

By: White

H.B. No. 1077

A BILL TO BE ENTITLED

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

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

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

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

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

23 (2) the wealth per student that generates the amount
24 of maintenance and operations tax revenue per weighted student

1 available to the Austin Independent School District, as determined
2 by the commissioner in cooperation with the Legislative Budget
3 Board, for the first six cents by which the district's maintenance
4 and operations tax rate exceeds the rate equal to the sum of the
5 product of the state compression percentage, as determined under
6 Section 42.2516, multiplied by the maintenance and operations tax
7 rate adopted by the district for the 2005 tax year and any
8 additional tax effort included in calculating the district's
9 compressed tax rate under Section 42.101(a-1), subject to Section
10 41.093(b-1); or

11 (3) the wealth per student that yields the guaranteed
12 level of state and local funds per weighted student in average daily
13 attendance per cent of tax effort as provided by Section
14 42.302(a-1)(2) [~~\$319,500~~], for the district's maintenance and
15 operations tax effort that exceeds the amount of tax effort
16 described by Subdivision (2).

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

20 (a) Except as provided by Subsection (a-3), for [~~For~~] each
21 student in average daily attendance, not including the time
22 students spend each day in special education programs in an
23 instructional arrangement other than mainstream or career and
24 technology education programs, for which an additional allotment is
25 made under Subchapter C, a district is entitled to an allotment
26 equal to the lesser of \$5,140 [~~\$4,765~~] or the amount that results
27 from the following formula:

1 A = \$5,140 [~~\$4,765~~] X (DCR/MCR)

2 where:

3 "A" is the allotment to which a district is entitled;

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

8 "MCR" is the state maximum compressed tax rate, which is the
9 product of the state compression percentage, as determined under
10 Section 42.2516, multiplied by \$1.50.

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

20 (a-4) Beginning with the 2020-2021 school year, the
21 commissioner shall recompute the calculation of each district's
22 maximum compressed tax rate under Subsections (a) and (a-1) and the
23 district's tax rate under Section 42.252 to be a rate that would
24 entitle the district to an amount of state and local funds per
25 weighted student in average daily attendance in the current year,
26 using the basic allotment under Subsection (a), equal to the amount
27 of state and local funds to which the district would have been

1 entitled under Chapter 41 and this chapter for the current school
2 year if the guaranteed level under Subsection (a) had remained at
3 \$5,140.

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

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

10 (1) the greater of the amount of district tax revenue
11 per weighted student per cent of tax effort that would be available
12 to the Austin Independent School District, as determined by the
13 commissioner in cooperation with the Legislative Budget Board, if
14 the reduction of the limitation on tax increases as provided by
15 Section 11.26(a-1), (a-2), or (a-3), Tax Code, did not apply, or the
16 amount of district tax revenue per weighted student per cent of tax
17 effort used for purposes of this subdivision in the preceding
18 school year, for the first six cents by which the district's
19 maintenance and operations tax rate exceeds the rate equal to the
20 sum of the product of the state compression percentage, as
21 determined under Section 42.2516, multiplied by the maintenance and
22 operations tax rate adopted by the district for the 2005 tax year
23 and any additional tax effort included in calculating the
24 district's compressed tax rate under Section 42.101(a-1); and

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

1 the amount of tax effort described by Subdivision (1).

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

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

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

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

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

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

26 Sec. 151.803. ALLOCATION OF CERTAIN REVENUE TO SCHOOL
27 DISTRICT PROPERTY TAX REDUCTION. Notwithstanding Section 151.801,

1 the comptroller shall deposit an amount of revenue equal to the
2 proceeds derived from the collection of taxes imposed by this
3 chapter attributable to the portion of the tax rate in excess of
4 6.25 percent of the sales price of the taxable item sold to the
5 credit of an account in the foundation school fund. Money credited
6 to the account may be appropriated only to the Texas Education
7 Agency for use by the commissioner of education to provide property
8 tax relief by increasing the basic allotment, equalized wealth
9 level, and guaranteed level under Chapters 41 and 42, Education
10 Code, and requiring the compression of property tax rates.

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

20 SECTION 8. For the state fiscal year beginning September 1,
21 2020, all money credited to the account created under Section
22 151.803, Tax Code, as added by this Act, preceding or during that
23 year is appropriated from that account to the Texas Education
24 Agency to be used by the commissioner of education to increase the
25 basic allotment, equalized wealth level, and guaranteed level under
26 Chapters 41 and 42, Education Code, and require the compression of
27 property tax rates.

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

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