

By: Gerdes

H.B. No. 120

A BILL TO BE ENTITLED

AN ACT

relating to a temporary reduction in the maximum compressed tax rate of a school district; making an appropriation.

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

SECTION 1. Subchapter F, Chapter 48, Education Code, is amended by adding Section 48.2554 to read as follows:

Sec. 48.2554. MAXIMUM COMPRESSED TAX RATE FOR 2026-2027 SCHOOL YEAR. (a) Notwithstanding any other provision of this title or Chapter 26, Tax Code, for the 2026-2027 school year, the commissioner shall calculate the value of a school district's maximum compressed tax rate by determining the district's maximum compressed rate under Section 48.2551 or 48.2552(b), as applicable, and reducing the tax rate determined under the applicable section by the amount by which the commissioner may reduce each district's maximum compressed tax rate by an equal amount using money appropriated for the purpose of reducing each district's maximum compressed tax rate under this section.

(b) If a school district's maximum compressed tax rate as calculated under Subsection (a) would be less than 90 percent of another school district's maximum compressed tax rate under Subsection (a), the district's maximum compressed tax rate is the value at which the district's maximum compressed tax rate would be equal to 90 percent of the other district's maximum compressed tax rate.

1        (c) Notwithstanding any other provision of this title or  
2 Chapter 26, Tax Code, for purposes of determining funding for  
3 school districts for the 2026-2027 school year, a reference in any  
4 of the following provisions of law to a school district's maximum  
5 compressed tax rate or maximum compressed rate as determined under  
6 Section 48.2551 means the maximum compressed tax rate determined  
7 for the district under this section:

- 8            (1) Section 13.054(f);  
9            (2) Section 45.003(d);  
10           (3) Section 45.0032(a);  
11           (4) Section 48.051(a);  
12           (5) Sections 48.2553(a) and (e);  
13           (6) Section 48.2556; and  
14           (7) Section 26.08(n), Tax Code.

15        (d) For purposes of Section 30.003(f-1), a reference in that  
16 section to Section 48.2551 includes this section.

17        (e) Notwithstanding any other provision of this title, for  
18 purposes of determining a school district's maximum compressed tax  
19 rate under Section 48.2551 for the 2027-2028 school year, the value  
20 of the district's "PYMCR" may not include the amount by which the  
21 district's maximum compressed tax rate is reduced under this  
22 section for the 2026-2027 school year.

23        (f) This section expires September 1, 2028.

24        SECTION 2. To the extent consistent with federal law, the  
25 federal money received by this state under the One Big Beautiful  
26 Bill Act (Pub. L. No. 119-21) for the purpose of reimbursing this  
27 state for expenses related to border security is appropriated to

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1 the Texas Education Agency for the state fiscal year beginning  
2 September 1, 2026, for the purpose of reducing school district  
3 maximum compressed tax rates as provided by Section 48.2554,  
4 Education Code, as added by this Act.

5 SECTION 3. This Act takes effect on the 91st day after the  
6 last day of the legislative session.