86R3735 GCB/CJC-F

By:  White H.B. No. 1077

A BILL TO BE ENTITLED

AN ACT

relating to public school finance, supporting public education funding through an increase in the state sales and use tax rate, and requiring a reduction in school district maintenance and operation ad valorem taxes; making an appropriation; increasing the rate of a tax.

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

SECTION 1.  Effective September 1, 2020, Section 41.002(a), Education Code, is amended to read as follows:

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

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

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

(3)  the wealth per student that yields the guaranteed level of state and local funds per weighted student in average daily attendance per cent of tax effort as provided by Section 42.302(a-1)(2) [~~$319,500~~], for the district's maintenance and operations tax effort that exceeds the amount of tax effort described by Subdivision (2).

SECTION 2.  Effective September 1, 2020, Section 42.101, Education Code, is amended by amending Subsection (a) and adding Subsections (a-3) and (a-4) to read as follows:

(a)  Except as provided by Subsection (a-3), for [~~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 $5,140 [~~$4,765~~] or the amount that results from the following formula:

A = $5,140 [~~$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.

(a-3)  Beginning with the 2020-2021 school year, the commissioner shall recompute the amount of the basic allotment under Subsection (a) to the maximum amount possible using the funds appropriated to the foundation school fund under Section 151.803, Tax Code, after the additional costs under Sections 41.002(a)(3) and 42.302, as amended by \_\_.B. \_\_\_, Acts of the 86th Legislature, Regular Session, 2019, are deducted, including the required reduction in the calculation of compressed tax rates under Subsection (a-4).

(a-4)  Beginning with the 2020-2021 school year, the commissioner shall recompute the calculation of each district's maximum compressed tax rate under Subsections (a) and (a-1) and the district's tax rate under Section 42.252 to be a rate that would entitle the district to an amount of state and local funds per weighted student in average daily attendance in the current year, using the basic allotment under Subsection (a), equal to the amount of state and local funds to which the district would have been entitled under Chapter 41 and this chapter for the current school year if the guaranteed level under Subsection (a) had remained at $5,140.

SECTION 3.  Effective September 1, 2020, Section 42.302, Education Code, is amended by amending Subsection (a-1) and adding Subsection (a-3) to read as follows:

(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 by which the district's maintenance and operations tax rate exceeds the rate equal to the sum of the product of the state compression percentage, as determined under Section 42.2516, multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year and any additional tax effort included in calculating the district's compressed tax rate under Section 42.101(a-1); and

(2)  the quotient of the maximum basic allotment allowed under Section 42.101(a) or (b) divided by 100 [~~$31.95~~], for the district's maintenance and operations tax effort that exceeds the amount of tax effort described by Subdivision (1).

(a-3)  For the 2020-2021 school year, the commissioner shall recompute the calculation of "DTR" under Subsection (a) for each school district to be a rate that would entitle the district to an amount of state and local funds per weighted student in average daily attendance in the current year, using the guaranteed level of state and local funds per cent of tax effort under Subsection (a-1)(2), equal to the amount of state and local funds to which the district would have been entitled under this chapter for the current school year if the guaranteed level under Subsection (a-1)(2) had remained at $31.95.

SECTION 4.  Effective September 1, 2020, Section 45.003, Education Code, is amended by adding Subsection (g) to read as follows:

(g)  Notwithstanding any other law, the maximum maintenance tax rate that may be adopted under this section is reduced by the average reduction in the tax rate under Section 42.252 resulting from the increase in revenue provided from the funds appropriated to the foundation school fund under Section 151.803, Tax Code.

SECTION 5.  Section 151.051(b), Tax Code, is amended to read as follows:

(b)  The sales tax rate is 7.25 [~~6-1/4~~] percent of the sales price of the taxable item sold.

SECTION 6.  Subchapter M, Chapter 151, Tax Code, is amended by adding Section 151.803 to read as follows:

Sec. 151.803.  ALLOCATION OF CERTAIN REVENUE TO SCHOOL DISTRICT PROPERTY TAX REDUCTION. Notwithstanding Section 151.801, the comptroller shall deposit an amount of revenue equal to the proceeds 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 to the credit of an account in the foundation school fund. Money credited to the account may be appropriated only to the Texas Education Agency for use by the commissioner of education to provide property tax relief by increasing the basic allotment, equalized wealth level, and guaranteed level under Chapters 41 and 42, Education Code, and requiring the compression of property tax rates.

SECTION 7.  A school district shall use the revenues derived from the increase in the equalized wealth level in Section 41.002, Education Code, as amended by this Act, the basic allotment under Section 42.101(a-3), Education Code, as added by this Act, and the guaranteed level in Section 42.302, Education Code, as amended by this Act, to reduce the district's tax rate for maintenance and operations for the 2020-2021 and 2021-2022 school years. The commissioner shall adopt rules regarding the operation and enforcement of this section.

SECTION 8.  For the state fiscal year beginning September 1, 2020, all money credited to the account created under Section 151.803, Tax Code, as added by this Act, preceding or during that year is appropriated from that account to the Texas Education Agency to be used by the commissioner of education to increase the basic allotment, equalized wealth level, and guaranteed level under Chapters 41 and 42, Education Code, and require the compression of property tax rates.

SECTION 9.  The change in law made by this Act does not affect taxes imposed before the effective date of this Act, and the law in effect before that date is continued in effect for purposes of the liability for and collection of those taxes.

SECTION 10.  Except as otherwise provided by this Act, this Act takes effect January 1, 2020.