

BILL ANALYSIS

Senate Research Center
76R6202 ESH-F

S.B. 593
By: Shapiro
Education
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As Filed

DIGEST

Currently, state aid for facilities under Chapter 46 is available only on newly issued debt, and while state aid equalizes effective tax rates up to \$1.50, fast growth districts have average effective rates well above the Tier II limit. Tax rates rise as growth rates increase, and the effective tax rates of the fastest growing districts average \$1.72. It is believed that fast growth districts exercise substantial effort that is not equalized under the current school finance system. Fast growth school districts bear more than 70% of all outstanding school bond debt. More than 50% of fast growth districts have debt service requirements that exceed 10% of their annual budget. This bill would allow tax rates in excess of \$1.50 due to high bonded indebtedness to be eligible for funding under Tier II and provides that only bond debt which is not receiving assistance under Chapter 46 is eligible.

PURPOSE

As proposed, S.B. 593 provides guidelines for additional state assistance for certain school districts with high tax rates.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 42.303, Education Code, to provide that the district enrichment and facilities tax rate ("DTR") may not exceed a certain value except as otherwise provided by this section. Authorizes a district to receive state assistance based on taxes imposed to pay on bonds other than bonds receiving state assistance under Chapter 46 if the district's total tax rate exceeds the sum of the local fund assignment rate under Section 42.252 and the rate prescribed by Subsection (a) and at least part of the excess is attributable to taxes imposed to pay on certain bonds. Prohibits a district from receiving state assistance for any portion of a tax rate that exceeds the limit prescribed by Subsection (a) that is attributable to maintenance and operations taxes. Prohibits the tax rate for which a district may receive state assistance from exceeding the rate that would be necessary for the current year to make payments on the bonds for which the tax is pledged. Provides that a district's total tax rate is determined by subtracting the amounts specified by Subsection (f) from the total amount of taxes collected and dividing the difference by the quotient of the district's taxable value of property. Provides that taxes collected to pay the local share of the cost of an instructional facility or taxes paid into a tax increment fund are not used to compute the total tax rate of a school district.

SECTION 2. Effective date: September 1, 1999.

SECTION 3. Emergency clause.