

## **BILL ANALYSIS**

C.S.H.B. 297  
By: Murr  
Ways & Means  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

It has been noted that rising property values have had the effect of allowing the state to fund a diminishing proportion of public education. C.S.H.B. 297 seeks to remedy this imbalance between state and local contributions by prohibiting public school districts from levying maintenance and operations taxes beginning with the 2022 calendar year and by creating a joint interim committee on the elimination of those taxes to study the feasibility of funding public education through state-imposed consumption taxes.

### **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. 297 amends the Tax Code to prohibit a public school district, beginning January 1, 2022, from imposing a tax for maintenance and operations purposes. This prohibition expressly does not affect a district's authority 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 bill establishes that the revenue attributable to such an enrichment tax is in addition to any money received by the district from the state and prohibits a reference in the Tax Code, Education Code, or any other law to a district's authority to impose a maintenance tax or a maintenance and operations tax from being construed in a manner inconsistent with these provisions.

C.S.H.B. 297 establishes the 10-member joint interim committee on the elimination of school district maintenance and operations ad valorem taxes and provides for the committee's composition, the powers and duties of the committee, the appointment of the members, the designation of co-chairs, and the manner of convening the committee. The bill sets out certain matters the committee is required to consider and evaluate and requires the committee, not later than November 1, 2020, to provide to the legislature a written report that addresses the feasibility of using consumption taxes for the support and maintenance of an efficient system of public free schools in Texas, proposes a comprehensive plan to use revenue attributable to such taxes for that purpose, and proposes legislation necessary to implement that plan. The bill requires the proposals made in the report to allow for the imposition by a district of an enrichment tax as provided by the bill. The bill abolishes the committee January 1, 2021.

**EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2019.

**COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 297 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute includes provisions prohibiting a public school district from imposing a maintenance and operations tax beginning January 1, 2022, and establishing the joint interim committee on the elimination of school district maintenance and operations ad valorem taxes.

The substitute does not include any provisions from the original, which relates to eliminating certain property taxes for school district maintenance and operations effective January 1, 2021; repealing and removing associated provisions, including those relating to the recapture of district property wealth that exceeds the equalized wealth level under Chapter 41; increasing the rates of certain state taxes to provide public education funding; and abolishing the property tax relief fund.