

By: Shaheen

H.B. No. 620

A BILL TO BE ENTITLED

1 AN ACT

2 relating to repeal of provisions requiring a school district to  
3 reduce its local revenue level in excess of entitlement.

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

5 SECTION 1. Section [12.013\(b\)](#), Education Code, as amended by  
6 Chapters 887 (S.B. 1697) and 1046 (S.B. 1365), Acts of the 87th  
7 Legislature, Regular Session, 2021, is reenacted and amended to  
8 read as follows:

9 (b) A home-rule school district is subject to:

10 (1) a provision of this title establishing a criminal  
11 offense;

12 (2) a provision of this title relating to limitations  
13 on liability; and

14 (3) a prohibition, restriction, or requirement, as  
15 applicable, imposed by this title or a rule adopted under this  
16 title, relating to:

17 (A) the Public Education Information Management  
18 System (PEIMS) to the extent necessary to monitor compliance with  
19 this subchapter as determined by the commissioner;

20 (B) educator certification under Chapter 21 and  
21 educator rights under Sections [21.407](#), [21.408](#), and [22.001](#);

22 (C) criminal history records under Subchapter C,  
23 Chapter [22](#);

24 (D) student admissions under Section [25.001](#);

- 1 (E) school attendance under Sections 25.085,  
2 25.086, and 25.087;
- 3 (F) inter-district or inter-county transfers of  
4 students under Subchapter B, Chapter 25;
- 5 (G) elementary class size limits under Section  
6 25.112, in the case of any campus in the district that fails to  
7 satisfy any standard under Section 39.054(e);
- 8 (H) high school graduation under Section 28.025;
- 9 (I) special education programs under Subchapter  
10 A, Chapter 29;
- 11 (J) bilingual education under Subchapter B,  
12 Chapter 29;
- 13 (K) prekindergarten programs under Subchapter E,  
14 Chapter 29;
- 15 (L) safety provisions relating to the  
16 transportation of students under Sections 34.002, 34.003, 34.004,  
17 and 34.008;
- 18 (M) computation and distribution of state aid  
19 under Chapters 31, 43, and 48;
- 20 (N) extracurricular activities under Section  
21 33.081;
- 22 (O) health and safety under Chapter 38;
- 23 (P) the provisions of Subchapter A, Chapter 39;
- 24 (Q) public school accountability and special  
25 investigations under Subchapters A, B, C, D, and J, Chapter 39, and  
26 Chapter 39A;
- 27 (R) ~~options for local revenue levels in excess~~

1 ~~of entitlement under Chapter 49,~~

2 [~~S~~] a bond or other obligation or tax rate  
3 under Chapters 43, 45, and 48;

4 (S) [~~T~~] purchasing under Chapter 44; and

5 (T) parental options to retain a student under  
6 Section 28.02124.

7 SECTION 2. Section 12.029(b), Education Code, is amended to  
8 read as follows:

9 (b) If [~~Except as provided by Subchapter H, Chapter 49, if~~]  
10 two or more school districts having different status, one of which  
11 is home-rule school district status, consolidate into a single  
12 district, the petition under Section 13.003 initiating the  
13 consolidation must state the status for the consolidated district.  
14 The ballot shall be printed to permit voting for or against the  
15 proposition: "Consolidation of (names of school districts) into a  
16 single school district governed as (status of school district  
17 specified in the petition)."

18 SECTION 3. Section 13.054(i), Education Code, is amended to  
19 read as follows:

20 (i) The funding provided under Subsection (f), (g), or (h)  
21 is in addition to other funding the district receives through other  
22 provisions of this code, including funding the district receives  
23 under Chapter [~~Chapters~~] 48 [~~and 49~~].

24 SECTION 4. Section 25.081(f), Education Code, is amended to  
25 read as follows:

26 (f) The commissioner may proportionally reduce the amount  
27 of funding a district receives under Chapter 46 or [~~7~~] 48 [~~7~~ ~~or~~ ~~49~~]

1 and the average daily attendance calculation for the district if  
2 the district operates on a calendar that provides fewer minutes of  
3 operation than required under Subsection (a).

4 SECTION 5. Section 29.087(j), Education Code, is amended to  
5 read as follows:

6 (j) For purposes of funding under Chapters 46 and~~[7]~~ 48,  
7 ~~[and 49,~~ a student attending a program authorized by this section  
8 may be counted in attendance only for the actual number of hours  
9 each school day the student attends the program, in accordance with  
10 Section 25.081.

11 SECTION 6. Section 29.203(b), Education Code, is amended to  
12 read as follows:

13 (b) A school district is entitled to the allotment provided  
14 by Section 48.107 for each eligible student using a public  
15 education grant. ~~[If the district has a local revenue level greater  
16 than the guaranteed local revenue level but less than the level  
17 established under Section 48.257, a school district is entitled  
18 under rules adopted by the commissioner to additional state aid in  
19 an amount equal to the difference between the cost to the district  
20 of providing services to a student using a public education grant  
21 and the sum of the state aid received because of the allotment under  
22 Section 48.107 and money from the available school fund  
23 attributable to the student.]~~

24 SECTION 7. Section 37.0061, Education Code, is amended to  
25 read as follows:

26 Sec. 37.0061. FUNDING FOR ALTERNATIVE EDUCATION SERVICES IN  
27 JUVENILE RESIDENTIAL FACILITIES. A school district that provides

1 education services to pre-adjudicated and post-adjudicated  
2 students who are confined by court order in a juvenile residential  
3 facility operated by a juvenile board is entitled to count such  
4 students in the district's average daily attendance for purposes of  
5 receipt of state funds under the Foundation School Program. [~~If the  
6 district has a local revenue level greater than the guaranteed  
7 local revenue level but less than the level established under  
8 Section 48.257, the district in which the student is enrolled on the  
9 date a court orders the student to be confined to a juvenile  
10 residential facility shall transfer to the district providing  
11 education services an amount equal to the difference between the  
12 average Foundation School Program costs per student of the district  
13 providing education services and the sum of the state aid and the  
14 money from the available school fund received by the district that  
15 is attributable to the student for the portion of the school year  
16 for which the district provides education services to the student.~~]

17 SECTION 8. Section 45.251(2), Education Code, is amended to  
18 read as follows:

19 (2) "Foundation School Program" means the program  
20 established under Chapters 46 and [7] 48, [~~and 49~~] or any successor  
21 program of state appropriated funding for school districts in this  
22 state.

23 SECTION 9. Section 45.261(a), Education Code, is amended to  
24 read as follows:

25 (a) If the commissioner orders payment from the money  
26 appropriated to the Foundation School Program on behalf of a school  
27 district [~~that is not required to reduce its local revenue level~~

1 ~~under Section 48.257~~], the commissioner shall direct the  
2 comptroller to withhold the amount paid from the first state money  
3 payable to the district. If the commissioner orders payment from  
4 the money appropriated to the Foundation School Program on behalf  
5 of a school district that is not entitled to state assistance under  
6 Chapter 48 [~~required to reduce its local revenue level under~~  
7 ~~Section 48.257~~], the commissioner shall order [~~increase amounts due~~  
8 ~~from~~] the district to remit to the commissioner an [~~under Chapter 49~~  
9 ~~in a total~~] amount equal to the amount of payments made on behalf of  
10 the district under this subchapter. Amounts withheld or received  
11 under this subsection shall be used for the Foundation School  
12 Program.

13 SECTION 10. Section 48.010(b), Education Code, is amended  
14 to read as follows:

15 (b) In making the determinations regarding funding levels  
16 required by Subsection (a), the commissioner shall:

17 (1) make adjustments as necessary to reflect changes  
18 in a school district's maintenance and operations tax rate; and

19 (2) [~~for a district required to reduce its local~~  
20 ~~revenue level under Section 48.257, base the determinations on the~~  
21 ~~district's net funding levels after deducting any amounts required~~  
22 ~~to be expended by the district to comply with Chapter 49, and~~

23 [~~(3)~~] determine a district's weighted average daily  
24 attendance in accordance with this chapter as it existed on January  
25 1, 2011.

26 SECTION 11. Section 48.252(b), Education Code, is amended  
27 to read as follows:

1 (b) Notwithstanding any other provision of this chapter [~~or~~  
2 ~~Chapter 49~~], a school district subject to this section is entitled  
3 to receive for each student in average daily attendance at the  
4 campus or program described by Subsection (a) an amount equivalent  
5 to the difference, if the difference results in increased funding,  
6 between:

- 7 (1) the amount described by Section 12.106; and  
8 (2) the amount to which the district would be entitled  
9 under this chapter.

10 SECTION 12. Section 48.2543(a), Education Code, is amended  
11 to read as follows:

12 (a) Beginning with the 2022-2023 school year, a school  
13 district is entitled to additional state aid to the extent that  
14 state and local revenue under this chapter [~~and Chapter 49~~] is less  
15 than the state and local revenue that would have been available to  
16 the district under this chapter [~~and Chapter 49~~] as it [~~those~~  
17 ~~chapters~~] existed on September 1, 2021, if any increase in the  
18 residence homestead exemption under Section 1-b(c), Article VIII,  
19 Texas Constitution, as proposed by the 87th Legislature, 3rd Called  
20 Session, 2021, had not occurred.

21 SECTION 13. Sections 48.2553(d) and (e), Education Code,  
22 are amended to read as follows:

23 (d) Any additional tax effort by a school district  
24 authorized under this section is not:

25 (1) eligible for funding under Subchapter B, C, or D;

26 or

27 (2) eligible for the guaranteed yield amount of state

1 funds under Section 48.202 [~~or~~  
2 ~~[(3) subject to the limit on local revenue under~~  
3 ~~Section 48.257]~~].

4 (e) The commissioner shall reduce state aid [~~or adjust the~~  
5 ~~limit on local revenue under Section 48.257]~~ in an amount equal to  
6 the amount of revenue generated by a school district's tax effort  
7 that is not in compliance with this section or Section 48.2551.

8 SECTION 14. Section 48.258(a), Education Code, is amended  
9 to read as follows:

10 (a) For purposes of Chapter [~~Chapters~~] 46 [~~and 49~~] and this  
11 chapter, and to the extent money specifically authorized to be used  
12 under this section is available, the commissioner shall adjust the  
13 taxable value of property in a school district that, due to factors  
14 beyond the control of the board of trustees, experiences a rapid  
15 decline in the tax base used in calculating taxable values in excess  
16 of four percent of the tax base used in the preceding year.

17 SECTION 15. Section 48.260(a), Education Code, is amended  
18 to read as follows:

19 (a) For purposes of Chapter [~~Chapters~~] 46 [~~and 49~~] and this  
20 chapter, the commissioner shall adjust the taxable value of  
21 property of a school district all or part of which is located in an  
22 area declared a disaster area by the governor under Chapter 418,  
23 Government Code, as necessary to ensure that the district receives  
24 funding based as soon as possible on property values as affected by  
25 the disaster.

26 SECTION 16. Section 48.266(f), Education Code, is amended  
27 to read as follows:



1 (f) If the amount appropriated for the Foundation School  
2 Program for the second year of a state fiscal biennium is less than  
3 the amount to which school districts and open-enrollment charter  
4 schools are entitled for that year, the commissioner shall certify  
5 the amount of the difference to the Legislative Budget Board not  
6 later than January 1 of the second year of the state fiscal  
7 biennium. The Legislative Budget Board shall propose to the  
8 legislature that the certified amount be transferred to the  
9 foundation school fund from the economic stabilization fund and  
10 appropriated for the purpose of increases in allocations under this  
11 subsection. If the legislature fails during the regular session to  
12 enact the proposed transfer and appropriation and there are not  
13 funds available under Subsection (h), the commissioner shall adjust  
14 the total amounts due to each school district and open-enrollment  
15 charter school under this chapter [~~and the total amounts necessary~~  
16 ~~for each school district to comply with the requirements of Chapter~~  
17 ~~49~~] by an amount determined by applying to each district and school  
18 the same percentage adjustment to the total amount of state and  
19 local revenue due to the district or school under this chapter [~~and~~  
20 ~~Chapter 49~~] so that the total amount of the adjustment to all  
21 districts and schools results in an amount equal to the total  
22 adjustment necessary. The following fiscal year[~~+~~

23 [~~(1)~~] a district's or school's entitlement under this  
24 section is increased by an amount equal to the adjustment made under  
25 this subsection[~~, and~~

26 [~~(2) the amount necessary for a district to comply~~  
27 ~~with the requirements of Chapter 49 is reduced by an amount~~

1 ~~necessary to ensure a district's full recovery of the adjustment~~  
2 ~~made under this subsection].~~

3 SECTION 17. Sections 48.267(a), (b), and (c), Education  
4 Code, are amended to read as follows:

5 (a) The commissioner may make adjustments to amounts due to  
6 a school district under this chapter or Chapter 46 ~~[, or to amounts~~  
7 ~~necessary for a district to comply with the requirements of Chapter~~  
8 ~~49,]~~ as provided by this section.

9 (b) A school district that has a major taxpayer, as  
10 determined by the commissioner, that because of a protest of the  
11 valuation of the taxpayer's property fails to pay all or a portion  
12 of the ad valorem taxes due to the district may apply to the  
13 commissioner to have the district's taxable value of property or ad  
14 valorem tax collections adjusted for purposes of this chapter or  
15 Chapter 46 ~~[or 49]~~. The commissioner may make the adjustment only  
16 to the extent the commissioner determines that making the  
17 adjustment will not:

18 (1) in the fiscal year in which the adjustment is made,  
19 cause the amount to which school districts are entitled under this  
20 chapter to exceed the amount appropriated for purposes of the  
21 Foundation School Program for that year; and

22 (2) if the adjustment is made in the first year of a  
23 state fiscal biennium, cause the amount to which school districts  
24 are entitled under this chapter for the second year of the biennium  
25 to exceed the amount appropriated for purposes of the Foundation  
26 School Program for that year.

27 (c) The commissioner shall recover the benefit of any

1 adjustment made under this section by making offsetting adjustments  
2 in the school district's taxable value of property or ad valorem tax  
3 collections for purposes of this chapter or Chapter 46 [~~or 49~~] on a  
4 final determination of the taxable value of property that was the  
5 basis of the original adjustment, or in the second school year  
6 following the year in which the adjustment is made, whichever is  
7 earlier.

8 SECTION 18. Section 48.272(b), Education Code, is amended  
9 to read as follows:

10 (b) Notwithstanding Subsection (a), the agency may recover  
11 an overallocation of state funds over a period not to exceed the  
12 subsequent five school years if the commissioner determines that  
13 the overallocation was the result of exceptional circumstances  
14 reasonably caused by statutory changes to Chapter 46, [~~or 49 or~~]  
15 this chapter, or former Chapter 49 and related reporting  
16 requirements.

17 SECTION 19. Section 48.2721, Education Code, is amended to  
18 read as follows:

19 Sec. 48.2721. RECOVERY OF FUNDS FROM EXCESSIVE  
20 TAXATION. The commissioner shall reduce state aid [~~or adjust the~~  
21 ~~limit on local revenue under Section 48.257~~] in an amount equal to  
22 the amount of revenue generated by a school district's tax effort  
23 that is not in compliance with Section 45.003 or this chapter.

24 SECTION 20. Section 48.275(b), Education Code, is amended  
25 to read as follows:

26 (b) The amount of additional funds to which each school  
27 district or participating charter school is entitled due to the

1 increases in formula funding made by Chapter 1187 (H.B. [~~No.~~  
2 3343]), Acts of the 77th Legislature, Regular Session, 2001, and any  
3 subsequent legislation amending the provisions amended by that Act  
4 that increase formula funding under [~~Chapter 49 and~~] this chapter  
5 to school districts and charter schools is available for purposes  
6 of Subsection (c).

7 SECTION 21. Section 403.302(a), Government Code, is amended  
8 to read as follows:

9 (a) The comptroller shall conduct a study using comparable  
10 sales and generally accepted auditing and sampling techniques to  
11 determine the total taxable value of all property in each school  
12 district. The study shall determine the taxable value of all  
13 property and of each category of property in the district and the  
14 productivity value of all land that qualifies for appraisal on the  
15 basis of its productive capacity and for which the owner has applied  
16 for and received a productivity appraisal. [~~The comptroller shall  
17 make appropriate adjustments in the study to account for actions  
18 taken under Chapter 49, Education Code.~~]

19 SECTION 22. Section 1579.251(a), Insurance Code, is amended  
20 to read as follows:

21 (a) The state shall assist employees of participating  
22 school districts and charter schools in the purchase of group  
23 health coverage under this chapter by providing for each covered  
24 employee the amount of \$900 each state fiscal year or a greater  
25 amount as provided by the General Appropriations Act. The state  
26 contribution shall be distributed through the school finance  
27 formulas under Chapter [~~Chapters~~] 48 [~~and 49~~], Education Code, and

1 used by school districts and charter schools as provided by Section  
2 48.275, Education Code.

3 SECTION 23. Section 21.01, Tax Code, is amended to read as  
4 follows:

5 Sec. 21.01. REAL PROPERTY. Real property is taxable by a  
6 taxing unit if located in the unit on January 1 [~~, except as provided~~  
7 ~~by Chapter 49, Education Code~~].

8 SECTION 24. Section 21.02(a), Tax Code, is amended to read  
9 as follows:

10 (a) Except as provided by Subsection [~~Subsections (b) and~~  
11 (e) and by Sections 21.021, 21.04, and 21.05, tangible personal  
12 property is taxable by a taxing unit if:

13 (1) it is located in the unit on January 1 for more  
14 than a temporary period;

15 (2) it normally is located in the unit, even though it  
16 is outside the unit on January 1, if it is outside the unit only  
17 temporarily;

18 (3) it normally is returned to the unit between uses  
19 elsewhere and is not located in any one place for more than a  
20 temporary period; or

21 (4) the owner resides (for property not used for  
22 business purposes) or maintains the owner's principal place of  
23 business in this state (for property used for business purposes) in  
24 the unit and the property is taxable in this state but does not have  
25 a taxable situs pursuant to Subdivisions (1) through (3) of this  
26 subsection.

27 SECTION 25. Section 312.210(b), Tax Code, is amended to

1 read as follows:

2 (b) A tax abatement agreement with the owner of real  
3 property or tangible personal property that is located in the  
4 reinvestment zone described by Subsection (a) [~~and in a school~~  
5 ~~district that has a local revenue level that does not exceed the~~  
6 ~~level established under Section 48.257, Education Code,~~] must  
7 exempt from taxation:

8 (1) the portion of the value of the property in the  
9 amount specified in the joint agreement among the municipality,  
10 county, and junior college district; and

11 (2) an amount equal to 10 percent of the maximum  
12 portion of the value of the property that may under Section  
13 312.204(a) be otherwise exempted from taxation.

14 SECTION 26. The following laws are repealed:

15 (1) Sections 7.055(b)(34), 8.056, 29.203(g), and  
16 48.257, Education Code;

17 (2) Chapter 49, Education Code; and

18 (3) Sections 21.02(b) and (c) and 25.25(k), Tax Code.

19 SECTION 27. This Act takes effect September 1, 2023.