

By: Middleton

S.B. No. 1107

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 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.