

By: Landgraf

H.B. No. 711

A BILL TO BE ENTITLED

AN ACT

1
2 relating to certain adjustments to the taxable value of property of
3 certain school districts and the reduction of Foundation School
4 Program funds received by certain school districts.

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

6 SECTION 1. Section 41.002, Education Code, is amended by
7 adding Subsections (c) and (d) to read as follows:

8 (c) For purposes of this chapter, the commissioner shall
9 adjust, in accordance with Section 42.25271, the taxable values of
10 a school district that meets the criteria for adjustment under that
11 section.

12 (d) For purposes of this chapter, the commissioner shall
13 adjust, in accordance with Section 42.25272, the taxable values of
14 a school district that meets the criteria for adjustment under that
15 section.

16 SECTION 2. Subchapter A, Chapter 42, Education Code, is
17 amended by adding Section 42.012 to read as follows:

18 Sec. 42.012. REDUCTION IN FUNDING OF CERTAIN DISTRICTS.

19 (a) Each school year the commissioner shall determine the
20 percentage of the cost of the Foundation School Program funded by
21 amounts paid to the state by school districts as a result of
22 attendance credits purchased under Subchapter D, Chapter 41.

23 (b) Notwithstanding any other provision of this chapter,
24 the total amount to which a school district is entitled under this

1 chapter is reduced by the percentage determined under Subsection
2 (a) unless the school district imposes a maintenance and operations
3 tax at the greatest rate allowed under Section 45.003(d).

4 SECTION 3. Subchapter E, Chapter 42, Education Code, is
5 amended by adding Sections 42.25271, 42.25272, and 42.25273 to read
6 as follows:

7 Sec. 42.25271. ADJUSTMENT FOR DISTRICT ENTITLED TO CERTAIN
8 FEDERAL FUNDING. For purposes of Chapters 41 and 46 and this
9 chapter, the commissioner shall adjust the taxable value of
10 property of a district for a school year as necessary to ensure the
11 district's wealth per student does not exceed the equalized wealth
12 level provided by Section 41.002, if for that school year the
13 district:

14 (1) has a campus that receives federal funding under a
15 concentration grant under 20 U.S.C. Section 6334; and

16 (2) would otherwise have a wealth per student that
17 exceeds the equalized wealth level provided by Section 41.002.

18 Sec. 42.25272. ADJUSTMENT FOR DISTRICT WITH TAXABLE VALUE
19 OF PROPERTY INCREASED BY ASSOCIATED MINERAL RIGHTS. For purposes
20 of Chapters 41 and 46 and this chapter, the commissioner shall
21 adjust the taxable value of property of a district for a school year
22 as necessary to ensure the district's wealth per student does not
23 exceed the equalized wealth level provided by Section 41.002, if
24 for that school year the district:

25 (1) is identified by the select committee under
26 Section 42.25273 as having a taxable value of property that is
27 unlikely to produce the projected district tax revenue per weighted

1 student because of a high prevalence of mineral rights associated
2 with the taxable property; and

3 (2) would otherwise have a wealth per student that
4 exceeds the equalized wealth level provided by Section 41.002.

5 Sec. 42.25273. SELECT COMMITTEE TO DETERMINE TAXABLE VALUE
6 OF PROPERTY OF CERTAIN DISTRICTS. (a) Not later than October 1 of
7 each year, the speaker of the house of representatives and the
8 lieutenant governor shall appoint a select committee as follows:

9 (1) the speaker of the house of representatives shall
10 appoint five members of the house of representatives as members of
11 the committee; and

12 (2) the lieutenant governor shall appoint five members
13 of the senate as members of the committee.

14 (b) At least three of the select committee members appointed
15 by the speaker of the house of representatives as provided by
16 Subsection (a)(1) and at least three of the select committee
17 members appointed by the lieutenant governor as provided by
18 Subsection (a)(2) must reside within the boundaries of State Board
19 of Education District 1, 3, or 15, as those districts are
20 established by Chapter 72 (H.B. 600), Acts of the 82nd Legislature,
21 Regular Session, 2011.

22 (c) For purposes of Section 42.25272, not later than June 1
23 of each year, the select committee shall:

24 (1) in consultation with the comptroller and the
25 Legislative Budget Board, identify districts with a taxable value
26 of property that is unlikely to produce the projected district tax
27 revenue per weighted student because of a high prevalence of

1 mineral rights associated with the taxable property; and
2 (2) provide to the commissioner a list of those
3 districts identified by the committee under Subdivision (1).

4 SECTION 4. Section 42.302(a), Education Code, is amended to
5 read as follows:

6 (a) Each school district is guaranteed a specified amount
7 per weighted student in state and local funds for each cent of tax
8 effort over that required for the district's local fund assignment
9 up to the maximum level specified in this subchapter. The amount
10 of state support, subject only to the maximum amount under Section
11 42.303, is determined by the formula:

$$12 \quad \text{GYA} = (\text{GL} \times \text{WADA} \times \text{DTR} \times 100) - \text{LR}$$

13 where:

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

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

20 "WADA" is the number of students in weighted average daily
21 attendance, which is calculated by dividing the sum of the school
22 district's allotments under Subchapters B and C, less any allotment
23 to the district for transportation, any allotment under Section
24 42.158 or 42.160, and 50 percent of the adjustment under Section
25 42.102, by the basic allotment for the applicable year;

26 "DTR" is the district enrichment tax rate of the school
27 district, which is determined by subtracting the amounts specified

1 by Subsection (b) from the total amount of maintenance and
2 operations taxes collected by the school district for the
3 applicable school year and dividing the difference by the quotient
4 of the district's taxable value of property as determined under
5 Subchapter M, Chapter 403, Government Code, or, if applicable,
6 under Section 42.2521, 42.25271, or 42.25272, divided by 100; and

7 "LR" is the local revenue, which is determined by multiplying
8 "DTR" by the quotient of the district's taxable value of property as
9 determined under Subchapter M, Chapter 403, Government Code, or, if
10 applicable, under Section 42.2521, 42.25271, or 42.25272, divided
11 by 100.

12 SECTION 5. Section 46.003(a), Education Code, is amended to
13 read as follows:

14 (a) For each year, except as provided by Sections 46.005 and
15 46.006, a school district is guaranteed a specified amount per
16 student in state and local funds for each cent of tax effort, up to
17 the maximum rate under Subsection (b), to pay the principal of and
18 interest on eligible bonds issued to construct, acquire, renovate,
19 or improve an instructional facility. The amount of state support
20 is determined by the formula:

21
$$\text{FYA} = (\text{FYL} \times \text{ADA} \times \text{BTR} \times 100) - (\text{BTR} \times (\text{DPV}/100))$$

22 where:

23 "FYA" is the guaranteed facilities yield amount of state
24 funds allocated to the district for the year;

25 "FYL" is the dollar amount guaranteed level of state and
26 local funds per student per cent of tax effort, which is \$35 or a
27 greater amount for any year provided by appropriation;

1 "ADA" is the greater of the number of students in average
2 daily attendance, as determined under Section 42.005, in the
3 district or 400;

4 "BTR" is the district's bond tax rate for the current year,
5 which is determined by dividing the amount budgeted by the district
6 for payment of eligible bonds by the quotient of the district's
7 taxable value of property as determined under Subchapter M, Chapter
8 403, Government Code, or, if applicable, Section 42.2521, 42.25271,
9 or 42.25272, divided by 100; and

10 "DPV" is the district's taxable value of property as
11 determined under Subchapter M, Chapter 403, Government Code, or, if
12 applicable, Section 42.2521, 42.25271, or 42.25272.

13 SECTION 6. Section 46.006(g), Education Code, is amended to
14 read as follows:

15 (g) In this section, "wealth per student" means a school
16 district's taxable value of property as determined under Subchapter
17 M, Chapter 403, Government Code, or, if applicable, Section
18 42.2521, 42.25271, or 42.25272, divided by the district's average
19 daily attendance as determined under Section 42.005.

20 SECTION 7. Section 46.032(a), Education Code, is amended to
21 read as follows:

22 (a) Each school district is guaranteed a specified amount
23 per student in state and local funds for each cent of tax effort to
24 pay the principal of and interest on eligible bonds. The amount of
25 state support, subject only to the maximum amount under Section
26 46.034, is determined by the formula:

27
$$\text{EDA} = (\text{EDGL} \times \text{ADA} \times \text{EDTR} \times 100) - (\text{EDTR} \times (\text{DPV}/100))$$

1 where:

2 "EDA" is the amount of state funds to be allocated to the
3 district for assistance with existing debt;

4 "EDGL" is the dollar amount guaranteed level of state and
5 local funds per student per cent of tax effort, which is the lesser
6 of:

7 (1) \$40 or a greater amount for any year provided by
8 appropriation; or

9 (2) the amount that would result in a total additional
10 amount of state funds under this subchapter for the current year
11 equal to \$60 million in excess of the state funds to which school
12 districts would have been entitled under this section if the
13 guaranteed level amount were \$35;

14 "ADA" is the number of students in average daily attendance,
15 as determined under Section 42.005, in the district;

16 "EDTR" is the existing debt tax rate of the district, which is
17 determined by dividing the amount budgeted by the district for
18 payment of eligible bonds by the quotient of the district's taxable
19 value of property as determined under Subchapter M, Chapter 403,
20 Government Code, or, if applicable, under Section 42.2521, 42.2571,
21 or 42.25272, divided by 100; and

22 "DPV" is the district's taxable value of property as
23 determined under Subchapter M, Chapter 403, Government Code, or, if
24 applicable, under Section 42.2521, 42.25271, or 42.25272.

25 SECTION 8. This Act takes effect September 1, 2019.