

## **BILL ANALYSIS**

Senate Research Center  
87S21483 KJE-D

C.S.S.B. 91  
By: Bettencourt  
Finance  
8/30/2021  
Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

S.B. 91 will provide additional school maintenance and operations (M&O) tax rate compression for the 2022-2023 school year of at least \$2 billion. Each billion dollars of compression lowers school M&O tax rates by 1.65 pennies; all property owners in Texas would see a reduction of their ISD tax rate by at least 3.3 pennies. The owner of a home with a taxable value of \$300,000 would save \$100 on their tax bill.

S.B. 91 directs the Comptroller of Public Accounts of the State of Texas (comptroller) to provide an updated revenue estimate by June 1, 2022. Based on that revised estimate, if there are additional unappropriated state dollars the amount of tax compression may be increased. The difference between the revenue estimate provided to the Texas Legislature in August 2021 and in June 2002 will determine the amount of any additional compression dollars. The first \$500 million available will remain in general revenue. Any amount over \$500 million and up to \$3 billion will be used for additional school M&O tax rate compression. The maximum amount of dollars for M&O tax rate compression provided by S.B. 91 is \$5 billion.

S.B. 91 will reduce school M&O tax rates for all property owners in Texas; state dollars will replace local dollars for the 2022-2023 school year. School districts will not have any reduction in formula funding due to S.B. 91 tax rate compression.

#### Committee Substitute

C.S.S.B. 91 makes the following changes in how unappropriated state dollars determined to be available by June 2022 are allocated:

1. In order to stay below the state spending cap, the maximum amount of total school M&O property tax rate compression funding provided in C.S.S.B. 91 is \$4 billion.
2. The first \$500 million will remain in general revenue.
3. Any amount above \$500 million, will be divided equally between general revenue and additional school M&O property tax rate compression. The maximum amount of unappropriated state dollars to be used for additional compression is \$2 billion.
4. In order to access the additional maximum \$2 billion for compression, the comptroller would have to certify \$4.5 billion in unappropriated state dollars based on the June 2022 revised revenue estimate.

C.S.S.B. 91 amends current law relating to a temporary reduction in the maximum compressed tax rate of a school district and the form of the ballot proposition to be used in an election to approve a tax rate adopted by a school district that exceeds the district's voter-approval tax rate; and makes an appropriation.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

## **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Subchapter F, Chapter 48, Education Code, by adding Section 48.2555, as follows:

Sec. 48.2555. MAXIMUM COMPRESSED TAX RATE FOR 2022-2023 SCHOOL YEAR. (a) Requires the commissioner of education (commissioner), notwithstanding any other provision of Title 2 (Public Education), Education Code, or Chapter 26 (Assessment), Tax Code, for the 2022-2023 school year, to calculate the value of a school district's maximum compressed tax rate by determining the district's maximum compressed rate under Section 48.2551 (Maximum Compressed Tax Rate) or 48.2552(b) (relating to calculating a school district's maximum compressed rate if the district has a maximum compressed rate that is less than 90 percent of another school district's maximum compressed rate), if applicable, and reducing the tax rate determined under the applicable section by the amount by which the commissioner is authorized to reduce each district's maximum compressed tax rate by an equal amount using funds appropriated for the purpose of reducing each district's maximum compressed tax rate under this section.

(b) Provides that if a school district's maximum compressed tax rate as calculated under Subsection (a) would be less than 90 percent of another school district's maximum compressed tax rate under Subsection (a), the district's maximum compressed tax rate is the value at which the district's maximum compressed tax rate would be equal to 90 percent of the other district's maximum compressed tax rate.

(c) Provides that, notwithstanding any other provision of Title 2, Education Code, or Chapter 26, Tax Code, for purposes of determining funding for school districts for the 2022-2023 school year, a reference in any of certain Education Code and Tax Code provisions to a school district's maximum compressed tax rate or maximum compressed rate as determined under Section 48.2551 means the maximum compressed tax rate determined for the district under this section.

(d) Provides that, for purposes of Section 30.003(f-1) (relating to requiring the commissioner to determine the total amount that the Texas School for the Blind and Visually Impaired and the Texas School for the Deaf would have received from school districts if certain provisions had not reduced the districts' share of the cost of providing education services), a reference in that section to Section 48.2551 includes this section.

(e) Requires the commissioner, notwithstanding any other provision of Title 2, for purposes of determining a school district's maximum compressed tax rate under Section 48.2551 for the 2023-2024 school year, to exclude the reduction in the district's maximum compressed tax rate under this section for the preceding school year from the value of the district's "PYMCR."

(f) Provides that this section expires September 1, 2024.

SECTION 2. Amends Section 26.08(b), Tax Code, to revise the required language of the proposition on the ballot at an election to approve the tax rate of a school district to provide that if the adopted tax rate is not ratified, the tax rate may not exceed a certain amount.

SECTION 3. (a) Requires the Comptroller of Public Accounts of the State of Texas (comptroller), not later than June 1, 2022, to prepare and provide to the legislature an update of the biennial revenue estimate prepared in accordance with Section 49a (Financial Statements and Revenue Estimate by Comptroller of Public Accounts; Limitation of Appropriations and Certification of Bills Containing Appropriations), Article III (Legislative Department), Texas Constitution, and provided to the legislature in January 2021. Requires that the update include the difference between the estimated balance of general revenue-related funds available for certification at the end of the state fiscal year ending August 31, 2023, as determined under the

update required under this subsection and under the comptroller's biennial revenue estimate update provided to the legislature in August 2021.

(b) Provides that in addition to other amounts appropriated to the Texas Education Agency (TEA) for the state fiscal year ending August 31, 2023, an amount equal to the lesser of \$4 billion or the sum of \$2 billion and 50 percent of the amount, if any, by which the difference determined under Subsection (a) of this section exceeds \$500 million is appropriated from the general revenue fund to TEA for the state fiscal year ending August 31, 2023, for use in providing school district property tax relief by reducing each school district's maximum compressed tax rate under Section 48.2555, Education Code, as added by this Act.

SECTION 4. Effective date: upon passage or the 91st day after the last day of the legislative session.