

BILL ANALYSIS

C.S.H.B. 811
By: King, Ken
Public Education
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties suggest that the additional state aid for tax reduction provided to certain public school districts, which is currently scheduled to expire, should be extended. C.S.H.B. 811 seeks to provide for that extension by postponing the scheduled expiration of the additional state aid.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 811 amends the Education Code to extend by two years the provision of additional state aid to certain public school districts to offset the loss of local revenue resulting from previously enacted tax reduction by repealing provisions relating to the expiration of certain of that aid and its replacement and by postponing from September 1, 2017, to September 1, 2019, an applicable expiration date and effective dates applying to certain provisions of Chapter 4 (S.B. 1), Acts of the 82nd Legislature, 1st Called Session, 2011. The bill postpones from September 1, 2017, to September 1, 2019, the date on which the revision of a charter holder's entitlement to foundation school program funding for an open-enrollment charter school takes effect, as specified by Chapter 4 (S.B. 1), Acts of the 82nd Legislature, 1st Called Session, 2011.

Effective September 1, 2019, and beginning with the 2019-2020 school year, C.S.H.B. 811 excludes from the calculation of the additional state aid for the increase in the residence homestead exemption and the additional limitation on tax increases proposed by S.J.R. 1, 84th Legislature, Regular Session, 2015, any state aid that would have been provided to offset the loss of local revenue resulting from previously enacted tax reduction.

C.S.H.B. 811 establishes that, if the commissioner of education determines that a school district would receive additional state aid for tax reduction for the 2017-2018 or 2018-2019 school year in an amount that is four percent or less of the total amount of funding the district is entitled to receive under the foundation school program and with regard to the equalized wealth level, the district is ineligible to receive the additional state aid for the year for which the determination is made and any subsequent school year. If the commissioner determines that a district is not entitled to additional state aid for tax reduction for the 2016-2017 or a subsequent school year, the district is ineligible to receive the state aid for any school year subsequent to the year for which the determination was made. These provisions expire September 1, 2019.

C.S.H.B. 811 establishes that it takes effect only if H.B. 21, 85th Legislature, Regular Session, 2017, does not become law.

C.S.H.B. 811 repeals Section 42.2518(e), Education Code, and Section 18, Chapter 465 (S.B. 1), Acts of the 84th Legislature, Regular Session, 2015, which added Section 42.2518, Education Code, effective September 1, 2017.

EFFECTIVE DATE

Except as otherwise provided, the 91st day after the last day of the legislative session.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 811 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Section 42.2516(c-1), Education Code, is amended to read as follows:

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Section 42.2516, Education Code, is amended by amending Subsections (b) and (c-1) and adding Subsections (j) and (k) to read as follows:

(b) Notwithstanding any other provision of this title, but subject to Subsections (j) and (k), a school district that imposes a maintenance and operations tax at a rate at least equal to the product of the state compression percentage multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year is entitled to at least the amount of state revenue necessary to provide the district with the sum of:

(1) the percentage specified by Subsection (i) of the amount, as calculated under Subsection (e), of state and local revenue per student in weighted average daily attendance for maintenance and operations that the district would have received during the 2009-2010 school year under Chapter 41 and this chapter, as those chapters existed on January 1, 2009, at a maintenance and operations tax rate equal to the product of the state compression percentage for that year multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year;

(2) the percentage specified by Subsection (i) of an amount equal to the product of \$120 multiplied by the number of students in weighted average daily attendance in the district; and

(3) any amount to which the district is entitled under Section 42.106.

(c-1) Revenue generated by the portion of a district's maintenance and operations tax rate included in calculating the district's compressed tax rate under Section 42.101(a-1) and local share under Section 42.252(a-1) is included in determining the amount to which a district is entitled under this section, but may not increase the total amount of revenue per weighted student to which the district is entitled under this section. This subsection expires September 1, 2021 [2017].

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(j) If the commissioner determines that a school district would receive additional state aid under this section for the 2017-2018 or 2018-2019 school year in an amount that is four percent or less of the total amount of funding the district is entitled to receive under this chapter and Chapter 41, the district is ineligible to receive additional state aid under this section for the year for which the determination is made and any subsequent school year. This subsection expires September 1, 2019.

(k) If the commissioner determines that a school district is not entitled to additional state aid under this section for the 2016-2017 or a subsequent school year, the district is ineligible to receive additional state aid under this section for any school year subsequent to the year for which the determination was made. This subsection expires September 1, 2019.

SECTION 2. Section 42.2518(a), Education Code, is amended to read as follows:

(a) For the 2015-2016 through 2020-2021 [~~and 2016-2017~~] school years, a school district is entitled to additional state aid to the extent that state and local revenue under this chapter and Chapter 41 is less than the state and local revenue that would have been available to the district under Chapter 41 and this chapter as those chapters existed on September 1, 2015, if the increase in the residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, and the additional limitation on tax increases under Section 1-b(d) of that article as proposed by S.J.R. 1, 84th Legislature, Regular Session, 2015, had not occurred.

SECTION 3. Effective September 1, 2021, Section 42.2518(a), Education Code, is

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SECTION 3. Effective September 1, 2019, Section 42.2518(a), Education Code, is

amended to read as follows:

(a) Beginning with the 2021-2022 school year [~~For the 2015-2016 and 2016-2017 school years~~], a school district is entitled to additional state aid to the extent that state and local revenue under this chapter and Chapter 41 is less than the state and local revenue that would have been available to the district under Chapter 41 and this chapter as those chapters existed on September 1, 2015, excluding any state aid that would have been provided under former Section 42.2516, if the increase in the residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, and the additional limitation on tax increases under Section 1-b(d) of that article as proposed by S.J.R. 1, 84th Legislature, Regular Session, 2015, had not occurred.

SECTION 4. Notwithstanding Chapter 4 (S.B. 1), Acts of the 82nd Legislature, 1st Called Session, 2011, the following provisions are effective September 1, 2021:

- (1) Section 57.03, Chapter 4 (S.B. 1), Acts of the 82nd Legislature, 1st Called Session, 2011, which amended Section 12.106(a), Education Code;
- (2) Section 57.18, Chapter 4 (S.B. 1), Acts of the 82nd Legislature, 1st Called Session, 2011, which amended the heading to Section 42.2516, Education Code;
- (3) Section 57.19, Chapter 4 (S.B. 1), Acts of the 82nd Legislature, 1st Called Session, 2011, which amended Section 42.2516(a), Education Code;
- (4) Section 57.23, Chapter 4 (S.B. 1), Acts of the 82nd Legislature, 1st Called Session, 2011, which amended Section 42.253(h), Education Code;
- (5) Section 57.29, Chapter 4 (S.B. 1), Acts of the 82nd Legislature, 1st Called Session, 2011, which amended Section 26.08(i), Tax Code;
- (6) Section 57.32(a), Chapter 4 (S.B. 1), Acts of the 82nd Legislature, 1st Called Session, 2011, which repealed various provisions of the Education Code; and
- (7) Section 57.32(b), Chapter 4 (S.B. 1), Acts of the 82nd Legislature, 1st Called Session, 2011, which repealed Sections 26.08(i-1) and (j), Tax Code.

SECTION 5. Section 42.2518(e), Education

amended to read as follows:

(a) Beginning with the 2019-2020 school year [~~For the 2015-2016 and 2016-2017 school years~~], a school district is entitled to additional state aid to the extent that state and local revenue under this chapter and Chapter 41 is less than the state and local revenue that would have been available to the district under Chapter 41 and this chapter as those chapters existed on September 1, 2015, excluding any state aid that would have been provided under former Section 42.2516, if the increase in the residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, and the additional limitation on tax increases under Section 1-b(d) of that article as proposed by S.J.R. 1, 84th Legislature, Regular Session, 2015, had not occurred.

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- (6) Section 57.32(a), Chapter 4 (S.B. 1), Acts of the 82nd Legislature, 1st Called Session, 2011, which repealed various provisions of the Education Code; and
- (7) Section 57.32(b), Chapter 4 (S.B. 1), Acts of the 82nd Legislature, 1st Called Session, 2011, which repealed Sections 26.08(i-1) and (j), Tax Code.

SECTION 5. Same as introduced version.

Code, is repealed.

SECTION 6. Section 18, Chapter 465 (S.B. 1), Acts of the 84th Legislature, Regular Session, 2015, which added Section 42.2518, Education Code, effective September 1, 2017, is repealed.

No equivalent provision.

SECTION 7. Except as otherwise provided by this Act:

(1) this Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution; and

(2) if this Act does not receive the vote necessary for immediate effect, this Act takes effect on the 91st day after the last day of the legislative session.

SECTION 6. Same as introduced version.

SECTION 7. This Act takes effect only if H.B. 21, 85th Legislature, Regular Session, 2017, does not become law. If H.B. 21, 85th Legislature, Regular Session, 2017, becomes law, this Act has no effect.

SECTION 8. Except as otherwise provided by this Act, this Act takes effect on the 91st day after the last day of the legislative session.