

By: Cain

H.B. No. 985

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:

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

(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 provision, 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) For each state fiscal biennium beginning before a determination by the commissioner of education under Section 48.255(e), Education Code, 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 that biennium exceeds the amount of consolidated general revenue appropriations, as defined by Section 316.001, that could be appropriated within the limit on the rate of growth of those appropriations adopted under Section 316.005 for that biennium; and

(2) periodically deposit to the credit of the fund the general revenue allocated under Subdivision (1), with the final

1 deposit for that biennium to be made not later than the 90th day of
2 the next state fiscal biennium.

3 (f) Notwithstanding any other provision of this section,
4 except as otherwise provided by this subsection, money deposited to
5 the credit of the fund under Subsection (e) may be appropriated only
6 to the Texas Education Agency for use in providing property tax
7 relief through reduction of the state compression percentage, as
8 defined by Section 48.255, Education Code. If the amount of money
9 available to be appropriated under this subsection for a state
10 fiscal biennium exceeds the amount of school district maintenance
11 and operations taxes the commissioner of education estimates to be
12 payable for that biennium, the legislature may appropriate the
13 surplus amount for any purpose.

14 SECTION 3. This Act applies beginning with the state fiscal
15 biennium beginning September 1, 2023.

16 SECTION 4. This Act takes effect on the 91st day after the
17 last day of the legislative session.