By:  Troxclair H.B. No. 42

A BILL TO BE ENTITLED

AN ACT

relating to reducing school district maintenance and operations ad valorem taxes through the use of certain surplus state revenue.

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

SECTION 1.  Section 48.255, Education Code, is amended by amending Subsection (b) and adding Subsections (d) and (e) to read as follows:

(b)  Subject to Subsection (d), the [~~The~~] state compression percentage is the lower of:

(1)  93 percent, or a lower percentage set by appropriation for a school year;

(2)  the percentage determined by the following formula:

SCP = PYCP X 1.025/(1 + ECPV); or

(3)  the percentage determined under this section for the preceding school year.

(d)  For each school year, the commissioner shall reduce the state compression percentage determined under Subsection (b) to the lowest percentage possible as a result of:

(1)  money deposited to the credit of the property tax relief fund under Section 403.109(e), Government Code; and

(2)  any additional money appropriated for purposes of this subsection.

(e)  Notwithstanding any other law, if for any school year the commissioner determines under Subsection (b) or (d) that the state compression percentage is zero:

(1)  a school district may not impose a tier one maintenance and operations tax for that school year or for any subsequent school year; and

(2)  each school district is entitled to funding under Chapter 46 and this chapter for each school year as if the district had:

(A)  a tier one maintenance and operations tax rate equal to the district's maximum compressed tax rate determined under Section 48.2551; and

(B)  no local share for purposes of Section 48.256.

SECTION 2.  Section 403.109, Government Code, is amended by adding Subsections (e) and (f) to read as follows:

(e)  The comptroller shall:

(1)  allocate for deposit to the credit of the fund general revenue in an amount equal to 90 percent of the amount by which the amount of general revenue received in a state fiscal biennium exceeds 104 percent of the total amount of general revenue that was received during the preceding state fiscal biennium; and

(2)  periodically deposit to the credit of the fund the general revenue allocated under Subdivision (1), with the final deposit for that biennium to be made not later than the 90th day of the next state fiscal biennium.

(f)  Notwithstanding any other provision of this section, money deposited to the credit of the fund under Subsection (e) may be appropriated only to the Texas Education Agency for use in providing property tax relief through reduction of the state compression percentage, as defined by Section 48.255, Education Code.

SECTION 3.  This Act applies beginning with the state fiscal biennium beginning September 1, 2025.

SECTION 4.  This Act takes effect September 1, 2023.