BILL ANALYSIS

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The purpose behind S.B. 2503 is to provide a mechanism that will allow for continued rollback tax rate compression of a school district. S.B. 2503 adjusts the current method of calculating the school district rollback tax rate to the lesser of $1.00 plus four pennies plus additional pennies approved at an election plus debt rate or the No-New-Revenue Rate (rate to maintain revenue per WADA) times 1.025 plus the debt rate.

As proposed, S.B. 2503 amends current law relating to the calculation of the rollback tax rate of a school district.

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 26.08(n), Tax Code, as follows:

(n) Deletes existing text providing that the rollback tax rate of a school district whose maintenance and operations tax rate for the 2005 tax year was $1.50 or less per $100 of taxable value, for purposes of this section (Election to Ratify School Taxes), is, for the 2006 tax year, the sum of the rate that is equal to 88.67 percent of the maintenance and operations tax rate adopted by the district for the 2005 tax year, the rate of $0.04 per $100 of taxable value, and the district's current debt rate, and for the 2007 and subsequent tax years, the lesser of certain sums. Provides that the rollback tax rate of a school district, for purposes of this section, is the lesser of the following:

(1) redesignates existing Paragraph (2)(A) as this subdivision and makes nonsubstantive changes to this subdivision; and

(2) redesignates existing Paragraph (2)(B) as this subdivision. Makes nonsubstantive changes throughout this subdivision. Provides that the rollback tax rate of a school district, for purposes of this section, is the lesser of the sum of Subdivision (1) and the sum of the following:

(A) the rate per $100 of taxable value that is equal to the product of the effective maintenance and operations tax rate of the district as computed under Subsection (i) (relating to the computation of the effective maintenance and operations tax rate of a school district), and 1.025, rather than the rate per $100 of taxable value that is equal to the product of the state compression percentage as determined under Section 42.2516 (State Compression Percentage), Education Code, for the current year and $0.06. Deletes existing text relating to the effective maintenance operations tax rate of the district as computed under Subsection (i) or (k), as applicable; and

(B) makes no further changes to this paragraph.

SECTION 2. Provides that the change in law made by this Act applies to the calculation of the rollback tax rate of a school district beginning with the 2020 tax year.

SECTION 3. Effective date: January 1, 2020.