

By: Murr, Burrows, Burns, Canales, Darby,
et al.

H.B. No. 297

A BILL TO BE ENTITLED

AN ACT

relating to the public school finance system, the elimination of school district maintenance and operations ad valorem taxes, and the creation of a joint interim committee on the elimination of those taxes.

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

SECTION 1. Chapter 26, Tax Code, is amended by adding Section 26.035 to read as follows:

Sec. 26.035. PROHIBITION ON IMPOSITION OF MAINTENANCE AND OPERATIONS TAX BY SCHOOL DISTRICTS; AUTHORIZATION FOR ENRICHMENT TAX. (a) Notwithstanding any other law and except as provided by Subsection (b), beginning January 1, 2022:

(1) a school district may not impose a tax for maintenance and operations purposes; and

(2) each school district is entitled to funding under Chapters 42 and 46, Education Code, for each school year as if the district had:

(A) a maintenance and operations tax rate equal to the state maximum compressed tax rate as defined by Section 42.101, Education Code; and

(B) no local share for purposes of Section 42.253, Education Code.

(b) Subsection (a) does not affect the authority of a school district to impose an enrichment tax at a rate not to exceed \$0.17

1 per \$100 of taxable value of property in the district for the
2 purpose of providing additional revenue to enrich the educational
3 opportunities of students enrolled in the district. The revenue
4 attributable to the tax authorized under this subsection is in
5 addition to any money received by the district from the state.

6 (c) A reference in this code, the Education Code, or any
7 other law to a school district's authority to impose a maintenance
8 tax or a maintenance and operations tax may not be construed in a
9 manner inconsistent with this section.

10 SECTION 2. (a) In this section, "committee" means the joint
11 interim committee on the elimination of school district maintenance
12 and operations ad valorem taxes.

13 (b) The joint interim committee on the elimination of school
14 district maintenance and operations ad valorem taxes is composed
15 of:

16 (1) four members of the house of representatives
17 appointed by the speaker of the house of representatives;

18 (2) four senators appointed by the lieutenant
19 governor;

20 (3) three members appointed by the governor;

21 (4) one advisory member of an organization interested
22 in the effect of consumption taxes on low-income and
23 moderate-income households and the effect of consumption taxes on
24 consumer spending in this state appointed by the speaker of the
25 house of representatives;

26 (5) one advisory member of an organization interested
27 in the effect of consumption taxes on low-income and

1 moderate-income households and the effect of consumption taxes on
2 consumer spending in this state appointed by the lieutenant
3 governor;

4 (6) one advisory member of an organization
5 representing retailers and other businesses in competition with
6 businesses in neighboring states that would be affected by higher
7 consumption taxes appointed by the speaker of the house of
8 representatives; and

9 (7) one advisory member of an organization
10 representing retailers and other businesses in competition with
11 businesses in neighboring states that would be affected by higher
12 consumption taxes appointed by the lieutenant governor.

13 (b-1) The advisory members appointed under Subsection (b)
14 of this section are non-voting members of the committee.

15 (c) The speaker of the house of representatives and the
16 lieutenant governor shall make the appointments under Subsection
17 (b) of this section not later than the 60th day after the effective
18 date of this Act.

19 (d) The speaker of the house of representatives and the
20 lieutenant governor shall each designate a co-chair from among the
21 committee members.

22 (e) The committee shall convene at the joint call of the
23 co-chairs.

24 (f) The committee has all other powers and duties provided
25 to a special or select committee by the rules of the senate and
26 house of representatives, by Subchapter B, Chapter 301, Government
27 Code, and by policies of the senate and house committees on

1 administration.

2 (g) The committee shall consider and evaluate:

3 (1) the effectiveness of increasing the rate or
4 expanding the application of consumption taxes currently imposed by
5 the state and using the revenue attributable to the increase or
6 expansion to meet the state's constitutional duty to make suitable
7 provision for the support and maintenance of an efficient system of
8 public free schools in the state;

9 (2) the effectiveness of imposing consumption taxes
10 not currently imposed by the state and using the revenue
11 attributable to the imposition of those taxes to meet the state's
12 constitutional duty to make suitable provision for the support and
13 maintenance of an efficient system of public free schools in the
14 state;

15 (3) the ability of state-imposed consumption taxes to
16 adequately respond to annual changes in funding needs that are
17 unique to school districts in the state; and

18 (4) the effects of an increase in consumption taxes on
19 the residents of this state and businesses located in this state.

20 (h) Not later than November 1, 2020, the committee shall
21 provide to the legislature a written report:

22 (1) addressing the feasibility of using consumption
23 taxes for the support and maintenance of an efficient system of
24 public free schools in the state;

25 (2) proposing a comprehensive plan to use revenue
26 attributable to consumption taxes for the support and maintenance
27 of an efficient system of public free schools in the state; and

1 (3) proposing legislation necessary to implement the
2 comprehensive plan described by Subdivision (2) of this subsection.

3 (i) The proposals made in the report under Subsection (h) of
4 this section must allow for the imposition by a school district of
5 an ad valorem tax at a rate not to exceed \$0.17 per \$100 of taxable
6 value of property in the district for the purpose of enriching
7 educational opportunities for students enrolled in the district.

8 (j) The committee is abolished January 1, 2021.

9 SECTION 3. This Act takes effect immediately if it receives
10 a vote of two-thirds of all the members elected to each house, as
11 provided by Section 39, Article III, Texas Constitution. If this
12 Act does not receive the vote necessary for immediate effect, this
13 Act takes effect September 1, 2019.