

By: Troxclair

H.B. No. 42

A BILL TO BE ENTITLED

1 AN ACT

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

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

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

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

10 (1) 93 percent, or a lower percentage set by  
11 appropriation for a school year;

12 (2) the percentage determined by the following  
13 formula:

14 
$$SCP = PYCP \times 1.025 / (1 + ECPV); \text{ or}$$

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

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

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

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

24 (e) Notwithstanding any other law, if for any school year

1 the commissioner determines under Subsection (b) or (d) that the  
2 state compression percentage is zero:

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

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

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

12 (B) no local share for purposes of Section  
13 48.256.

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

16 (e) The comptroller shall:

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

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

26 (f) Notwithstanding any other provision of this section,  
27 money deposited to the credit of the fund under Subsection (e) may

1 be appropriated only to the Texas Education Agency for use in  
2 providing property tax relief through reduction of the state  
3 compression percentage, as defined by Section 48.255, Education  
4 Code.

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

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