

By: González of El Paso

H.B. No. 4344

A BILL TO BE ENTITLED

AN ACT

relating to the state assistance with the payment of debt under the public school finance system.

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

SECTION 1. The heading to Chapter 46, Education Code, is amended to read as follows:

CHAPTER 46. ASSISTANCE WITH ~~[INSTRUCTIONAL FACILITIES AND]~~
PAYMENT OF ~~[EXISTING]~~ DEBT

SECTION 2. The heading to Subchapter A, Chapter 46, Education Code, is amended to read as follows:

SUBCHAPTER A. SCHOOL DEBT ASSISTANCE ~~[INSTRUCTIONAL FACILITIES]~~
ALLOTMENT

SECTION 3. Section 46.003, Education Code, is amended to read as follows:

Sec. 46.003. SCHOOL DEBT ASSISTANCE ~~[FACILITIES]~~
ALLOTMENT. (a) For each school year, ~~[except as provided by Sections 46.005 and 46.006,~~ a school district is guaranteed a specified amount ~~[per student]~~ in state and local funds ~~[for each cent of tax effort, up to the maximum rate under Subsection (b),]~~ to pay the principal of and interest on eligible bonds ~~[issued to construct, acquire, renovate, or improve an instructional facility]~~. The amount of state support is the greater of zero or the amount determined by the formula:

$$\text{SDA} = \text{BP} \times (1 - (\text{DR}/\text{GR}))$$

1 ~~[FYA = (FYL X ADA X BTR X 100) - (BTR X (DPV/100))]~~

2 where:

3 "SDA" is the amount of state funds to which the district is
4 entitled;

5 "BP" is the amount the district certifies to the commissioner
6 under Subsection (c) that the district expects to pay on the
7 principal of and interest on eligible bonds for that school year;

8 "DR" is the district's local revenue per student per cent of
9 tax effort, which is determined by dividing the district's taxable
10 value of property as determined under Subchapter M, Chapter 403,
11 Government Code, or, if applicable, Section 48.258, by the product
12 of the number of students in average daily attendance and 10,000;
13 and

14 "GR" [~~"FYA" is the guaranteed facilities yield amount of~~
15 ~~state funds allocated to the district for the year,~~

16 ["FYL"] is the dollar amount guaranteed level of state and
17 local funds per student per cent of tax effort, which is determined
18 by dividing the maximum amount of the basic allotment provided
19 under Section 48.051 by 100 and multiplying the quotient by _____

20 ~~[\$35]~~ or a greater amount for any year provided by appropriation[~~+~~

21 ~~["ADA" is the greater of the number of students in average~~
22 ~~daily attendance, as determined under Section 48.005, in the~~
23 ~~district or 400,~~

24 ~~["BTR" is the district's bond tax rate for the current year,~~
25 ~~which is determined by dividing the amount budgeted by the district~~
26 ~~for payment of eligible bonds by the quotient of the district's~~
27 ~~taxable value of property as determined under Subchapter M, Chapter~~

~~403, Government Code, or, if applicable, Section 48.258, divided by 100, and~~

~~["DPV" is the district's taxable value of property as determined under Subchapter M, Chapter 403, Government Code, or, if applicable, Section 48.258].~~

~~(b) Notwithstanding Subsection (a), a district is not entitled to receive an allotment under this section for a school year for which the district does not levy interest and sinking fund taxes [The bond tax rate under Subsection (a) may not exceed the rate that would be necessary for the current year, using state funds under Subsection (a), to make payments of principal and interest on the bonds for which the tax is pledged].~~

~~(c) [To enable the district to collect local funds sufficient to pay the district's share of the debt service, a district may levy a bond tax at a rate higher than the maximum rate for which it may receive state assistance.~~

~~[(d) The amount budgeted by a district for payment of eligible bonds may include:~~

~~[(1) bond taxes collected in the current school year,
[(2) bond taxes collected in a preceding school year in excess of the amount necessary to pay the district's share of actual debt service on bonds in that year, provided that the taxes were not used to generate other state financial assistance for the district, or~~

~~[(3) maintenance and operations taxes collected in the current school year or a preceding school year in excess of the amount eligible to be used to generate other state financial~~

~~assistance for the district.~~

~~[(e)] Bonds are eligible to be paid with state and local funds under this section if, not later than December 31 of each even-numbered year, the district certifies to the commissioner in accordance with commissioner rule the amount of payments the district expects to make on the principal and interest of those bonds for each state fiscal year of the next state fiscal biennium, excluding any payments to be made from:~~

~~(1) taxes collected in that school year or a preceding school year used to generate other state financial assistance for the district [to pay the principal of and interest on the bonds were first levied in the 1997-1998 school year or a later school year]; or [and]~~

~~(2) state aid received for the district's tier two allotment under Subchapter E, Chapter 48 [the bonds do not have a weighted average maturity of less than eight years].~~

~~(d) [(f)] A district may use state funds received under this section only to pay the principal of and interest on the bonds for which the district received the funds.~~

~~[(g) The board of trustees and voters of a school district shall determine district needs concerning construction, acquisition, renovation, or improvement of instructional facilities.~~

~~[(h) To receive state assistance under this subchapter, a school district must apply to the commissioner in accordance with rules adopted by the commissioner before issuing bonds that will be paid with state assistance. Until the bonds are fully paid or the~~

~~instructional facility is sold.~~

~~[(1) a school district is entitled to continue receiving state assistance without reapplying to the commissioner, and~~

~~[(2) the guaranteed level of state and local funds per student per cent of tax effort applicable to the bonds may not be reduced below the level provided for the year in which the bonds were issued.]~~

SECTION 4. Subchapter A, Chapter 46, Education Code, is amended by adding Section 46.0035 to read as follows:

Sec. 46.0035. LIMIT ON DEBT TAX RATE TO GUARANTEE TAX RELIEF. A school district may not adopt an interest and sinking fund tax rate for any year that exceeds the rate necessary, in conjunction with the amount of the district's allotment under Section 46.003 for that year, for the district to make the payments the district certifies to the commissioner for that year under Section 46.003(c).

SECTION 5. Section 46.004(b), Education Code, is amended to read as follows:

(b) The exclusion of certain payments under Sections 46.003(c)(1) and (2) do not apply ~~[Section 46.003(b) applies]~~ to payments made from taxes levied to pay a district's share of the payments under a lease-purchase agreement for which the district receives state assistance under this subchapter.

SECTION 6. Section 46.007, Education Code, is amended to read as follows:

Sec. 46.007. REFUNDING BONDS. A school district may use

state funds received under this subchapter to pay the principal of and interest on refunding bonds that:

(1) are issued to refund bonds eligible under Section 46.003; and

(2) ~~[do not have a final maturity date later than the final maturity date of the bonds being refunded;~~

~~[(3) may not be called for redemption earlier than the earliest call date of the bonds being refunded; and~~

~~[(4)] result in a present value savings, which is determined by computing, at the true interest cost of the refunding bonds, the net present value of the difference between each scheduled payment on the original bonds and each scheduled payment on the refunding bonds. [The present value savings shall be computed at the true interest cost of the refunding bonds.]~~

SECTION 7. Section 46.008, Education Code, is amended to read as follows:

Sec. 46.008. STANDARDS. ~~[(a)]~~ The commissioner shall establish standards for adequacy of school facilities. The standards must include requirements related to space, educational adequacy, and construction quality. All new facilities constructed after September 1, 2023 ~~[September 1, 1998]~~, must meet the standards to be eligible to be financed with state or local tax funds.

SECTION 8. The heading to Section 46.009, Education Code, is amended to read as follows:

Sec. 46.009. PAYMENT OF SCHOOL DEBT ASSISTANCE ~~[FACILITIES]~~ ALLOTMENTS.

SECTION 9. Sections 46.009(b) and (d), Education Code, are amended to read as follows:

(b) For each school year ~~[If the amount appropriated for purposes of this subchapter for a year is less than the total amount determined under Subsection (a) for that year]~~, the commissioner shall[+]

~~[(1)]~~ transfer from the Foundation School Program to the school debt assistance ~~[instructional facilities]~~ program the total amount of money to which school districts are entitled under this subchapter for that school year ~~[by which the total amount determined under Subsection (a) exceeds the amount appropriated,~~ and

~~[(2)] reduce each district's foundation school fund allocations in the manner provided by Section 48.266(f)]~~.

(d) As soon as practicable after September 1 of each year, the commissioner shall distribute to each school district the amount of state assistance under this subchapter to which ~~[the commissioner has determined]~~ the district is entitled for the school year. The district shall deposit the money in the interest and sinking fund for the bonds for which the assistance is received ~~[and shall adopt a tax rate for purposes of debt service that takes into account the balance of the interest and sinking fund]~~.

SECTION 10. The heading to Section 46.011, Education Code, is amended to read as follows:

Sec. 46.011. SALE OF ~~[INSTRUCTIONAL]~~ FACILITY FINANCED WITH SCHOOL DEBT ASSISTANCE ~~[INSTRUCTIONAL FACILITIES]~~ ALLOTMENT.

SECTION 11. Section 46.011(a), Education Code, is amended

to read as follows:

(a) If a ~~[an instructional]~~ facility financed by bonds paid with state and local funds under this subchapter is sold before the bonds are fully paid, the school district shall send to the comptroller an amount equal to the district's net proceeds from the sale multiplied by a percentage determined by dividing the amount of state funds under this subchapter used to pay the principal of and interest on the bonds by the total amount of principal and interest paid on the bonds with funds other than the proceeds of the sale.

SECTION 12. Section 46.061(b), Education Code, is amended to read as follows:

(b) The rules adopted under Subsection (a) must:

(1) establish the minimum amount of savings to be accrued from a refinancing under this section; and

(2) require that at least ____ percent of the savings accrued from a refinancing under this section are remitted to the state ~~[commissioner may allocate state assistance provided for a refinancing to Subchapter A, Subchapter B, or both, as appropriate].~~

SECTION 13. Section 7.062(c), Education Code, is amended to read as follows:

(c) Except as otherwise provided by this subsection, if the commissioner certifies that the amount appropriated for a state fiscal year for purposes of Subchapter ~~[Subchapters]~~ A ~~[and B]~~, Chapter 46, exceeds the amount to which school districts are entitled under that subchapter ~~[those subchapters]~~ for that year,

1 the commissioner shall use the excess funds, in an amount not to
2 exceed \$20 million in any state fiscal year, for the purpose of
3 making grants under this section. The use of excess funds under
4 this subsection has priority over any provision of Chapter 48 that
5 permits or directs the use of excess foundation school program
6 funds, including Sections 48.258, 48.259, and 48.267. The
7 commissioner is required to use excess funds as provided by this
8 subsection only if the commissioner is not required to reduce the
9 total amount of state funds allocated to school districts under
10 Section 48.266(f).

11 SECTION 14. Section 12.106(d), Education Code, is amended
12 to read as follows:

13 (d) Subject to Subsection (e), in addition to other amounts
14 provided by this section, a charter holder is entitled to receive,
15 for the open-enrollment charter school, funding per student in
16 average daily attendance in an amount equal to the guaranteed level
17 of state and local funds per student per cent of tax effort under
18 Section 46.003(a) [~~Section 46.032(a)~~] multiplied by the lesser of:

19 (1) the state average interest and sinking fund tax
20 rate imposed by school districts for the current year; or

21 (2) a rate that would result in a total amount to which
22 charter schools are entitled under this subsection for the current
23 year equal to \$60 million.

24 SECTION 15. The following provisions of Chapter 46,
25 Education Code, are repealed:

26 (1) Section 46.002(b);

27 (2) Sections 46.005, 46.006, 46.010, and 46.013; and

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1 (3) Subchapters B and D.

2 SECTION 16. This Act takes effect September 1, 2023.