

## **BILL ANALYSIS**

Senate Research Center  
78R93 ESH-D

H.B. 195  
By: Griggs (Nelson)  
Education  
5/1/2003  
Engrossed

### **DIGEST AND PURPOSE**

County Education Districts (CEDs) were created in 1991 to levy state-mandated property taxes and redistribute the revenues to their member school districts on an equalized basis. However, a 1992 Texas Supreme Court decision rendered the CED concept unconstitutional. Since taxes already had been collected for two years under the CED structure, and with delinquent taxes outstanding, it was necessary to continue to collect taxes until the obligations were satisfied. Although legislation allowing districts to voluntarily dissolve CEDs has been passed, some school districts are still reluctant to enter into a dissolution agreement due to outstanding delinquent taxes owed to the CED. Often the amount of delinquent taxes owed to any school district is very small when compared to the original levy, and the cost of maintaining these accounts and performing annual audits sometimes exceeds the revenue that could be realized from the delinquent taxes. H.B. 195 dissolves the existing County Education Districts and return to each district its respective CED delinquent tax roll.

### **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 33.09, Tax Code, as follows:

Sec. 33.09. New heading: TRANSFER OF DELINQUENT COUNTY EDUCATION DISTRICT TAXES. (a) Deletes text providing that this section applies only to a county with a population of less than 22,000.

(b) Requires the successor-in-interest to a county education district, by September 15, 2003, to transfer to the component school districts of the county education district all money held by the successor-in-interest that represents delinquent county education district taxes collected after August 31, 1993, less the amount of any costs incurred by the successor-in-interest to collect or maintain that money to the extent that those costs have not been previously reimbursed from the taxes collected. Provides that for purposes of this subsection, taxes collected include any penalties or interest collected with the taxes. Requires the amount transferred to each school district to be equal to the difference between the amount of the delinquent county education district taxes held by the successor-in-interest that were collected from property located in the school district; and the school district's share of the unreimbursed costs of collecting and maintaining the money distributed, computed by multiplying the total unreimbursed costs of collecting and maintaining the money by a fraction, the numerator of which is the amount of the delinquent county education district taxes held by the successor-in-interest that were collected from property located in the school district, and the denominator of which is the total amount of the delinquent county education district taxes held by the successor-in-interest.

(c) Requires, rather than authorizes, the successor-in-interest to a county education district, by September 15, 2003, to transfer to the component school

districts of the county education district all uncollected delinquent county education district taxes not previously transferred to the component school districts. Requires the uncollected delinquent taxes, rather than amount, transferred to each school district to be the uncollected delinquent county education district taxes imposed on property located in the school district. Deletes text requiring the transferred amount to be in proportion to the ratio the school district's weighted average daily attendance for the 1992-1993 school year bears to the weighted average daily attendance of all school districts in the county education for that year. Deletes the definition of "weighted average daily attendance."

(d) Makes a conforming change.

(e) Provides that this section expires February 1, 2014.

SECTION 2. Effective date: September 1, 2003.