HOUSE
RESEARCH
ORGANIZATION bill analysis 5/21/2001

SB 1785
Nelson
(Sadler)

SUBJECT:	Raising ceiling on tax rate for public schools' existing debt allotment
COMMITTEE:	Public Education — favorable, without amendment
VOTE:	7 ayes — Sadler, Dutton, Dunnam, Hardcastle, Hochberg, Olivo, Smith 0 nays 1 present, not voting — Oliveira 1 absent — Grusendorf
SENATE VOTE:	On final passage, April 24 — voice vote
WITNESSES:	None
BACKGROUND:	Funding for public school facilities under Tier 3 of the Foundation School Program includes the existing debt allotment (EDA) and the instructional facilities allotment (IFA). The EDA provides a guaranteed yield for local tax effort related to school-district bonds. If additional funds are available, the education commissioner may expand the number of pennies of tax effort eligible for assistance. Under Education Code, sec. 46.034, the existing-debt tax rate may not exceed $0.12 per $100 of valuation or a greater amount provided by appropriation. During the current biennium, the commissioner has used his discretionary authority to raise the limit on the EDA tax rate to $0.29 per $100.
DIGEST:	SB 1785 would raise the ceiling on the statutory existing-debt tax rate from $0.12 to $0.29 per $100 of valuation. The bill would take effect September 1, 2001.

SUPPORTERS SAY:

Raising the limit on the EDA tax rate to $0.29 per $100 of valuation would help the few districts that need a tax rate above $0.12 per $100 to meet their existing debt obligations. The commissioner already has used his authority to raise the limit to $0.29, and placing the limit in statute would make it permanent. SB 1785 would correct a problem in past legislation that forced some districts to temporarily raise tax rates dramatically.

OPPONENTS SAY:

This bill carries a significant fiscal note. According to the Legislative Budget Board, the bill would cost the state $84 million during fiscal 2002-03 and $38.5 million each fiscal year thereafter.

NOTES:

SB 1785 is identical to a portion of HB 2879 by Sadler, which passed the House on May 4 and passed the Senate on May 18, as amended.