

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

1 offense;

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

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

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

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

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

14 (D) student admissions under Section 25.001;

15 (E) school attendance under Sections 25.085,
16 25.086, and 25.087;

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

19 (G) elementary class size limits under Section
20 25.112, in the case of any campus in the district that fails to
21 satisfy any standard under Section 39.054(e);

22 (H) high school graduation under Section 28.025;

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

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

27 (K) prekindergarten programs under Subchapter E,

1 Chapter 29;

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

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

7 (N) extracurricular activities under Section
8 33.081;

9 (O) health and safety under Chapter 38;

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

12 (Q) ~~[equalized wealth under Chapter 41,~~

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

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

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

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

27 SECTION 1.04. Section 12.106(a), Education Code, is amended

1 to read as follows:

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

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

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

22 (i) The funding provided under Subsection (f) or [7] (g)[7
23 ~~or (h)~~] is in addition to other funding the district receives
24 through other provisions of this code, including Chapter [~~Chapters~~
25 ~~41 and~~] 42.

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

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

$$8 \quad \text{MS} = \text{SF} \times \text{FS}$$

9 where:

10 "MS" is the minimum monthly salary;

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

13 "FS" is the amount, as determined by the commissioner under
14 Subsection (b), of the basic allotment as provided by Section
15 42.101(a) or (b) [~~for a school district with a maintenance and~~
16 ~~operations tax rate at least equal to the state maximum compressed~~
17 ~~tax rate, as defined by Section 42.101(a)].~~

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

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

1 ~~distribution of grants to a district that does not receive~~
2 ~~Foundation School Program payments.]~~

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

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

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

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

27 SECTION 1.10. Section 21.413(h), Education Code, is amended

1 to read as follows:

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

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

15 (f) The commissioner may proportionally reduce the amount
16 of funding a district receives under Chapter [~~41~~] 42[~~7~~] or 46 and
17 the average daily attendance calculation for the district if the
18 district operates on a calendar that provides fewer minutes of
19 operation than required under Subsection (a).

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

22 (b) Except as provided by Subsection (c), costs of an
23 approved contract for residential placement may be paid from a
24 combination of federal and[~~7~~] state[~~7 and local~~] funds. [~~The local
25 share of the total contract cost for each student is that portion of
26 the local tax effort that exceeds the district's local fund
27 assignment under Section 42.252, divided by the average daily~~]

1 ~~attendance in the district. If the contract involves a private~~
2 ~~facility, the state share of the total contract cost is that amount~~
3 ~~remaining after subtracting the local share. If the contract~~
4 ~~involves a public facility, the state share is that amount~~
5 ~~remaining after subtracting the local share from the portion of the~~
6 ~~contract that involves the costs of instructional and related~~
7 ~~services. For purposes of this subsection, "local tax effort"~~
8 ~~means the total amount of money generated by taxes imposed for debt~~
9 ~~service and maintenance and operation less any amounts paid into a~~
10 ~~tax increment fund under Chapter 311, Tax Code.]~~

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

13 (j) For purposes of funding under Chapters [~~41~~] 42[~~7~~] and
14 46, a student attending a program authorized by this section may be
15 counted in attendance only for the actual number of hours each
16 school day the student attends the program, in accordance with
17 Section 25.081.

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

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

1 the sum of the state aid received because of the allotment under
2 Section 42.157 and money from the available school fund
3 attributable to the student.

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

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

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

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

1 ~~Program costs per student of the district providing education~~
2 ~~services and the sum of the state aid and the money from the~~
3 ~~available school fund received by the district that is attributable~~
4 ~~to the student for the portion of the school year for which the~~
5 ~~district provides education services to the student.]~~

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

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

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

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

18 ~~(3)]~~ determine a district's weighted average daily
19 attendance in accordance with this chapter as it existed on January
20 1, 2011.

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

23 (a) For each student in average daily attendance, not
24 including the time students spend each day in special education
25 programs in an instructional arrangement other than mainstream or
26 career and technology education programs, for which an additional
27 allotment is made under Subchapter C, a district is entitled to an

1 allotment equal to [~~the lesser of~~] \$4,765 [~~or the amount that~~
 2 ~~results from the following formula:~~

3
$$[A = \$4,765 \times (DCR/MCR)]$$

4 [~~where:~~

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

6 ~~["DCR" is the district's compressed tax rate, which is the~~
 7 ~~product of the state compression percentage, as determined under~~
 8 ~~Section 42.2516, multiplied by the maintenance and operations tax~~
 9 ~~rate adopted by the district for the 2005 tax year; and~~

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

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

15 (b) The program shall be financed by:

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

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

21 (2) [~~(3)]~~ state available school funds distributed in
 22 accordance with law; and

23 (3) [~~(4)]~~ state funds appropriated for the purposes of
 24 public school education and allocated to each district in an amount
 25 sufficient to finance the cost of each district's Foundation School
 26 Program not covered by other funds specified in this subsection.

27 SECTION 1.20. Section 42.2511(b), Education Code, is

1 amended to read as follows:

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

8 (1) the amount described by Section 12.106; and

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

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

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

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

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

27 SECTION 1.23. Section 42.2523(a), Education Code, is

1 amended to read as follows:

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

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

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

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

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

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

26 [~~(2) reimbursement for a school district required to~~
27 ~~take action under Chapter 41 may be provided from funds described by~~

1 ~~Subdivision (1)(B) if funds remain available after fully~~
2 ~~reimbursing each school district described by Subdivision (1) for~~
3 ~~its disaster remediation costs].~~

4 (d) If the amount of money available for purposes of
5 reimbursing school districts [~~not required to take action under~~
6 ~~Chapter 41~~] is not sufficient to fully reimburse each district's
7 disaster remediation costs, the commissioner shall reduce the
8 amount of assistance provided to each of those districts
9 proportionately. [~~If the amount of money available for purposes of~~
10 ~~reimbursing school districts required to take action under Chapter~~
11 ~~41 is not sufficient to fully reimburse each district's disaster~~
12 ~~remediation costs, the commissioner shall reduce the amount of~~
13 ~~assistance provided to each of those districts proportionately.]~~

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

- 16 (a) For each school year the commissioner shall determine:
- 17 (1) the amount of money to which a school district is
 - 18 entitled under Subchapters B and C;
 - 19 (2) the amount of money to which a school district is
 - 20 entitled under Subchapter F;
 - 21 (3) the amount of money allocated to the district from
 - 22 the available school fund; and
 - 23 (4) [~~the amount of each district's tier one local share~~
24 ~~under Section 42.252, and~~
 - 25 [~~5~~] the amount of each district's tier two local
 - 26 share under Section 42.302.

27 (c) Each school district is entitled to an amount equal to

1 the difference for that district between the sum of Subsections
 2 (a)(1) and (a)(2) and the sum of Subsections (a)(3) and[7] (a)(4)[7
 3 ~~and (a)(5)]~~.

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

26 [~~1~~] a district's or school's entitlement under this
 27 section is increased by an amount equal to the adjustment made under

1 this subsection~~[, and~~

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

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

8 (a) The commissioner may make adjustments to amounts due to
9 a school district under this chapter or Chapter 46, ~~[or to amounts~~
10 ~~necessary for a district to comply with the requirements of Chapter~~
11 ~~41,~~] as provided by this section.

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

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

25 (2) if the adjustment is made in the first year of a
26 state fiscal biennium, cause the amount to which school districts
27 are entitled under this chapter for the second year of the biennium

1 to exceed the amount appropriated for purposes of the Foundation
2 School Program for that year.

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

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

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

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

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

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

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

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

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

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

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

24
$$\text{GYA} = (\text{GL} \times \text{WADA} \times \text{DTR} \times 100) - \text{LR}$$

25 where:

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

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

5 "WADA" is the number of students in weighted average daily
6 attendance, which is calculated by dividing the sum of the school
7 district's allotments under Subchapters B and C, less any allotment
8 to the district for transportation, any allotment under Section
9 42.158 or 42.160, and 50 percent of the adjustment under Section
10 42.102, by the basic allotment for the applicable year;

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

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

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

26 (1) the greater of the amount of district tax revenue
27 per weighted student per cent of tax effort that would be available

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

14 (2) \$31.95, for the district's enrichment ~~[maintenance~~
 15 ~~and operations]~~ tax effort that exceeds the amount of tax effort
 16 described by Subdivision (1).

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

21 (b) In computing the district enrichment tax rate of a
 22 school district, the total amount of enrichment ~~[maintenance and~~
 23 ~~operations]~~ taxes collected by the school district does not include
 24 the amount of [+
 25

26 ~~(1) the district's local fund assignment under~~
 27 ~~Section 42.252, or~~

28 ~~(2)]~~ taxes paid into a tax increment fund under

1 Chapter 311, Tax Code.

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

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

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

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

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

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

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

27 "The (name of school district) will hold a public meeting at

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

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

- 18 (A) enrichment [~~maintenance and operations~~];
19 (B) debt service; and
20 (C) total expenditures;

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

27 (4) contain a statement of the total amount of the

1 outstanding and unpaid bonded indebtedness of the school district;

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

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

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

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

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

27 (b) in the case of "Interest & Sinking

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

11 (iii) the "Proposed Rate";

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

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

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

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

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

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

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

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

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

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

25 (B) contain the following information:
26 "Increase (Decrease) in Taxes" expressed in dollars and cents,
27 which is computed by subtracting the "Taxes Due on Average

1 Residence" for the preceding tax year from the "Taxes Due on Average
2 Residence" for the current tax year;

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

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

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

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

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

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

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

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

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

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

1 tax year; and

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

6 (c-3) Subsection (c-2) and this subsection expire January
7 1, 2022.

8 (i) A school district that uses a certified estimate, as
9 authorized by Subsection (h), may adopt a budget at the public
10 meeting designated in the notice prepared using the estimate, but
11 the district may not adopt a tax rate before the district receives
12 the certified appraisal roll for the district required by Section
13 26.01(a), Tax Code. After receipt of the certified appraisal roll,
14 the district must publish a revised notice and hold another public
15 meeting before the district may adopt a tax rate that exceeds[+]

16 [~~1~~] the rate proposed in the notice prepared using
17 the estimate[~~, or~~

18 [~~2~~ the district's rollback rate determined under
19 Section 26.08, Tax Code, using the certified appraisal roll].

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

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

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

25 Sec. 45.002. ENRICHMENT [~~MAINTENANCE~~] TAXES. The governing
26 board of an independent school district, including the city council
27 or commission that has jurisdiction over a municipally controlled

1 independent school district, the governing board of a rural high
2 school district, and the commissioners court of a county, on behalf
3 of each common school district under its jurisdiction, may levy,
4 assess, and collect annual ad valorem taxes for the enrichment
5 [~~further maintenance~~] of public schools in the district, subject to
6 Section 45.003.

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

10 (a-1) The governing board or commissioners court may levy
11 the tax described by Section 45.002 at a rate of \$0.04 or less per
12 \$100 of taxable value without an election.

13 (a-2) A governing board or commissioners court that, for the
14 2020 tax year, levied an enrichment tax at a rate in excess of \$0.04
15 per \$100 of taxable value may continue to levy the tax at a rate that
16 does not exceed that rate without an election.

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

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

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

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

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

10 (B) is greater than \$5 million;

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

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

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

19 (2) the [~~additional~~] taxes are:

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

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

26 (c) Except as provided by Subsection (e), any [~~additional~~]
27 maintenance taxes that the district collects under this section may

1 be used only to pay the district's debt under Subsection (b)(1).

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

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

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

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

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

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

26 Sec. 45.007. AD VALOREM TAX FOR JUNIOR COLLEGE PURPOSES IN
27 CERTAIN SCHOOL DISTRICTS. (a) This section applies only to an

1 independent school district in a county with a population of more
2 than two million.

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

10 (c) All real property purchased with proceeds of a tax
11 imposed under this section or with funds dedicated under Section
12 45.105(e) as that section existed January 1, 2020, is the property
13 of the school district but is subject to the exclusive control of
14 the governing body of the junior college district for as long as the
15 junior college district uses the property for educational purposes.

16 (d) An independent school district that, under Section
17 45.105(e) as that section existed January 1, 2020, dedicated a
18 specific percentage of the school district's tax levy to the use of
19 a junior college district governed by the school district for
20 facilities and equipment or for the maintenance and operating
21 expenses of the junior college district is not required to hold an
22 election to impose a tax under this section.

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

27 SECTION 1.39. Section 45.104(a), Education Code, is amended

1 to read as follows:

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

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

13 (a) Independent or consolidated school districts may borrow
14 money for the purpose of paying maintenance expenses and may
15 evidence those loans with negotiable or nonnegotiable notes, except
16 that the loans may not at any time exceed 75 percent of the previous
17 year's income. The notes may be payable from and secured by a lien
18 on and pledge of any available funds of the district [~~, including~~
19 ~~proceeds of a maintenance tax~~]. The term "maintenance expenses" or
20 "maintenance expenditures" as used in this section means any lawful
21 expenditure of the school district other than payment of principal
22 of and interest on bonds. The term includes expenditures relating
23 to notes issued to refund notes previously issued under this
24 section if the refunding notes are coterminous with the refunded
25 obligation. The term also includes all costs incurred in
26 connection with environmental cleanup and asbestos cleanup and
27 removal programs implemented by school districts or in connection

1 with the maintenance, repair, rehabilitation, or replacement of
2 heating, air conditioning, water, sanitation, roofing, flooring,
3 electric, or other building systems of existing school properties.
4 Notes issued pursuant to this section may be issued to mature in not
5 more than 20 years from their date. Notes issued for a term longer
6 than one year must be treated as "debt" as defined in Section
7 26.012(7), Tax Code.

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

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

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

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

1 ~~independent school districts for other maintenance taxes. A~~
2 ~~maintenance tax may not be pledged to the payment of any contract or~~
3 ~~assessed, levied, or collected unless an election is held in the~~
4 ~~district, and the maintenance tax for that purpose is favorably~~
5 ~~voted by a majority of the qualified voters of the district. The~~
6 ~~election order for an election under this subsection must include~~
7 ~~the polling place or places and any other matters considered~~
8 ~~advisable by the board of trustees.]~~

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

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

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

17 (a) If the commissioner orders payment from the money
18 appropriated to the Foundation School Program on behalf of a school
19 district ~~[that is not required to reduce its wealth per student~~
20 ~~under Chapter 41]~~, the commissioner shall direct the comptroller to
21 withhold the amount paid from the first state money payable to the
22 district. ~~[If the commissioner orders payment from the money~~
23 ~~appropriated to the Foundation School Program on behalf of a school~~
24 ~~district that is required to reduce its wealth per student under~~
25 ~~Chapter 41, the commissioner shall increase amounts due from the~~
26 ~~district under that chapter in a total amount equal to the amount of~~
27 ~~payments made on behalf of the district under this subchapter.]~~

1 Amounts withheld [~~or received~~] under this subsection shall be used
2 for the Foundation School Program.

3 (e) Any part of a school district's tax rate attributable to
4 producing revenue for purposes of Subsection (c)(1) is considered
5 part of the district's[+]

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 (f) For each student enrolled in the academy, the academy is
4 entitled to allotments from the foundation school fund under
5 Chapter 42 as if the academy were a school district [~~without a tier~~
6 ~~one local share for purposes of Section 42.253~~]. If in any academic
7 year the amount of the allotments under this subsection exceeds the
8 amount of state funds paid to the academy in the first fiscal year
9 of the academy's operation, the commissioner of education shall set
10 aside from the total amount of funds to which school districts are
11 entitled under Section 42.253(c) an amount equal to the excess
12 amount and shall distribute that amount to the academy. After
13 deducting the amount set aside and paid to the academy by the
14 commissioner of education under this subsection, the commissioner
15 of education shall reduce the amount to which each district is
16 entitled under Section 42.253(c) in the manner described by Section
17 42.253(h). A determination of the commissioner of education under
18 this subsection is final and may not be appealed.

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

21 Sec. 87.208. SEABORNE CONSERVATION CORPS. If the board of
22 regents of The Texas A&M University System administers a program
23 that is substantially similar to the Seaborne Conservation Corps as
24 it was administered by the board during the 1998-1999 school year,
25 the program is entitled, for each student enrolled, to allotments
26 from the Foundation School Program under Chapter 42 as if the
27 program were a school district [~~except that the program has a local~~

1 ~~share applied that is equivalent to the local fund assignment of the~~
2 ~~school district in which the principal facilities of the program~~
3 ~~are located].~~

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

6 (g) For each student enrolled in the academy, the academy is
7 entitled to allotments from the foundation school fund under
8 Chapter 42 as if the academy were a school district [~~without a tier~~
9 ~~one local share for purposes of Section 42.253~~]. If in any academic
10 year the amount of the allotments under this subsection exceeds the
11 amount of state funds paid to the academy in the first fiscal year
12 of the academy's operation, the commissioner of education shall set
13 aside from the total amount of funds to which school districts are
14 entitled under Section 42.253(c) an amount equal to the excess
15 amount and shall distribute that amount to the academy. After
16 deducting the amount set aside and paid to the academy by the
17 commissioner of education under this subsection, the commissioner
18 of education shall reduce the amount to which each district is
19 entitled under Section 42.253(c) in the manner described by Section
20 42.253(h). A determination of the commissioner of education under
21 this subsection is final and may not be appealed.

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

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

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

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

6 (1) professional employees of the academy are entitled
7 to the limited liability of an employee under Section 22.0511,
8 22.0512, or 22.052;

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

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

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

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

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

25 (a) The comptroller shall conduct a study using comparable
26 sales and generally accepted auditing and sampling techniques to
27 determine the total taxable value of all property in each school

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

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

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

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

17 (a) The state shall assist employees of participating
18 school districts and charter schools in the purchase of group
19 health coverage under this chapter by providing for each covered
20 employee the amount of \$900 each state fiscal year or a greater
21 amount as provided by the General Appropriations Act. The state
22 contribution shall be distributed through the school finance
23 formulas under Chapter [~~Chapters 41 and~~] 42, Education Code, and
24 used by school districts and charter schools as provided by Section
25 42.260, Education Code.

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

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

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

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

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

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

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

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

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

26 (4) "Current debt rate" means a rate expressed in
27 dollars per \$100 of taxable value and calculated according to the

1 following formula:

$$2 \quad \text{CURRENT DEBT RATE} = [\div] (\text{CURRENT DEBT SERVICE} - \text{EXCESS}$$

$$3 \text{ COLLECTIONS}) / (\text{CURRENT TOTAL VALUE} \times \text{COLLECTION RATE}) [\div] + \text{CURRENT}$$

$$4 \quad \text{JUNIOR COLLEGE LEVY} / \text{CURRENT TOTAL VALUE}]$$

5 (8-a) "Effective enrichment rate" means, for a school
 6 district, a rate expressed in dollars per \$100 of taxable value and
 7 calculated according to the following formula:

$$8 \quad \text{EFFECTIVE ENRICHMENT RATE} = (\text{LAST YEAR'S LEVY} - \text{LAST YEAR'S DEBT}$$

$$9 \quad \text{LEVY}) / (\text{CURRENT TOTAL VALUE} - \text{NEW PROPERTY VALUE})$$

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

$$14 \quad \text{EFFECTIVE MAINTENANCE AND OPERATIONS RATE} = (\text{LAST YEAR'S LEVY} -$$

$$15 \quad \text{LAST YEAR'S DEBT LEVY} [\div] \text{LAST YEAR'S JUNIOR COLLEGE LEVY}) /$$

$$16 \quad (\text{CURRENT TOTAL VALUE} - \text{NEW PROPERTY VALUE})$$

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

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

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

$$26 \quad \text{EFFECTIVE TAX RATE} = (\text{LAST YEAR'S LEVY} - \text{LOST PROPERTY}$$

$$27 \quad \text{LEVY}) / (\text{CURRENT TOTAL VALUE} - \text{NEW PROPERTY VALUE})$$

1 ; and

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

5
$$\text{ROLLBACK TAX RATE} = (\text{EFFECTIVE MAINTENANCE AND OPERATIONS RATE} \times$$

6
$$1.08) + \text{CURRENT DEBT RATE}$$

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

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

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

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

23 (1) for a taxing unit other than a school district, the
24 rate that, if applied to the total taxable value, will impose the
25 total amount published under Section 26.04(e)(3)(C), less any
26 amount of additional sales and use tax revenue that will be used to
27 pay debt service, or, for a school district, the rate calculated

1 under Section [44.004](#)(c)(5)(A)(ii)(b), Education Code; and

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

9 (b) A taxing unit may not impose property taxes in any year
10 until the governing body has adopted a tax rate for that year, and
11 the annual tax rate must be set by ordinance, resolution, or order,
12 depending on the method prescribed by law for adoption of a law by
13 the governing body. The vote on the ordinance, resolution, or
14 order setting the tax rate must be separate from the vote adopting
15 the budget. For a taxing unit other than a school district, the
16 vote on the ordinance, resolution, or order setting a tax rate that
17 exceeds the effective tax rate must be a record vote, and at least
18 60 percent of the members of the governing body must vote in favor
19 of the ordinance, resolution, or order. For a school district, the
20 vote on the ordinance, resolution, or order setting a tax rate that
21 exceeds the sum of the effective enrichment [~~maintenance and~~
22 ~~operations tax~~] rate of the district [~~as determined under Section~~
23 ~~[26.08\(i\)](#)~~] and the district's current debt rate must be a record
24 vote, and at least 60 percent of the members of the governing body
25 must vote in favor of the ordinance, resolution, or order. A
26 motion to adopt an ordinance, resolution, or order setting a tax
27 rate that exceeds the effective tax rate must be made in the

1 following form: "I move that the property tax rate be increased by
2 the adoption of a tax rate of (specify tax rate), which is
3 effectively a (insert percentage by which the proposed tax rate
4 exceeds the effective tax rate) percent increase in the tax
5 rate."

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

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

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

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

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

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

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

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

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

27 (a) The county assessor-collector for each county that

1 maintains an Internet website shall post on the website of the
2 county the following applicable information for the most recent
3 five tax years [~~beginning with the 2012 tax year~~] for each taxing
4 unit all or part of the territory of which is located in the county:

- 5 (1) the adopted tax rate;
- 6 (2) the maintenance and operations rate;
- 7 (3) the enrichment rate;
- 8 (4) the debt rate;
- 9 (5) [~~(4)~~] the effective tax rate;
- 10 (6) [~~(5)~~] the effective maintenance and operations
11 rate;
- 12 (7) the effective enrichment rate; and
- 13 (8) [~~(6)~~] the rollback tax rate.

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

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

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

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

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

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

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

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

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

26 "The rollback tax rate is the highest tax rate a taxing unit
27 other than a school district may adopt before requiring voter

1 approval at an election. The [~~In the case of a taxing unit other~~
2 ~~than a school district, the~~] voters by petition may require that a
3 rollback election be held if a taxing unit other than a school
4 district [~~the unit~~] adopts a tax rate in excess of the taxing unit's
5 rollback tax rate. [~~In the case of a school district, an election~~
6 ~~will automatically be held if the district wishes to adopt a tax~~
7 ~~rate in excess of the district's rollback tax rate.]"~~

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

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

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

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

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

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

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

27 (6) the total tax rate of the district for the

1 preceding tax year.

2 (d-2) For the 2021 tax year, the "total tax rate of the
3 district for the preceding tax year" as required by Subsection
4 (d-1)(6) shall be computed by adding the district's debt rate for
5 the 2020 tax year and the rate of any tax the district imposed for
6 enrichment in the 2020 tax year. This subsection expires January 1,
7 2022.

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

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

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

18 (2) an amount equal to 10 percent of the maximum
19 portion of the value of the property that may under Section
20 312.204(a) be otherwise exempted from taxation.

21 SECTION 1.65. The following provisions are repealed:

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

23 (2) Section 8.056, Education Code;

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

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

26 (5) Chapter 41, Education Code;

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

- 1 (7) Section 42.158(e), Education Code;
- 2 (8) Section 42.160(b), Education Code;
- 3 (9) Sections 42.2516, 42.2518, and 42.252, Education
4 Code;
- 5 (10) Section 42.2524(f), Education Code;
- 6 (11) Section 42.2528(b), Education Code;
- 7 (12) Section 42.262, Education Code;
- 8 (13) Section 42.302(f), Education Code;
- 9 (14) Section 45.003(f), Education Code;
- 10 (15) Section 45.105(e), Education Code;
- 11 (16) Section 45.109(d), Education Code;
- 12 (17) Section 45.111(b), Education Code;
- 13 (18) Section 3.005(d), Election Code;
- 14 (19) Section 4.008(b), Election Code;
- 15 (20) Sections 825.405(h) and (i), Government Code;
- 16 (21) Sections 21.02(b) and (c), Tax Code;
- 17 (22) Section 25.25(k), Tax Code;
- 18 (23) Sections 26.012(5) and (12), Tax Code;
- 19 (24) Sections 26.08 and 26.085, Tax Code; and
- 20 (25) Section 312.210(c), Tax Code.

21 SECTION 1.66. (a) This article takes effect January 1,
22 2021.

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

25 (c) To the extent of any conflict, the repeal by this
26 article of Section 8.056, Education Code, prevails over another Act
27 of the 86th Legislature, Regular Session, 2019, relating to the

1 continuation of regional education service centers.

2 (d) The repeal by this article of Chapter 41, Education
3 Code, does not affect the obligations of a school district under
4 that chapter, as it existed before repeal by this article, for the
5 2020-2021 school year.

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

11 ARTICLE 2. STATE FUNDING FOR PUBLIC EDUCATION

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

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

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

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

23 (b-1) Notwithstanding any other provision of this section,
24 an amount of revenue under this chapter equal to the proceeds, other
25 than the proceeds allocated under Subsection (b), derived from the
26 collection of taxes imposed by this chapter attributable to the
27 portion of the tax rate in excess of 6.25 percent of the sales price

1 of the taxable item sold shall be deposited to the credit of the
2 foundation school fund.

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

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

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

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

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

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

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

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

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

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

27 SECTION 2.08. Section 152.122, Tax Code, is amended to read

1 as follows:

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

5 ~~[(1) 1/4 to the credit of the foundation school fund,~~
6 ~~and~~

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

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

12 (1) received by the comptroller under Sections
13 152.043, 152.044, 152.045, 152.046, 152.047, and 152.121;

14 (2) derived from the taxes imposed under Sections
15 152.021, 152.022, 152.023, 152.026, and 152.028; and

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

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

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

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

24 (a) Notwithstanding Section 152.122, the comptroller shall
25 deposit to the credit of the foundation school fund [~~property tax~~
26 ~~relief fund under Section 403.109, Government Code,~~] the amount of
27 money received under Section 152.121 that is estimated to have been

1 derived from the computation of the tax imposed by this chapter on
2 the standard presumptive values of motor vehicles or on percentages
3 of those values as provided by Section 152.0412.

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

6 Sec. 154.6035. ALLOCATION OF CERTAIN REVENUE TO FOUNDATION
7 SCHOOL [~~PROPERTY TAX RELIEF~~] FUND. Notwithstanding Section
8 154.603, all proceeds from the collection of taxes imposed by this
9 chapter attributable to the portion of the tax rate in excess of
10 \$20.50 per thousand on cigarettes, regardless of weight, shall be
11 deposited to the credit of the foundation school fund [~~property tax~~
12 ~~relief fund under Section 403.109, Government Code~~].

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

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

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

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

22 (1) the amount of the proceeds that is equal to the
23 amount that, if the taxes imposed by Section 155.0211 were imposed
24 at a rate of 40 percent of the manufacturer's list price, exclusive
25 of any trade discount, special discount, or deal, would be
26 attributable to the portion of that tax rate in excess of 35.213
27 percent, shall be deposited to the credit of the foundation school

1 fund [~~property tax relief fund under Section 403.109, Government~~
2 ~~Code~~];

3 (2) the amount of the proceeds that is equal to the
4 amount that would be attributable to a tax rate of 35.213 percent of
5 the manufacturer's list price, exclusive of any trade discount,
6 special discount, or deal, if the taxes were imposed by Section
7 155.0211 at that rate, shall be deposited to the credit of the
8 general revenue fund; and

9 (3) [~~100 percent of~~] the remaining proceeds shall be
10 deposited to the credit of:

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

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

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

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

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

27 (a) Notwithstanding Section 171.401, [~~beginning with the~~

1 ~~state fiscal year that begins September 1, 2007,~~] the comptroller
2 shall, for each state fiscal year, deposit to the credit of the
3 foundation school fund [~~property tax relief fund under Section~~
4 ~~403.109, Government Code,~~] an amount of revenue calculated by:

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

8 (2) subtracting the revenue the comptroller estimates
9 that the tax imposed by this chapter, as it existed on August 31,
10 2007, would have generated if it had been in effect for that
11 [~~applicable~~] state fiscal year.

12 SECTION 2.16. The following provisions are repealed:

13 (1) Section 403.109, Government Code; and

14 (2) Section 171.664, Tax Code.

15 SECTION 2.17. (a) This article takes effect October 1,
16 2020.

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

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

1 August 31, 1995.

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