

BILL ANALYSIS

Senate Research Center
78R6786 BDH-F

S.B. 1138
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Education
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DIGEST AND PURPOSE

After the first 86 cents of school tax rate, Texas law guarantees a tax yield on only the next 64 cents, called the enrichment tax rate, or Tier II, in the equalized school funding system. The state calculates an effective tax rate for each district based on the district's tax collection rate. Each school board sets a nominal tax rate that is adjusted to an effective tax rate for the purpose of school funding. As proposed, S.B. 1138 authorizes the state, in a recognized fast-growth district, to recognize a district tax rate of not more than \$0.69 per \$100 valuation, effective September 1, 2003, and a district tax rate of not more than \$0.74 per \$100 valuation, effective September 1, 2004, to provide funding to a fast-growth district. Using the current guaranteed yield amount of approximately \$27, the bill increases revenue about \$135 per weighted student or nearly \$200 per student in 2004.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 42.303, Education Code, effective September 1, 2003, to authorize the state, for purposes of providing funding to a fast-growth school district, as determined by the commissioner of education (commissioner), to recognize a district tax rate of not more than \$0.69 per \$100 of valuation.

SECTION 2. Amends Section 42.303, Education Code, effective September 1, 2004, to authorize the state, for purposes of providing funding to a fast-growth school district, as determined by the commissioner, to recognize a district tax rate of not more than \$0.74 per \$100 of valuation.

SECTION 3. Effective date: September 1, 2003, except as provided.