

By: Metcalf

H.B. No. 166

A BILL TO BE ENTITLED

AN ACT

relating to the elimination of school district maintenance and operations ad valorem taxes and the creation of a joint interim committee on the elimination of those taxes.

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

SECTION 1. Chapter 26, Tax Code, is amended by adding Section 26.035 to read as follows:

Sec. 26.035. PROHIBITION ON IMPOSITION OF MAINTENANCE AND OPERATIONS TAX BY SCHOOL DISTRICT; AUTHORIZATION FOR ENRICHMENT TAX. (a) Notwithstanding any other law and except as provided by Subsection (b), beginning January 1, 2028, a school district may not impose a tax for maintenance and operations purposes.

(b) Subsection (a) does not affect the authority of a school district to impose an enrichment tax at a rate not to exceed \$0.17 per \$100 of taxable value of property in the district for the purpose of providing additional revenue to enrich the educational opportunities of students enrolled in the district. The revenue attributable to the tax authorized under this subsection is in addition to any money the district receives from the state.

(c) A reference in this code, the Education Code, or any other law to a school district's authority to impose a maintenance tax or a maintenance and operations tax may not be construed in a manner inconsistent with this section.

SECTION 2. (a) In this section, "committee" means the joint

1 interim committee on the elimination of school district maintenance
2 and operations ad valorem taxes.

3 (b) The joint interim committee on the elimination of school
4 district maintenance and operations ad valorem taxes is composed
5 of:

6 (1) five members of the house of representatives
7 appointed by the speaker of the house of representatives; and

8 (2) five senators appointed by the lieutenant
9 governor.

10 (c) The speaker of the house of representatives and the
11 lieutenant governor shall make the appointments under Subsection
12 (b) of this section not later than the 60th day after the effective
13 date of this Act.

14 (d) The speaker of the house of representatives and the
15 lieutenant governor shall each designate a co-chair from among the
16 committee members.

17 (e) The committee shall convene at the joint call of the
18 co-chairs.

19 (f) The committee has all other powers and duties provided
20 to a special or select committee by the rules of the senate and
21 house of representatives, by Subchapter B, Chapter 301, Government
22 Code, and by policies of the senate and house committees on
23 administration.

24 (g) The committee shall consider and evaluate:

25 (1) the effectiveness of increasing the rate or
26 expanding the application of consumption taxes currently imposed by
27 the state and using the revenue attributable to the increase or

1 expansion to meet the state's constitutional duty to make suitable
2 provision for the support and maintenance of an efficient system of
3 public free schools in the state;

4 (2) the effectiveness of imposing consumption taxes
5 not currently imposed by the state and using the revenue
6 attributable to the imposition of those taxes to meet the state's
7 constitutional duty to make suitable provision for the support and
8 maintenance of an efficient system of public free schools in the
9 state;

10 (3) the ability of state-imposed consumption taxes to
11 adequately respond to annual changes in funding needs that are
12 unique to school districts in the state; and

13 (4) the effects of an increase in consumption taxes on
14 the residents of this state and businesses located in this state.

15 (h) Not later than November 1, 2026, the committee shall
16 provide to the legislature a written report:

17 (1) addressing the feasibility of using consumption
18 taxes for the support and maintenance of an efficient system of
19 public free schools in the state;

20 (2) proposing a comprehensive plan to use revenue
21 attributable to consumption taxes for the support and maintenance
22 of an efficient system of public free schools in the state; and

23 (3) proposing legislation necessary to implement the
24 comprehensive plan described by Subdivision (2) of this subsection.

25 (i) The proposals made in the report under Subsection (h) of
26 this section must allow for the imposition by a school district of
27 an ad valorem tax at a rate not to exceed \$0.17 per \$100 of taxable

1 value of property in the district for the purpose of enriching
2 educational opportunities for students enrolled in the district.

3 (j) The committee is abolished January 1, 2027.

4 SECTION 3. This Act takes effect immediately if it receives
5 a vote of two-thirds of all the members elected to each house, as
6 provided by Section 39, Article III, Texas Constitution. If this
7 Act does not receive the vote necessary for immediate effect, this
8 Act takes effect on the 91st day after the last day of the
9 legislative session.