

By: Landgraf

H.B. No. 1320

A BILL TO BE ENTITLED

AN ACT

relating to certain adjustments to the taxable value of property of certain school districts and the reduction of Foundation School Program funds received by certain school districts.

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

SECTION 1. Section 41.002, Education Code, is amended by adding Subsections (c) and (d) to read as follows:

(c) For purposes of this chapter, the commissioner shall adjust, in accordance with Section 42.2529, the taxable values of a school district that meets the criteria for adjustment under that section.

(d) For purposes of this chapter, the commissioner shall adjust, in accordance with Section 42.25291, the taxable values of a school district that meets the criteria for adjustment under that section.

SECTION 2. Subchapter A, Chapter 42, Education Code, is amended by adding Section 42.012 to read as follows:

Sec. 42.012. REDUCTION IN FUNDING OF CERTAIN DISTRICTS.

(a) Each school year the commissioner shall determine the percentage of the cost of the Foundation School Program funded by amounts paid to the state by school districts as a result of attendance credits purchased under Subchapter D, Chapter 41.

(b) Notwithstanding any other provision of this chapter, the total amount to which a school district is entitled under this

chapter is reduced by the percentage determined under Subsection (a) unless the school district imposes a maintenance and operations tax at the greatest rate allowed under Section 45.003(d).

SECTION 3. Subchapter E, Chapter 42, Education Code, is amended by adding Sections 42.2529, 42.25291, and 42.25292 to read as follows:

Sec. 42.2529. ADJUSTMENT FOR DISTRICT ENTITLED TO CERTAIN FEDERAL FUNDING. For purposes of Chapters 41 and 46 and this chapter, the commissioner shall adjust the taxable value of property of a district for a school year as necessary to ensure the district's wealth per student does not exceed the equalized wealth level provided by Section 41.002, if for that school year the district:

(1) has a campus that receives federal funding under a concentration grant under 20 U.S.C. Section 6334; and

(2) would otherwise have a wealth per student that exceeds the equalized wealth level provided by Section 41.002.

Sec. 42.25291. ADJUSTMENT FOR DISTRICT WITH TAXABLE VALUE OF PROPERTY INCREASED BY ASSOCIATED MINERAL RIGHTS. For purposes of Chapters 41 and 46 and this chapter, the commissioner shall adjust the taxable value of property of a district for a school year as necessary to ensure the district's wealth per student does not exceed the equalized wealth level provided by Section 41.002, if for that school year the district:

(1) is identified by the select committee under Section 42.25292 as having a taxable value of property that is unlikely to produce the projected district tax revenue per weighted

student because of a high prevalence of mineral rights associated with the taxable property; and

(2) would otherwise have a wealth per student that exceeds the equalized wealth level provided by Section 41.002.

Sec. 42.25292. SELECT COMMITTEE TO DETERMINE TAXABLE VALUE OF PROPERTY OF CERTAIN DISTRICTS. (a) Not later than October 1 of each year, the speaker of the house of representatives and the lieutenant governor shall appoint a select committee as follows:

(1) the speaker of the house of representatives shall appoint five members of the house, at least three of whom must reside within the boundaries of the geographic area encompassed by State Board of Education districts 1, 3, and 15; and

(2) the lieutenant governor shall appoint five members of the senate, at least three of whom must reside within the boundaries of the geographic area encompassed by State Board of Education districts 1, 3, and 15.

(b) For purposes of Section 42.25291, not later than June 1 of each year, the select committee shall:

(1) in consultation with the comptroller and the Legislative Budget Board, identify districts with a taxable value of property that is unlikely to produce the projected district tax revenue per weighted student because of a high prevalence of mineral rights associated with the taxable property; and

(2) provide to the commissioner a list of those districts identified by the committee under Subdivision (1).

SECTION 4. Section 42.302(a), Education Code, is amended to read as follows:

(a) Each school district is guaranteed a specified amount per weighted student in state and local funds for each cent of tax effort over that required for the district's local fund assignment up to the maximum level specified in this subchapter. The amount of state support, subject only to the maximum amount under Section 42.303, is determined by the formula:

$$GYA = (GL \times WADA \times DTR \times 100) - LR$$

where:

"GYA" is the guaranteed yield amount of state funds to be allocated to the district;

"GL" is the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort, which is an amount described by Subsection (a-1) or a greater amount for any year provided by appropriation;

"WADA" is the number of students in weighted average daily attendance, which is calculated by dividing the sum of the school district's allotments under Subchapters B and C, less any allotment to the district for transportation, any allotment under Section 42.158 or 42.160, and 50 percent of the adjustment under Section 42.102, by the basic allotment for the applicable year;

"DTR" is the district enrichment tax rate of the school district, which is determined by subtracting the amounts specified by Subsection (b) from the total amount of maintenance and operations taxes collected by the school district for the applicable school year and dividing the difference by the quotient of the district's taxable value of property as determined under Subchapter M, Chapter 403, Government Code, or, if applicable,

under Section 42.2521, 42.2529, or 42.25291, divided by 100; and

"LR" is the local revenue, which is determined by multiplying "DTR" by the quotient of the district's taxable value of property as determined under Subchapter M, Chapter 403, Government Code, or, if applicable, under Section 42.2521, 42.2529, or 42.25291, divided by 100.

SECTION 5. Section 46.003(a), Education Code, is amended to read as follows:

(a) For each 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 determined by the formula:

$$\text{FYA} = (\text{FYL} \times \text{ADA} \times \text{BTR} \times 100) - (\text{BTR} \times (\text{DPV}/100))$$

where:

"FYA" is the guaranteed facilities yield amount of state funds allocated to the district for the year;

"FYL" is the dollar amount guaranteed level of state and local funds per student per cent of tax effort, which is \$35 or a greater amount for any year provided by appropriation;

"ADA" is the greater of the number of students in average daily attendance, as determined under Section 42.005, in the district or 400;

"BTR" is the district's bond tax rate for the current year, which is determined by dividing the amount budgeted by the district

for payment of eligible bonds by the quotient of the district's taxable value of property as determined under Subchapter M, Chapter 403, Government Code, or, if applicable, Section 42.2521, 42.2529, or 42.25291, 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 42.2521, 42.2529, or 42.25291.

SECTION 6. Section 46.006(g), Education Code, is amended to read as follows:

(g) In this section, "wealth per student" means a school district's taxable value of property as determined under Subchapter M, Chapter 403, Government Code, or, if applicable, Section 42.2521, 42.2529, or 42.25291, divided by the district's average daily attendance as determined under Section 42.005.

SECTION 7. Section 46.032(a), Education Code, is amended to read as follows:

(a) Each school district is guaranteed a specified amount per student in state and local funds for each cent of tax effort to pay the principal of and interest on eligible bonds. The amount of state support, subject only to the maximum amount under Section 46.034, is determined by the formula:

$$EDA = (EDGL \times ADA \times EDTR \times 100) - (EDTR \times (DPV/100))$$

where:

"EDA" is the amount of state funds to be allocated to the district for assistance with existing debt;

"EDGL" is the dollar amount guaranteed level of state and local funds per student per cent of tax effort, which is \$35 or a

greater amount for any year provided by appropriation;

"ADA" is the number of students in average daily attendance, as determined under Section 42.005, in the district;

"EDTR" is the existing debt tax rate of the district, which is determined by dividing the amount budgeted by the district for payment of eligible bonds by the quotient of the district's taxable value of property as determined under Subchapter M, Chapter 403, Government Code, or, if applicable, under Section 42.2521, 42.2529, or 42.25291, 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, under Section 42.2521, 42.2529, or 42.25291.

SECTION 8. This Act takes effect September 1, 2017.