval at an election is (the school district rollback rate determined under Section 26.08, Tax Code). This election will be automatically held if the district adopts a rate in excess of the rollback rate of (the school district rollback rate)."; and~~

[~~(9)~~]  contain a section entitled "Fund Balances," which must include the estimated amount of interest and sinking fund balances and the estimated amount of enrichment [~~maintenance and operation~~] or general fund balances remaining at the end of the current fiscal year that are not encumbered with or by corresponding debt obligation, less estimated funds necessary for the operation of the district before the receipt of the first payment under Chapter 42 in the succeeding school year.

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

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

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

(c-2)  For the notice required by Subsection (c) for the 2021 tax year:

(1)  the rows required by Subsection (c)(5) entitled "Last Year's Rate" and the rows required by Subsection (c)(6)(A) entitled "Last Year's Rate Versus Proposed Rate per $100 Value" and "Taxes Due on Average Residence" and the item required by Subsection (c)(6)(B) entitled "Increase (Decrease) in Taxes" must contain an asterisk and a footnote to that section that, in reduced type, states "The 86th Legislature eliminated certain school district maintenance and operations taxes. The tax rate shown as 'Last Year's Rate' and the 'Taxes Due on Average Residence' for last year are based on the sum of the interest and sinking fund tax rate adopted by the district for the 2020 tax year and the rate of any tax the district imposed for enrichment for that tax year, not the total tax rate."; and

(2)  the computation required by Subsection (c)(6)(B) shall be made using:

(A)  for the 2020 tax year, the sum of the interest and sinking fund tax rate adopted by the district for that tax year and the rate of any tax the district imposed for enrichment for that tax year; and

(B)  for the 2021 tax year, the sum of the district's proposed interest and sinking fund tax rate for that tax year and the district's proposed enrichment tax rate for that tax year.

(c-3)  Subsection (c-2) and this subsection expire January 1, 2022.

(i)  A school district that uses a certified estimate, as authorized by Subsection (h), may adopt a budget at the public meeting designated in the notice prepared using the estimate, but the district may not adopt a tax rate before the district receives the certified appraisal roll for the district required by Section 26.01(a), Tax Code. After receipt of the certified appraisal roll, the district must publish a revised notice and hold another public meeting before the district may adopt a tax rate that exceeds[~~:~~

[~~(1)~~]  the rate proposed in the notice prepared using the estimate[~~; or~~

[~~(2)  the district's rollback rate determined under Section 26.08, Tax Code, using the certified appraisal roll~~].

SECTION 1.34.  The heading to Subchapter A, Chapter 45, Education Code, is amended to read as follows:

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

SECTION 1.35.  Section 45.002, Education Code, is amended to read as follows:

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

SECTION 1.36.  Section 45.003, Education Code, is amended by adding Subsections (a-1) and (a-2) and amending Subsection (d) to read as follows:

(a-1)  The governing board or commissioners court may levy the tax described by Section 45.002 at a rate of $0.04 or less per $100 of taxable value without an election.

(a-2)  A governing board or commissioners court that, for the 2020 tax year, levied an enrichment tax at a rate in excess of $0.04 per $100 of taxable value may continue to levy the tax at a rate that does not exceed that rate without an election.

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

SECTION 1.37.  Sections 45.006(b), (c), (d), (e), and (f), Education Code, are amended to read as follows:

(b)  A [~~Notwithstanding Section 45.003, a~~] school district may levy, assess, and collect maintenance taxes [~~at a rate that exceeds $1.50 per $100 valuation of taxable property~~] if:

(1)  the [~~additional ad valorem~~] taxes are necessary to pay a debt of the district that:

(A)  resulted from the rendition of a judgment against the district before May 1, 1995;

(B)  is greater than $5 million;

(C)  decreases a property owner's ad valorem tax liability;

(D)  requires the district to refund to the property owner the difference between the amount of taxes paid by the property owner and the amount of taxes for which the property owner is liable; and

(E)  is payable according to the judgment in more than one of the district's fiscal years; and

(2)  the [~~additional~~] taxes are:

(A)  imposed at a rate that, when added to the rate of any ad valorem tax imposed by the district under Section 45.002 or 45.007, produces a rate that does not exceed $0.17 per $100 of taxable value; and

(B)  approved by the voters of the district at an election held for that purpose.

(c)  Except as provided by Subsection (e), any [~~additional~~] maintenance taxes that the district collects under this section may be used only to pay the district's debt under Subsection (b)(1).

(d)  Except as provided by Subsection (e), the authority of a school district to levy the [~~additional~~] ad valorem taxes under this section expires when the judgment against the district is paid.

(e)  The governing body of a school district shall pay the district's debt under Subsection (b)(1) in a lump sum. To satisfy the district's debt under Subsection (b)(1), the governing body may levy and collect [~~additional~~] maintenance taxes as provided by Subsection (b) and may issue bonds. If bonds are issued:

(1)  the district may use any [~~additional~~] maintenance taxes collected by the district under this section to pay debt service on the bonds; and

(2)  the authority of the district to levy the [~~additional~~] ad valorem taxes expires when the bonds are paid in full or the judgment is paid, whichever occurs later.

(f)  The governing body of a school district that adopts a tax rate under this section [~~that exceeds $1.50 per $100 valuation of taxable property~~] may set the amount of the exemption from taxation authorized by Section 11.13(n), Tax Code, at any time before the date the governing body adopts the district's tax rate for the tax year in which the election approving the [~~additional~~] taxes is held.

SECTION 1.38.  Subchapter A, Chapter 45, Education Code, is amended by adding Section 45.007 to read as follows:

Sec. 45.007.  AD VALOREM TAX FOR JUNIOR COLLEGE PURPOSES IN CERTAIN SCHOOL DISTRICTS. (a) This section applies only to an independent school district in a county with a population of more than two million.

(b)  Subject to Subsection (e), the governing body of an independent school district that governs a junior college district under Subchapter B, Chapter 130, may impose an ad valorem tax at a rate not to exceed $0.05 on the $100 valuation of taxable property in the district for the use of the junior college district for facilities and equipment or for the maintenance and operating expenses of the junior college district.

(c)  All real property purchased with proceeds of a tax imposed under this section or with funds dedicated under Section 45.105(e) as that section existed January 1, 2020, is the property of the school district but is subject to the exclusive control of the governing body of the junior college district for as long as the junior college district uses the property for educational purposes.

(d)  An independent school district that, under Section 45.105(e) as that section existed January 1, 2020, dedicated a specific percentage of the school district's tax levy to the use of a junior college district governed by the school district for facilities and equipment or for the maintenance and operating expenses of the junior college district is not required to hold an election to impose a tax under this section.

(e)  The tax authorized under this section may not be imposed at a rate that, when added to the rate of any ad valorem tax imposed by the district under Section 45.002 or 45.006, produces a rate that exceeds $0.17 per $100 of taxable value.

SECTION 1.39.  Section 45.104(a), Education Code, is amended to read as follows:

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

SECTION 1.40.  Section 45.108(a), Education Code, is amended to read as follows:

(a)  Independent or consolidated school districts may borrow money for the purpose of paying maintenance expenses and may evidence those loans with negotiable or nonnegotiable notes, except that the loans may not at any time exceed 75 percent of the previous year's income. The notes may be payable from and secured by a lien on and pledge of any available funds of the district[~~, including proceeds of a maintenance tax~~]. The term "maintenance expenses" or "maintenance expenditures" as used in this section means any lawful expenditure of the school district other than payment of principal of and interest on bonds. The term includes expenditures relating to notes issued to refund notes previously issued under this section if the refunding notes are coterminous with the refunded obligation. The term also includes all costs incurred in connection with environmental cleanup and asbestos cleanup and removal programs implemented by school districts or in connection with the maintenance, repair, rehabilitation, or replacement of heating, air conditioning, water, sanitation, roofing, flooring, electric, or other building systems of existing school properties. Notes issued pursuant to this section may be issued to mature in not more than 20 years from their date. Notes issued for a term longer than one year must be treated as "debt" as defined in Section 26.012(7), Tax Code.

SECTION 1.41.  Section 45.109(c), Education Code, is amended to read as follows:

(c)  The consideration for a contract under this section may be paid from any source available to the independent school district. [~~If voted as provided by this section, the district may pledge to the payment of the contract an annual maintenance tax in an amount sufficient, without limitation, to provide all of the consideration. If voted and pledged, the maintenance tax shall be assessed, levied, and collected annually in the same manner as provided by general law applicable to independent school districts for other maintenance taxes.~~]

SECTION 1.42.  Section 45.156(c), Education Code, is amended to read as follows:

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

SECTION 1.43.  Section 45.251(2), Education Code, is amended to read as follows:

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

SECTION 1.44.  Sections 45.261(a) and (e), Education Code, are amended to read as follows:

(a)  If the commissioner orders payment from the money appropriated to the Foundation School Program on behalf of a school district [~~that is not required to reduce its wealth per student under Chapter 41~~], the commissioner shall direct the comptroller to withhold the amount paid from the first state money payable to the district. [~~If the commissioner orders payment from the money appropriated to the Foundation School Program on behalf of a school district that is required to reduce its wealth per student under Chapter 41, the commissioner shall increase amounts due from the district under that chapter in a total amount equal to the amount of payments made on behalf of the district under this subchapter.~~] Amounts withheld [~~or received~~] under this subsection shall be used for the Foundation School Program.

(e)  Any part of a school district's tax rate attributable to producing revenue for purposes of Subsection (c)(1) is considered part of the district's[~~:~~

[~~(1)  current debt rate for purposes of computing a rollback tax rate under Section 26.08, Tax Code; and~~

[~~(2)~~]  interest and sinking fund tax rate.

SECTION 1.45.  Section 46.003(d), Education Code, is amended to read as follows:

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

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

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

(3)  enrichment [~~maintenance and operations~~] taxes collected in the current school year or a preceding school year in excess of the amount eligible to be used to generate other state financial assistance for the district; or

(4)  maintenance and operations taxes collected in a preceding school year in excess of the amount eligible to be used to generate other state financial assistance for the district.

SECTION 1.46.  Section 46.004(a), Education Code, is amended to read as follows:

(a)  A district may receive state assistance in connection with a lease-purchase agreement concerning an instructional facility. For purposes of this subchapter:

(1)  taxes levied for purposes of enrichment [~~maintenance and operations~~] that are necessary to pay a district's share of the payments under a lease-purchase agreement for which the district receives state assistance under this subchapter are considered to be bond taxes; and

(2)  payments under a lease-purchase agreement are considered to be payments of principal of and interest on bonds.

SECTION 1.47.  Section 46.032(c), Education Code, is amended to read as follows:

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

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

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

(3)  enrichment [~~maintenance and operations~~] taxes collected in the current school year or a preceding school year in excess of the amount eligible to be used to generate other state financial assistance for the district; or

(4)  maintenance and operations taxes collected in a preceding school year in excess of the amount eligible to be used to generate other state financial assistance for the district.

SECTION 1.48.  Section 79.10(f), Education Code, is amended to read as follows:

(f)  For each student enrolled in the academy, the academy is entitled to allotments from the foundation school fund under Chapter 42 as if the academy were a school district [~~without a tier one local share for purposes of Section 42.253~~]. If in any academic year the amount of the allotments under this subsection exceeds the amount of state funds paid to the academy in the first fiscal year of the academy's operation, the commissioner of education shall set aside from the total amount of funds to which school districts are entitled under Section 42.253(c) an amount equal to the excess amount and shall distribute that amount to the academy. After deducting the amount set aside and paid to the academy by the commissioner of education under this subsection, the commissioner of education shall reduce the amount to which each district is entitled under Section 42.253(c) in the manner described by Section 42.253(h). A determination of the commissioner of education under this subsection is final and may not be appealed.

SECTION 1.49.  Section 87.208, Education Code, is amended to read as follows:

Sec. 87.208.  SEABORNE CONSERVATION CORPS. If the board of regents of The Texas A&M University System administers a program that is substantially similar to the Seaborne Conservation Corps as it was administered by the board during the 1998-1999 school year, the program is entitled, for each student enrolled, to allotments from the Foundation School Program under Chapter 42 as if the program were a school district[~~, except that the program has a local share applied that is equivalent to the local fund assignment of the school district in which the principal facilities of the program are located~~].

SECTION 1.50.  Section 87.505(g), Education Code, is amended to read as follows:

(g)  For each student enrolled in the academy, the academy is entitled to allotments from the foundation school fund under Chapter 42 as if the academy were a school district [~~without a tier one local share for purposes of Section 42.253~~]. If in any academic year the amount of the allotments under this subsection exceeds the amount of state funds paid to the academy in the first fiscal year of the academy's operation, the commissioner of education shall set aside from the total amount of funds to which school districts are entitled under Section 42.253(c) an amount equal to the excess amount and shall distribute that amount to the academy. After deducting the amount set aside and paid to the academy by the commissioner of education under this subsection, the commissioner of education shall reduce the amount to which each district is entitled under Section 42.253(c) in the manner described by Section 42.253(h). A determination of the commissioner of education under this subsection is final and may not be appealed.

SECTION 1.51.  Section 96.707(k), Education Code, is amended to read as follows:

(k)  For each student enrolled in the academy, the academy is entitled to allotments from the Foundation School Program under Chapter 42 as if the academy were a school district [~~without a tier one local share for purposes of Section 42.253~~].

SECTION 1.52.  Section 105.301(e), Education Code, is amended to read as follows:

(e)  The academy is not subject to the provisions of this code, or to the rules of the Texas Education Agency, regulating public schools, except that:

(1)  professional employees of the academy are entitled to the limited liability of an employee under Section 22.0511, 22.0512, or 22.052;

(2)  a student's attendance at the academy satisfies compulsory school attendance requirements; and

(3)  for each student enrolled, the academy is entitled to allotments from the foundation school program under Chapter 42 as if the academy were a school district [~~without a tier one local share for purposes of Section 42.253~~].

SECTION 1.53.  Section 4.008(a), Election Code, is amended to read as follows:

(a)  The [~~Except as provided by Subsection (b), the~~] governing body of a political subdivision, other than a county, that orders an election shall deliver notice of the election to the county clerk and voter registrar of each county in which the political subdivision is located not later than the 60th day before election day.

SECTION 1.54.  Section 403.302(a), Government Code, is amended to read as follows:

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

SECTION 1.55.  Section 437.117(a), Government Code, is amended to read as follows:

(a)  For each student enrolled in the Texas ChalleNGe Academy, the department is entitled to allotments from the Foundation School Program under Chapter 42, Education Code, as if the academy were a school district [~~without a tier one local share for purposes of Section 42.253, Education Code~~].

SECTION 1.56.  Section 1579.251(a), Insurance Code, is amended to read as follows:

(a)  The state shall assist employees of participating school districts and charter schools in the purchase of group health coverage under this chapter by providing for each covered employee the amount of $900 each state fiscal year or a greater amount as provided by the General Appropriations Act. The state contribution shall be distributed through the school finance formulas under Chapter [~~Chapters 41 and~~] 42, Education Code, and used by school districts and charter schools as provided by Section 42.260, Education Code.

SECTION 1.57.  Section 21.01, Tax Code, is amended to read as follows:

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

SECTION 1.58.  Section 21.02(a), Tax Code, is amended to read as follows:

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

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

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

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

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

SECTION 1.59.  Section 26.012, Tax Code, is amended by amending Subdivisions (4) and (9) and adding Subdivision (8-a) to read as follows:

(4)  "Current debt rate" means a rate expressed in dollars per $100 of taxable value and calculated according to the following formula:

CURRENT DEBT RATE = [~~[~~](CURRENT DEBT SERVICE - EXCESS COLLECTIONS) / (CURRENT TOTAL VALUE X COLLECTION RATE)[~~] + CURRENT JUNIOR COLLEGE LEVY / CURRENT TOTAL VALUE~~]

(8-a)  "Effective enrichment rate" means, for a school district, a rate expressed in dollars per $100 of taxable value and calculated according to the following formula:

EFFECTIVE ENRICHMENT RATE = (LAST YEAR'S LEVY - LAST YEAR'S DEBT LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)

(9)  "Effective maintenance and operations rate" means, for a taxing unit other than a school district, a rate expressed in dollars per $100 of taxable value and calculated according to the following formula:

EFFECTIVE MAINTENANCE AND OPERATIONS RATE = (LAST YEAR'S LEVY - LAST YEAR'S DEBT LEVY [~~- LAST YEAR'S JUNIOR COLLEGE LEVY~~]) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)

SECTION 1.60.  Section 26.04, Tax Code, is amended by amending Subsections (c) and (e-1) and adding Subsection (c-1) to read as follows:

(c)  An officer or employee designated by the governing body of a taxing unit other than a school district shall calculate the effective tax rate and the rollback tax rate for the unit, where:

(1)  "Effective tax rate" means a rate expressed in dollars per $100 of taxable value calculated according to the following formula:

EFFECTIVE TAX RATE = (LAST YEAR'S LEVY - LOST PROPERTY LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)

; and

(2)  "Rollback tax rate" means a rate expressed in dollars per $100 of taxable value calculated according to the following formula:

ROLLBACK TAX RATE = (EFFECTIVE MAINTENANCE AND OPERATIONS RATE x 1.08) + CURRENT DEBT RATE

(c-1)  An officer or employee designated by the governing body of a school district shall calculate the effective tax rate for the school district. For purposes of this subsection, "effective tax rate" has the meaning assigned by Subsection (c)(1).

(e-1)  Subsections (e), (i), and (j) [~~The notice requirements imposed by Subsections (e)(1)-(6)~~] do not apply to a school district.

SECTION 1.61.  Section 26.05, Tax Code, is amended by amending Subsections (a), (b), and (g) and adding Subsection (b-1) to read as follows:

(a)  The governing body of each taxing unit, before the later of September 30 or the 60th day after the date the certified appraisal roll is received by the taxing unit, shall adopt a tax rate for the current tax year and shall notify the assessor for the unit of the rate adopted.  The tax rate consists of two components, each of which must be approved separately.  The components are:

(1)  for a taxing unit other than a school district, the rate that, if applied to the total taxable value, will impose the total amount published under Section 26.04(e)(3)(C), less any amount of additional sales and use tax revenue that will be used to pay debt service, or, for a school district, the rate calculated under Section 44.004(c)(5)(A)(ii)(b), Education Code; and

(2)  for a taxing unit other than a school district, the rate that, if applied to the total taxable value, will impose the amount of taxes needed to fund maintenance and operation expenditures of the unit for the next year, or, for a school district, the rate that, if applied to total taxable value, will impose the amount of taxes needed to fund the enrichment expenditures of the school district for the next year.

(b)  A taxing unit may not impose property taxes in any year until the governing body has adopted a tax rate for that year, and the annual tax rate must be set by ordinance, resolution, or order, depending on the method prescribed by law for adoption of a law by the governing body.  The vote on the ordinance, resolution, or order setting the tax rate must be separate from the vote adopting the budget.  For a taxing unit other than a school district, the vote on the ordinance, resolution, or order setting a tax rate that exceeds the effective tax rate must be a record vote, and at least 60 percent of the members of the governing body must vote in favor of the ordinance, resolution, or order.  For a school district, the vote on the ordinance, resolution, or order setting a tax rate that exceeds the sum of the effective enrichment [~~maintenance and operations tax~~] rate of the district [~~as determined under Section 26.08(i)~~] and the district's current debt rate must be a record vote, and at least 60 percent of the members of the governing body must vote in favor of the ordinance, resolution, or order.  A motion to adopt an ordinance, resolution, or order setting a tax rate that exceeds the effective tax rate must be made in the following form:  "I move that the property tax rate be increased by the adoption of a tax rate of (specify tax rate), which is effectively a (insert percentage by which the proposed tax rate exceeds the effective tax rate) percent increase in the tax rate."

(b-1)  If the ordinance, resolution, or order adopted by a governing body under Subsection (b) sets a tax rate that, if applied to the total taxable value, will impose an amount of taxes to fund the maintenance and operation expenditures or, in the case of a school district, the enrichment expenditures of the taxing unit that exceeds the amount of taxes imposed for that purpose in the preceding year, the taxing unit must:

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

(A)  the following statement:  "THIS TAX RATE WILL RAISE MORE TAXES FOR (Insert MAINTENANCE AND OPERATIONS or ENRICHMENT, as applicable) THAN LAST YEAR'S TAX RATE."; and

(B)  if the tax rate exceeds the effective maintenance and operations rate or the effective enrichment rate, as applicable, the following statement:  "THE TAX RATE WILL EFFECTIVELY BE RAISED BY (INSERT PERCENTAGE BY WHICH THE TAX RATE EXCEEDS THE EFFECTIVE MAINTENANCE AND OPERATIONS RATE OR EFFECTIVE ENRICHMENT RATE, AS APPLICABLE) PERCENT AND WILL RAISE TAXES [~~FOR MAINTENANCE AND OPERATIONS~~] ON A $100,000 HOME BY APPROXIMATELY $(Insert amount)."; and

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

(A)  the following statement:  "(Insert name of unit) ADOPTED A TAX RATE THAT WILL RAISE MORE TAXES FOR (Insert MAINTENANCE AND OPERATIONS or ENRICHMENT, as applicable) THAN LAST YEAR'S TAX RATE"; and

(B)  if the tax rate exceeds the effective maintenance and operations rate or the effective enrichment rate, as applicable, the following statement:  "THE TAX RATE WILL EFFECTIVELY BE RAISED BY (INSERT PERCENTAGE BY WHICH THE TAX RATE EXCEEDS THE EFFECTIVE MAINTENANCE AND OPERATIONS RATE OR EFFECTIVE ENRICHMENT RATE, AS APPLICABLE) PERCENT AND WILL RAISE TAXES [~~FOR MAINTENANCE AND OPERATIONS~~] ON A $100,000 HOME BY APPROXIMATELY $(Insert amount)."

(g)  Notwithstanding Subsection (a), the governing body of a school district that elects to adopt a tax rate before the adoption of a budget for the fiscal year that begins in the current tax year may adopt a tax rate for the current tax year before receipt of the certified appraisal roll for the school district if the chief appraiser of the appraisal district in which the school district participates has certified to the assessor for the school district an estimate of the taxable value of property in the school district as provided by Section 26.01(e).  If a school district adopts a tax rate under this subsection, the effective tax rate [~~and the rollback tax rate~~] of the district shall be calculated based on the certified estimate of taxable value.

SECTION 1.62.  Sections 26.16(a) and (d), Tax Code, are amended to read as follows:

(a)  The county assessor-collector for each county that maintains an Internet website shall post on the website of the county the following applicable information for the most recent five tax years [~~beginning with the 2012 tax year~~] for each taxing unit all or part of the territory of which is located in the county:

(1)  the adopted tax rate;

(2)  the maintenance and operations rate;

(3)  the enrichment rate;

(4)  the debt rate;

(5) [~~(4)~~]  the effective tax rate;

(6) [~~(5)~~]  the effective maintenance and operations rate;

(7)  the effective enrichment rate; and

(8) [~~(6)~~]  the rollback tax rate.

(d)  The county assessor-collector shall post immediately below the table prescribed by Subsection (c) the following statement:

"The county is providing this table of property tax rate information as a service to the residents of the county.  Each individual taxing unit is responsible for calculating the property tax rates listed in this table pertaining to that taxing unit and providing that information to the county.

"The adopted tax rate is the tax rate adopted by the governing body of a taxing unit.

"The maintenance and operations rate is the component of the adopted tax rate of a taxing unit other than a school district that will impose the amount of taxes needed to fund maintenance and operation expenditures of the unit for the following year.

"The enrichment rate is the component of the adopted tax rate of a school district that will impose the amount of taxes needed to fund enrichment expenditures of the school district for the following year.

"The debt rate is the component of the adopted tax rate of a taxing unit that will impose the amount of taxes needed to fund the unit's debt service for the following year.

"The effective tax rate is the tax rate that would generate the same amount of revenue in the current tax year as was generated by a taxing unit's adopted tax rate in the preceding tax year from property that is taxable in both the current tax year and the preceding tax year.

"The effective maintenance and operations rate is the tax rate that, if adopted by a taxing unit other than a school district in the current tax year, would generate the same amount of revenue for maintenance and operations in the current tax year as was generated by the [~~a~~] taxing unit's maintenance and operations rate in the preceding tax year from property that is taxable in both the current tax year and the preceding tax year.

"The effective enrichment rate is the tax rate that, if adopted by a school district in the current tax year, would generate the same amount of revenue for enrichment expenditures in the current tax year as was generated by the school district's enrichment rate in the preceding tax year from property that is taxable in both the current tax year and the preceding tax year.

"The rollback tax rate is the highest tax rate a taxing unit other than a school district may adopt before requiring voter approval at an election.  The [~~In the case of a taxing unit other than a school district, the~~] voters by petition may require that a rollback election be held if a taxing unit other than a school district [~~the unit~~] adopts a tax rate in excess of the taxing unit's rollback tax rate.  [~~In the case of a school district, an election will automatically be held if the district wishes to adopt a tax rate in excess of the district's rollback tax rate.~~]"

SECTION 1.63.  Section 31.01, Tax Code, is amended by amending Subsection (d-1) and adding Subsection (d-2) to read as follows:

(d-1)  This subsection applies only to a school district.  In addition to stating the total tax rate for the school district, the tax bill or the separate statement shall separately state:

(1)  the enrichment [~~maintenance and operations~~] rate of the school district;

(2)  if the school district has outstanding debt, as defined by Section 26.012, the debt rate of the district;

(3)  the enrichment [~~maintenance and operations~~] rate of the school district for the preceding tax year;

(4)  if for the current tax year the school district imposed taxes for debt, as defined by Section 26.012, the debt rate of the district for the current tax year;

(5)  if for the preceding tax year the school district imposed taxes for debt, as defined by Section 26.012, the debt rate of the district for that year; and

(6)  the total tax rate of the district for the preceding tax year.

(d-2)  For the 2021 tax year, the "total tax rate of the district for the preceding tax year" as required by Subsection (d-1)(6) shall be computed by adding the district's debt rate for the 2020 tax year and the rate of any tax the district imposed for enrichment in the 2020 tax year. This subsection expires January 1, 2022.

SECTION 1.64.  Section 312.210(b), Tax Code, is amended to read as follows:

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

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

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

SECTION 1.65.  The following provisions are repealed:

(1)  Section 7.055(b)(34), Education Code;

(2)  Section 8.056, Education Code;

(3)  Section 13.054(h), Education Code;

(4)  Section 29.203(g), Education Code;

(5)  Chapter 41, Education Code;

(6)  Sections 42.101(a-1) and (c), Education Code;

(7)  Section 42.158(e), Education Code;

(8)  Section 42.160(b), Education Code;

(9)  Sections 42.2516, 42.2518, and 42.252, Education Code;

(10)  Section 42.2524(f), Education Code;

(11)  Section 42.2528(b), Education Code;

(12)  Section 42.262, Education Code;

(13)  Section 42.302(f), Education Code;

(14)  Section 45.003(f), Education Code;

(15)  Section 45.105(e), Education Code;

(16)  Section 45.109(d), Education Code;

(17)  Section 45.111(b), Education Code;

(18)  Section 3.005(d), Election Code;

(19)  Section 4.008(b), Election Code;

(20)  Sections 825.405(h) and (i), Government Code;

(21)  Sections 21.02(b) and (c), Tax Code;

(22)  Section 25.25(k), Tax Code;

(23)  Sections 26.012(5) and (12), Tax Code;

(24)  Sections 26.08 and 26.085, Tax Code; and

(25)  Section 312.210(c), Tax Code.

SECTION 1.66.  (a) This article takes effect January 1, 2021.

(b)  Chapter 42, Education Code, as amended by this article, applies beginning with the 2021-2022 school year.

(c)  To the extent of any conflict, the repeal by this article of Section 8.056, Education Code, prevails over another Act of the 86th Legislature, Regular Session, 2019, relating to the continuation of regional education service centers.

(d)  The repeal by this article of Chapter 41, Education Code, does not affect the obligations of a school district under that chapter, as it existed before repeal by this article, for the 2020-2021 school year.

(e)  This article does not affect ad valorem taxes imposed before the effective date of this article, and the law in effect before the effective date of this article is continued in effect for purposes of the liability for and collection of those taxes and penalties and interest on those taxes.

ARTICLE 2. STATE FUNDING FOR PUBLIC EDUCATION

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

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

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

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

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

SECTION 2.03.  Section 152.021(b), Tax Code, is amended to read as follows:

(b)  The tax rate is 12 [~~6-1/4~~] percent of the total consideration.

SECTION 2.04.  Section 152.022(b), Tax Code, is amended to read as follows:

(b)  The tax rate is 12 [~~6-1/4~~] percent of the total consideration.

SECTION 2.05.  Section 152.023(b-1), Tax Code, is amended to read as follows:

(b-1)  The tax on a motor vehicle eligible to be issued exhibition vehicle specialty license plates under Section 504.502, Transportation Code, is equal to the lesser of $90 or 12 [~~6.25~~] percent of the total consideration.

SECTION 2.06.  Section 152.026(b), Tax Code, is amended to read as follows:

(b)  The tax rate is 19 [~~10~~] percent of the gross rental receipts from the rental of a rented motor vehicle for 30 days or less and 12 [~~6-1/4~~] percent of the gross rental receipts from the rental of a rented motor vehicle for longer than 30 days.

SECTION 2.07.  Section 152.028(b), Tax Code, is amended to read as follows:

(b)  The tax rate is 12 [~~6-1/4~~] percent of the total consideration.

SECTION 2.08.  Section 152.122, Tax Code, is amended to read as follows:

Sec. 152.122.  ALLOCATION OF TAX. (a) The comptroller shall deposit the funds received under Section 152.121 [~~of this code as follows:~~

[~~(1)  1/4 to the credit of the foundation school fund; and~~

[~~(2)  the remaining funds~~] to the credit of the general revenue fund.

(b)  Notwithstanding Subsection (a), the comptroller shall deposit to the credit of the foundation school fund an amount equal to the amount of money that is:

(1)  received by the comptroller under Sections 152.043, 152.044, 152.045, 152.046, 152.047, and 152.121;

(2)  derived from the taxes imposed under Sections 152.021, 152.022, 152.023, 152.026, and 152.028; and

(3)  attributable to an increase in the rate of a tax described by Subdivision (2) effective October 1, 2020.

SECTION 2.09.  The heading to Section 152.1222, Tax Code, is amended to read as follows:

Sec. 152.1222.  ALLOCATION OF CERTAIN TAX REVENUE TO FOUNDATION SCHOOL [~~PROPERTY TAX RELIEF~~] FUND.

SECTION 2.10.  Section 152.1222(a), Tax Code, is amended to read as follows:

(a)  Notwithstanding Section 152.122, the comptroller shall deposit to the credit of the foundation school fund [~~property tax relief fund under Section 403.109, Government Code,~~] the amount of money received under Section 152.121 that is estimated to have been derived from the computation of the tax imposed by this chapter on the standard presumptive values of motor vehicles or on percentages of those values as provided by Section 152.0412.

SECTION 2.11.  Section 154.6035, Tax Code, is amended to read as follows:

Sec. 154.6035.  ALLOCATION OF CERTAIN REVENUE TO FOUNDATION SCHOOL [~~PROPERTY TAX RELIEF~~] FUND. Notwithstanding Section 154.603, all proceeds from the collection of taxes imposed by this chapter attributable to the portion of the tax rate in excess of $20.50 per thousand on cigarettes, regardless of weight, shall be deposited to the credit of the foundation school fund [~~property tax relief fund under Section 403.109, Government Code~~].

SECTION 2.12.  The heading to Section 155.2415, Tax Code, is amended to read as follows:

Sec. 155.2415.  ALLOCATION OF CERTAIN REVENUE TO FOUNDATION SCHOOL [~~PROPERTY TAX RELIEF~~] FUND AND CERTAIN OTHER FUNDS.

SECTION 2.13.  Section 155.2415(a), Tax Code, is amended to read as follows:

(a)  Notwithstanding Section 155.241, the proceeds from the collection of taxes imposed by Section 155.0211 shall be allocated as follows:

(1)  the amount of the proceeds that is equal to the amount that, if the taxes imposed by Section 155.0211 were imposed at a rate of 40 percent of the manufacturer's list price, exclusive of any trade discount, special discount, or deal, would be attributable to the portion of that tax rate in excess of 35.213 percent, shall be deposited to the credit of the foundation school fund [~~property tax relief fund under Section 403.109, Government Code~~];

(2)  the amount of the proceeds that is equal to the amount that would be attributable to a tax rate of 35.213 percent of the manufacturer's list price, exclusive of any trade discount, special discount, or deal, if the taxes were imposed by Section 155.0211 at that rate, shall be deposited to the credit of the general revenue fund; and

(3)  [~~100 percent of~~] the remaining proceeds shall be deposited to the credit of:

(A)  the physician education loan repayment program account established under Subchapter J, Chapter 61, Education Code; or

(B)  the general revenue fund, if the comptroller determines that the unencumbered beginning balance of the physician education loan repayment account established under Subchapter J, Chapter 61, Education Code, is sufficient to fund appropriations and other direct and indirect costs from that account for the fulfillment of existing and expected physician loan repayment commitments during the current state fiscal biennium.

SECTION 2.14.  The heading to Section 171.4011, Tax Code, is amended to read as follows:

Sec. 171.4011.  ALLOCATION OF CERTAIN REVENUE TO FOUNDATION SCHOOL [~~PROPERTY TAX RELIEF~~] FUND.

SECTION 2.15.  Section 171.4011(a), Tax Code, is amended to read as follows:

(a)  Notwithstanding Section 171.401, [~~beginning with the state fiscal year that begins September 1, 2007,~~] the comptroller shall, for each state fiscal year, deposit to the credit of the foundation school fund [~~property tax relief fund under Section 403.109, Government Code,~~] an amount of revenue calculated by:

(1)  determining the revenue derived from the tax imposed by this chapter as it applied during that [~~applicable~~] state fiscal year; and

(2)  subtracting the revenue the comptroller estimates that the tax imposed by this chapter, as it existed on August 31, 2007, would have generated if it had been in effect for that [~~applicable~~] state fiscal year.

SECTION 2.16.  The following provisions are repealed:

(1)  Section 403.109, Government Code; and

(2)  Section 171.664, Tax Code.

SECTION 2.17.  (a) This article takes effect October 1, 2020.

(b)  On October 1, 2020, the property tax relief fund is abolished and the unencumbered balance of that fund is transferred to the foundation school fund.

(c)  In addition to the substantive changes made by this article, this article conforms Section 152.122, Tax Code, to the method of allocating motor vehicle sales and use taxes in effect before the effective date of this article. Section 11.04, Chapter 4 (S.B. 3), Acts of the 72nd Legislature, 1st Called Session, 1991, enacted former Section 403.094(h), Government Code, which abolished certain state fund dedications and resulted in the abolition of the allocation to the foundation school fund effective August 31, 1995.

(d)  The changes in law made by this article do not affect tax liability accruing before the effective date of this article. That liability continues in effect as if this article had not been enacted, and the former law is continued in effect for the collection of taxes due and for civil and criminal enforcement of the liability for those taxes.