

BILL ANALYSIS

Senate Research Center

H.B. 1525
By: Huberty et al. (Taylor)
Education
5/10/2021
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

After the historic passage of H.B. 3 by the 86th Legislature in 2019, it is necessary to correct certain provisions that had unintended consequences. H.B. 1525 seeks to address and remedy issues relating to local taxation and revenue, charter school funding, changes to the career and technology education allotment and the fast growth allotment, early literacy training requirements for educators, and the teacher incentive allotment, among other matters.

H.B. 1525 amends current law relating to the public school finance system.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the commissioner of education in SECTION 8 (Section 39.0261, Education Code) of this bill.

Rulemaking authority previously granted to the commissioner of education is modified in SECTION 11 (Section 48.009, Education Code) of this bill.

Rulemaking authority previously granted to the commissioner of education is rescinded in SECTION 19 of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 12.106, Education Code, by adding Subsections (a-5) and (a-6), as follows:

(a-5) Requires the commissioner of education (commissioner), to ensure compliance with the requirements for the maintenance of state financial support for special education under 20 U.S.C. Section 1412(a)(18), in determining the funding for an open-enrollment charter school under Subsection (a) (relating to the calculation of the allotment of state funding for school districts based on the number of students attending special education programs) for the Section 48.102 (Special Education) allotment, to:

(1) if necessary, increase the amount of that allotment to an amount equal to the amount the charter holder was entitled to receive for the charter school under the allotment under former Section 42.151 (Special Education), Education Code, for the 2018-2019 school year; and

(2) reduce the amount of the allotment the charter holder is entitled to receive for the charter school under Subsection (a-2) (relating to the calculation of additional state funding a charter holder is entitled to receive for an open-enrollment charter school) by the amount of any increase provided for the charter school under Subdivision (1).

(a-6) Provides that Subsection (a-5) and this subsection expire September 1, 2025.

SECTION 2. Amends Sections 12.133(b), (b-1), and (c), Education Code, as follows:

(b) Deletes existing text requiring certain charter holders, using state funds received by the charter holder for that purpose under Subsection (d) (relating to the calculation of additional amounts of state funding to which certain charter holders are entitled), to provide compensation to certain persons.

(b-1) Makes conforming and nonsubstantive changes to this subsection.

(c) Makes a conforming change to this subsection.

SECTION 3. Amends Section 21.3521(a), Education Code, as follows:

(a) Authorizes a school district or open-enrollment charter school, subject to Subsection (b) (relating to requiring the commissioner to establish certain performance and validity standards for each local optional teacher designation system), to designate a classroom teacher, rather than a certified classroom teacher, as a master, exemplary, or recognized teacher for a five-year period based on the results from single year or multiyear appraisals that comply with Section 21.351 (Recommended Appraisal Process and Performance Criteria) or 21.352 (Local Role).

SECTION 4. Amends Section 28.0062(a), Education Code, as follows:

(a) Requires each school district and open-enrollment charter school to:

(1) makes no changes to this subdivision;

(2) ensure that:

(A) not later than the 2023-2024 school year, rather than the 2021-2022 school year, each classroom teacher in kindergarten or first, second, or third grade and each principal at a campus with kindergarten or first, second, or third grade has attended a teacher literacy achievement academy developed under Section 21.4552 (Teacher Literacy Achievement Academies); and

(B) each classroom teacher and each principal initially employed in a grade level or at a campus described by Paragraph (A) for the 2023-2024 school year, rather than for the 2021-2022 school year, or a subsequent school year has attended a teacher literacy achievement academy developed under Section 21.4552 by the end of, rather than before, the teacher's or principal's first year of placement in that grade level or campus; and

(3) makes no changes to this subdivision.

SECTION 5. Amends Section 29.153, Education Code, by amending Subsection (d-1) and adding Subsection (d-2), as follows:

(d-1) Prohibits a district from receiving an exemption under Subsection (d) (relating to requiring the commissioner to exempt certain school districts from free prekindergarten programs) unless the district has:

(1) solicited proposals for partnerships in accordance with guidance regarding soliciting partnerships provided by the Texas Education Agency (TEA); and

(2) considered submitted proposals at a public meeting with public or private entities regarding prekindergarten classes required under Section 29.153 (Free Prekindergarten for Certain Children).

Deletes existing text prohibiting a district from receiving an exemption under Subsection (d) unless the district has solicited and considered at a public meeting proposals for

partnerships with public or private entities regarding prekindergarten classes required under this section.

(d-2) Creates this subsection from existing text and makes a conforming change.

SECTION 6. Amends Section 31.0211(c), Education Code, as follows:

(c) Authorizes funds allotted under Section 31.0211 (Instructional Materials and Technology Allotment), subject to Subsection (d) (relating to requiring a school district each biennium to use the district's allotment from the state instructional materials and technology fund to purchase certain instructional materials or technological equipment), to be used to:

(1) makes no changes to this subdivision; and

(2) pay for certain costs, including costs associated with distance learning, including Wi-Fi, Internet access hotspots, wireless network service, broadband service, and other services and technological equipment necessary to facilitate Internet access.

Makes nonsubstantive changes.

SECTION 7. Amends Section 37.108(b-1), Education Code, as follows:

(b-1) Requires a school district, in the district's safety and security audit required under Subsection (b) (relating to the requirement that each school district or public junior college district conduct a safety and security audit of the district's facilities at least once every three years), to certify that the district used the funds provided to the district through the school safety allotment under Section 48.115, rather than under Section 42.168, only for the purposes provided by that section.

SECTION 8. Amends Section 39.0261, Education Code, by adding Subsection (a-1) and amending Subsection (b), as follows:

(a-1) Authorizes the commissioner by rule, notwithstanding Subsection (a)(3) (relating to the authorization of high school students to take certain college preparation assessments at state cost), to allow a student to take at state cost an assessment instrument described by that subdivision if circumstances existed that prevented the student from taking the assessment instrument before the student graduated from high school.

(b) Requires TEA to:

(1) select and approve vendors of the specific assessment instruments administered under Section 39.0261 (College Preparation Assessments) and negotiate with each approved vendor a price for each assessment instrument, rather than to select and approve vendors of the specific assessment instruments administered under this section; and

(2) provide reimbursement to a school district in the amount negotiated under Subdivision (1) for the administration of the assessment instrument from funds appropriated for that purpose, rather than provide reimbursement to a school district for all fees associated with the administration of the assessment instrument from funds appropriated for that purpose.

SECTION 9. Amends Section 39.053(g-4), Education Code, as follows:

(g-4) Provides that, for purposes of the computation of dropout and completion rates such as high school graduation rates under Subsection (c)(1)(B)(ix) (relating to the inclusion of high school graduation rates in evaluating the performance of school districts according to the indicators included in the student achievement domain), the commissioner is

required to exclude a student who was reported as having dropped out of school under Section 48.009(b-4), rather than under Section 42.006(a-9) (relating to reporting certain persons as having previously dropped out of school), and the student is prohibited from being considered to have dropped out from the school district or campus in which the student was last enrolled.

SECTION 10. Amends Section 45.0021, Education Code, by amending Subsection (a) and adding Subsections (c), (d), (e), (f), and (g), as follows:

(a) Prohibits a school district from levying, rather than from increasing the rate of, the district's maintenance taxes described by Section 45.002 (Maintenance Taxes) at a rate intended to create a surplus in maintenance tax revenue for the purpose of paying the district's debt service.

(c) Requires TEA to:

(1) develop a method to identify school districts that may have adopted a maintenance tax rate in violation of Subsection (a), which is required to include a review of data over multiple years;

(2) for each school district identified under the method developed under Subdivision (1), investigate as necessary to determine whether the district has adopted a maintenance tax rate in violation of Subsection (a); and

(3) if TEA determines that a school district has adopted a maintenance tax rate in violation of Subsection (a):

(A) order the district to comply with Subsection (a) not later than three years after the date of the order;

(B) assist the district in developing a corrective action plan that, to the extent feasible, does not result in a net increase in the district's total tax rate; and

(C) post the name of the school district on TEA's Internet website.

(d) Provides that the implementation of a corrective action plan under Subsection (c)(3)(B) does not prohibit a school district from increasing the district's total tax rate as necessary to achieve other legal purposes.

(e) Authorizes the commissioner, if a school district fails to take action under a corrective action plan developed under Subsection (c)(3)(B), to reduce the district's entitlement under Chapter 48 (Foundation School Program) by an amount equal to the difference between:

(1) the amount of state and local funding the district received as a result of adopting a maintenance tax rate in violation of Subsection (a); and

(2) the amount of state and local funding the district would have received if the district had not adopted a maintenance tax rate in violation of Subsection (a).

(f) Provides that Section 45.0021 (Restriction on Maintenance Tax Levy) does not prohibit a school district from using a surplus in maintenance tax revenue to pay the district's debt service if:

(1) the district's interest and sinking fund tax revenue is insufficient to pay the district's debt service due to circumstances beyond the district's control; and

(2) the use of the surplus maintenance tax revenue to pay the district's debt service is necessary to prevent a default on the district's debt.

(g) Prohibits this section from being construed to prohibit a school district from:

(1) paying a portion of the district's maintenance tax revenue into the tax increment fund for a reinvestment zone under Chapter 311 (Tax Increment Financing Act), Tax Code; or

(2) using money disbursed from the tax increment fund for a reinvestment zone under Chapter 311, Tax Code, in accordance with the agreement entered into by the district with the governing body of the municipality or county that designated the zone under Section 311.013(f) (relating to providing that a taxing unit is not required to pay into the tax increment fund any tax increment produced from certain properties) of that code.

SECTION 11. Amends Section 48.009, Education Code, by amending Subsection (b) and adding Subsection (b-4), as follows:

(b) Requires the commissioner by rule to require each school district and open-enrollment charter school to report through the Public Education Information Management System (PEIMS) information regarding:

(1)-(3) makes no changes to these subdivisions;

(4) and (5) makes nonsubstantive changes to these subdivisions;

(6) disaggregated by campus and grade, the number of:

(A) children who are required to attend school under Section 25.085 (Compulsory School Attendance), are not exempted under Section 25.086 (Exemptions), and fail to attend school without excuse for 10 or more days or parts of days within a six-month period in the same school year;

(B) students for whom the district initiates a truancy prevention measure under Section 25.0915(a-4) (relating to the requirement that a school district initiate truancy prevention measures if a student meets certain requirements); and

(C) parents of students against whom an attendance officer or other appropriate school official has filed a complaint under Section 25.093 (Parent Contributing to Nonattendance); and

(7) the number of students who are enrolled in a high school equivalency program, a dropout recovery school, or an adult education program provided under a high school diploma and industry certification charter school program provided by the district or school and who:

(A) are at least 18 years of age and under 26 years of age;

(B) have not previously been reported to TEA as dropouts; and

(C) enroll in the program at the district or school after not attending school for a period of at least nine months.

(b-4) Requires a student reported under Subsection (b)(7) as having enrolled in a high school equivalency program, a dropout recovery school, or an adult education program provided under a high school diploma and industry certification charter school program to be reported through PEIMS as having previously dropped out of school.

SECTION 12. Amends Section 48.051, Education Code, by adding Subsection (c-1), as follows:

(c-1) Provides that a school district employee who received a salary increase under Subsection (c) (relating to requiring a school district to provide compensation increases to full-time district employees other than administrators if the district's maximum amount of basic allotment increases from the previous year) from a school district for the 2019-2020 school year is, as long as the employee remains employed by the same district, entitled to salary that is at least equal to the salary the employee received for the 2019-2020 school year. Provides that this subsection does not apply if the board of trustees of the school district at which the employee is employed:

(1) complies with Sections 21.4021 (Furloughs), 21.4022 (Required Process for Development of Furlough Program or Other Salary Reduction Proposal), and 21.4032 (Reductions in Salaries of Classroom Teachers and Administrators) in reducing the employee's salary; and

(2) has adopted a resolution declaring a financial exigency for the district under Section 44.011 (Financial Exigency).

SECTION 13. Amends Section 48.104, Education Code, by adding Subsection (e-1) and amending Subsections (j-1) and (k), as follows:

(e-1) Entitles a school district, for each student who is a homeless child or youth as defined by 42 U.S.C. Section 11434a, to an annual allotment equal to the basic allotment multiplied by the highest weight provided under Subsection (d) (relating to the weights assigned to the tiers of the index for economically disadvantaged block groups in the state established by the commissioner).

(j-1) Authorizes funds allocated under Section 48.104 (Compensatory Education Allotment), in addition to other purposes for which those funds are authorized to be used, to also be used to:

(1) and (2) makes nonsubstantive changes to these subdivisions; or

(3) pay costs for services provided by an instructional coach to raise student achievement at a campus in which educationally disadvantaged students are enrolled.

(k) Requires that at least 55 percent of the funds allocated under this section be used to:

(1) fund supplemental programs and services, including services provided by an instructional coach, designed to eliminate any disparity in performance on assessment instruments administered under Subchapter B (Assessment of Academic Skills), Chapter 39 (Public School System Accountability), or disparity in the rates of high school completion between certain groups of students; or

(2) makes no changes to this subdivision.

SECTION 14. Amends Section 48.106, Education Code, by amending Subsection (a) and adding Subsections (a-1) and (d), as follows:

(a) Entitles a district, for each full-time equivalent student in average daily attendance in an approved career and technology education program in grades 7 through 12, to an annual allotment equal to the basic allotment, or, if applicable, the sum of the basic allotment and the allotment under Section 48.101 (Small and Mid-Sized District Allotment) to which the district is entitled, multiplied by:

(1) 1.1 for a full-time equivalent student in career and technology education courses not in an approved program of study;

(2) 1.28 for a full-time equivalent student in levels one and two career and technology education courses in an approved program of study, as identified by TEA; and

(3) 1.47 for a full-time equivalent student in levels three and four career and technology education courses in an approved program of study, as identified by TEA.

Deletes existing text entitling a district, for each full-time equivalent student in average daily attendance in an approved career and technology education program in grades 7 through 12, to an annual allotment equal to the basic allotment, multiplied by a weight of 1.35, and to \$50 for two or more advanced career and technology education classes for a total of three or more credits.

(a-1) Creates this subsection from existing text. Entitles a district, in addition to the amounts under Subsection (a), for each student in average daily attendance, to \$50 for each of certain campuses in which the student is enrolled. Makes nonsubstantive changes.

(d) Requires TEA to annually publish a list of career and technology courses that qualify for an allotment under Subsection (a), disaggregated by the weight for which the course qualifies.

SECTION 15. Amends Section 48.106(b), Education Code, by amending Subdivision (1) and adding Subdivision (1-a), as follows:

(1) Defines "approved career and technology education program" for Section 48.106 (Career and Technology Education Allotment). Deletes existing text defining "career and technology education class" and "career and technology education program" for this section.

(1-a) Defines "approved program of study" for this section.

SECTION 16. Amends Section 48.110(f), Education Code, as follows:

(f) Provides that, for purposes of Section 48.110 (College, Career, or Military Readiness Outcomes Bonus), an annual graduate demonstrates:

(1) college readiness if the annual graduate meets certain requirements, including if the graduate earns an associate degree from a postsecondary educational institution approved by the Texas Higher Education Coordinating Board while attending high school or during a time period established by commissioner rule; and

(2) and (3) makes no changes to these subdivisions.

Makes nonsubstantive changes.

SECTION 17. Amends Section 48.111, Education Code, as follows:

Sec. 48.111. FAST GROWTH ALLOTMENT. (a) Creates this subsection from existing text. Entitles a school district, except as provided by Subsection (b), to an annual allotment equal to the basic allotment multiplied by 0.35 for each enrolled student equal to the difference, if the difference is greater than zero, that results from subtracting 250 from the difference between the number of students enrolled in the district during the school year immediately preceding the current school year and the number of students enrolled in the district during the school year six years preceding the current school year.

Deletes existing text entitling a school district in which the growth in student enrollment in the district over the preceding three school years is in the top quartile of student enrollment growth in school districts in the state for that period, as determined by the

commissioner, to an annual allotment equal to the basic allotment multiplied by 0.04 for each student in average daily attendance.

(a-1) Requires the commissioner, for purposes of Subsection (a), in determining the number of students enrolled in a school district, to exclude students enrolled in the district who receive full-time instruction through the state virtual school network under Chapter 30A (State Virtual School Network).

(a-2) Requires TEA, notwithstanding Subsection (a), instead of using the weight of "0.35" in Subsection (a), to substitute the weight of "0.30" for the 2021-2022 school year and the weight of "0.348" for the 2022-2023 school year.

(a-3) Provides that Subsection (a-2) and this subsection expire September 1, 2024.

(b) Prohibits the total amount that is authorized to be used to provide allotments under Subsection (a), notwithstanding Subsection (a), from exceeding \$320 million. Requires the commissioner, if the total amount of allotments to which districts are entitled under Subsection (a) for a school year exceeds the amount permitted under this subsection, to reduce each district's allotment under this section in the manner provided by Section 48.266(f) (relating to requiring the commissioner to execute certain actions if the amount appropriated for the Foundation School Program is less than the amount to which schools are entitled).

(b-1) Prohibits the total amount that is authorized to be used to provide allotments under Subsection (a), notwithstanding Subsection (b), from exceeding \$270 million for the 2021-2022 school year, \$310 million for the 2022-2023 school year, and \$315 million for the 2023-2024 school year.

(b-2) Provides that Subsection (b-1) and this subsection expire September 1, 2025.

(c) Requires TEA, for the 2021-2022 school year, to provide to each school district that received an allotment under this section for the 2019-2020 school year but is not entitled to an allotment for the 2021-2022 school year an amount equal to the amount of the allotment provided to the district under this section for the 2019-2020 school year.

(c-1) Prohibits the total amount that is authorized to be used to provide funding under Subsection (c) from exceeding \$40 million. Requires the commissioner, if the total amount of funding to which districts are entitled under Subsection (c) for a school year exceeds the amount permitted under this subsection, to reduce each district's amount under Subsection (c) in the manner provided by Section 48.266(f).

(c-2) Provides that the amounts to which school districts are entitled under Subsection (c) are not subject to the amount limitations described by Subsections (b) and (b-1).

(c-3) Provides that Subsections (c), (c-1), (c-2), and this subsection expire September 1, 2023.

SECTION 18. Amends Section 48.112, Education Code, by adding Subsection (j), as follows:

(j) Entitles the Texas School for the Deaf (TSD) and the Texas School for the Blind and Visually Impaired (TSBVI) to an allotment under Section 48.112 (Teacher Incentive Allotment). Authorizes the commissioner, if the commissioner determines that assigning point values under Subsections (e) (relating to requiring certain point values to be assigned for each student at a district campus to determine teacher incentive allotment) and (f) (relating to providing that if a student is enrolled at a rural campus, the student is assigned the point value two tiers higher than the student's point value determined under

Subsection (e)) to students enrolled in TSD or TSBVI is impractical, to use the average point value assigned for those students' home districts for purposes of calculating the high needs and rural factor.

SECTION 19. Transfers Section 42.168, Education Code, as added by Chapter 464 (S.B. 11), Acts of the 86th Legislature, Regular Session, 2019, to Subchapter C, Chapter 48, Education Code, redesignates it as Section 48.115, Education Code, and amends it, as follows:

Sec. 48.115. SCHOOL SAFETY ALLOTMENT. (a)-(c) Makes no changes to these subsections.

Deletes existing text providing that a school district that is required to take action under Chapter 41 (Equalized Wealth Level) to reduce its wealth per student to the equalized wealth level is entitled to a credit, in the amount of the allotments to which the district is to receive as provided by appropriation, against the total amount required under Section 41.093 (Cost) for the district to purchase attendance credits. Deletes existing text authorizing the commissioner to adopt rules to implement this section.

SECTION 20. Amends Section 48.2551, Education Code, by amending Subsections (a) and (c) and adding Subsections (d-1) and (d-2), as follows:

(a) Redefines "DPV" for Section 48.2551 (Maximum Compressed Tax Rate).

(c) Provides that, notwithstanding Subsection (b) (relating to the calculation of a district's maximum compressed rate), for a district to which Section 48.2552(b) applies, the district's maximum compressed rate is the value calculated in accordance with Section 48.2552(b), rather than the value calculated for "MCR" under Subsection (b)(1)(B).

(d-1) Requires local appraisal districts, school districts, and the Comptroller of Public Accounts of the State of Texas to provide any information necessary to TEA to implement this section.

(d-2) Authorizes a school district to appeal to the commissioner the district's taxable property value as determined by TEA under this section. Provides that a decision by the commissioner is final and is prohibited from being appealed.

SECTION 21. Amends Section 48.2552(b), Education Code, as follows:

(b) Provides that if a school district's maximum compressed rate as calculated under Section 48.2551(b) would be less than 90 percent of another school district's maximum compressed rate, the district's maximum compressed rate is the value at which the district's maximum compressed rate would be equal to 90 percent of the other district's maximum compressed rate.

Deletes existing text providing that if a school district has a maximum compressed rate that is less than 90 percent of another school district's maximum compressed rate, the district's maximum compressed rate is calculated under Section 48.2551(c) until TEA determines that the difference between the district's and another district's maximum compressed rates is not more than 10 percent.

SECTION 22. Amends Section 48.257(c), Education Code, as follows:

(c) Authorizes state aid to which a district is entitled under Chapter 48 that is not described by Section 48.266(a)(3) (relating to requiring the commissioner to determine the amount of money allocated to a district from the available school fund), rather than by Section 48.266(a)(1) (relating to requiring the commissioner to determine the amount of money to which a district is entitled under certain subchapters), (2) (relating to requiring the commissioner to determine the amount of money to which tier two districts are entitled), or (3), for purposes of Subsection (a) (relating to requiring the commissioner to determine the distribution of the Foundation School Fund to each district), to offset the

amount by which a district is required to reduce the district's revenue level under Section 48.257 (Local Revenue in Excess of Entitlement), rather than the amount by which a district is required to reduce the district's tier one revenue level under Subsection (a).

SECTION 23. Amends Subchapter F, Chapter 48, Education Code, by adding Section 48.2721, as follows:

Sec. 48.2721. RECOVERY OF FUNDS FROM EXCESSIVE TAXATION. Requires the commissioner to reduce state aid or adjust the limit on local revenue under Section 48.257 in an amount equal to the amount of revenue generated by a school district's tax effort that is not in compliance with Section 45.003 (Bond and Tax Elections) or Chapter 48.

SECTION 24. Amends Subchapter F, Chapter 48, Education Code, by adding Section 48.280, as follows:

Sec. 48.280. ADJUSTMENT FOR CERTAIN DISTRICTS FOR TEACHER INCENTIVE ALLOTMENT FUNDING. (a) Requires the commissioner, if Section 48.257(b) applies to a school district and the adjustment provided under that subsection for the reduction of the district's tier one revenue level is less than the amount to which the district is entitled under Section 48.112, to make adjustments to the district's funding to ensure that the district receives the total amount to which the district is entitled under Section 48.112.

(b) Provides that an adjustment to a district's funding under this section is excluded for purposes of calculating the district's maintenance and operations revenue under Section 48.277 (Formula Transition Grant). Provides that this subsection expires September 1, 2025.

SECTION 25. Amends Section 48.302(b), Education Code, as follows:

(b) Requires TEA to enter into a memorandum of understanding with the Texas Workforce Commission (TWC) for TEA to transfer funds to TWC, rather than to transfer funds specifically appropriated to TEA, for TWC to provide to an individual who is 21 years of age or older a subsidy in an amount equal to the cost of taking one high school equivalency examination administered under Section 7.111 (High School Equivalency Examinations).

SECTION 26. Amends Subchapter G, Chapter 48, Education Code, by adding Section 48.303, as follows:

Sec. 48.303. ADDITIONAL STATE AID FOR REGIONAL EDUCATION SERVICE CENTER STAFF SALARY INCREASES. (a) Entitles a regional education service center to state aid in an amount equal to the sum of:

(1) the product of \$500 multiplied by the number of full-time center employees, other than administrators or classroom teachers, full-time librarians, full-time school counselors certified under Subchapter B (Certification of Educators), Chapter 21 (Educators), or full-time school nurses; and

(2) the product of \$250 multiplied by the number of part-time center employees, other than administrators or teachers, librarians, school counselors certified under Subchapter B, Chapter 21, or school nurses.

(b) Provides that a determination by the commissioner under Subsection (a) is final and is prohibited from being appealed.

SECTION 27. Amends Subchapter A, Chapter 49, Education Code, by adding Section 49.0041, as follows:

Sec. 49.0041. LOCAL REVENUE LEVEL IN EXCESS OF ENTITLEMENT AFTER REVIEW NOTIFICATION. Requires the commissioner, if the commissioner determines that a school district has a local revenue level in excess of entitlement after the date the commissioner sends notification for the school year under Section 49.004(a) (relating to requiring the commissioner to annually review the local revenue level of school districts), to include the amount of the district's local revenue level that exceeded the level established under Section 48.257 for that school year in the annual review for the following school year of the district's local revenue levels under Section 49.004(a).

SECTION 28. Amends Section 49.054(b), Education Code, as follows:

(b) Entitles a consolidated district under Subchapter B (Consolidation by Agreement), to incentive aid under Subchapter G (Incentive Aid Payments), Chapter 13 (Creation, Consolidation, and Abolition of a District). Deletes existing text providing that, except as provided by Subsection (c) (relating to authorizing four or more districts that consolidate into one district to receive certain incentive aid), a district receiving incentive aid payments under Section 49.054 (Incentive Aid) is not entitled to incentive aid under Subchapter G, Chapter 13.

SECTION 29. Amends Section 822.201(b), Government Code, as follows:

(b) Redefines "salary and wages" for purposes of Subsection (a) (relating to computing compensation for members of the Teacher Retirement System of Texas, subject to contributions and credit). Makes nonsubstantive changes.

SECTION 30. Amends Section 11.26, Tax Code, by adding Subsections (a-4), (a-5), (a-6), (a-7), (a-8), and (a-9), as follows:

(a-4) Defines "maximum compressed rate" for Section 11.26 (Limitation of School Tax on Homesteads of Elderly or Disabled).

(a-5) Provides that, notwithstanding the other provisions of this section, if in the 2022 tax year an individual qualifies for a limitation on tax increases provided by this section on the individual's residence homestead and the first tax year the individual or the individual's spouse qualified for an exemption under Section 11.13(c) (relating to entitling an adult who is disabled or is 65 or older to an exemption from taxation by a school district of \$10,000 of the appraised value of his residence homestead) for the same homestead was a tax year before the 2019 tax year, the amount of the limitation provided by this section on the homestead in the 2022 tax year is equal to the amount computed by:

(1) multiplying the taxable value of the homestead in the 2018 tax year by a tax rate equal to the difference between the school district's tier one maintenance and operations rate for the 2018 tax year and the district's maximum compressed rate for the 2019 tax year;

(2) subtracting the greater of zero or the amount computed under Subdivision (1) from the amount of tax the district imposed on the homestead in the 2018 tax year;

(3) adding any tax imposed in the 2019 tax year attributable to improvements made in the 2018 tax year as provided by Subsection (b) to the amount computed under Subdivision (2);

(4) multiplying the taxable value of the homestead in the 2019 tax year by a tax rate equal to the difference between the district's maximum compressed rate for the 2019 tax year and the district's maximum compressed rate for the 2020 tax year;

(5) subtracting the amount computed under Subdivision (4) from the amount computed under Subdivision (3);

(6) adding any tax imposed in the 2020 tax year attributable to improvements made in the 2019 tax year as provided by Subsection (b) to the amount computed under Subdivision (5);

(7) multiplying the taxable value of the homestead in the 2020 tax year by a tax rate equal to the difference between the district's maximum compressed rate for the 2020 tax year and the district's maximum compressed rate for the 2021 tax year;

(8) subtracting the amount computed under Subdivision (7) from the amount computed under Subdivision (6);

(9) adding any tax imposed in the 2021 tax year attributable to improvements made in the 2020 tax year as provided by Subsection (b) to the amount computed under Subdivision (8);

(10) multiplying the taxable value of the homestead in the 2021 tax year by a tax rate equal to the difference between the district's maximum compressed rate for the 2021 tax year and the district's maximum compressed rate for the 2022 tax year;

(11) subtracting the amount computed under Subdivision (10) from the amount computed under Subdivision (9); and

(12) adding any tax imposed in the 2022 tax year attributable to improvements made in the 2021 tax year as provided by Subsection (b) to the amount computed under Subdivision (11).

(a-6) Provides that, notwithstanding the other provisions of this section, if in the 2022 tax year an individual qualifies for a limitation on tax increases provided by this section on the individual's residence homestead and the first tax year the individual or the individual's spouse qualified for an exemption under Section 11.13(c) for the same homestead was the 2019 tax year, the amount of the limitation provided by this section on the homestead in the 2022 tax year is equal to the amount computed by:

(1) multiplying the taxable value of the homestead in the 2019 tax year by a tax rate equal to the difference between the school district's maximum compressed rate for the 2019 tax year and the district's maximum compressed rate for the 2020 tax year;

(2) subtracting the amount computed under Subdivision (1) from the amount of tax the district imposed on the homestead in the 2019 tax year;

(3) adding any tax imposed in the 2020 tax year attributable to improvements made in the 2019 tax year as provided by Subsection (b) to the amount computed under Subdivision (2);

(4) multiplying the taxable value of the homestead in the 2020 tax year by a tax rate equal to the difference between the district's maximum compressed rate for the 2020 tax year and the district's maximum compressed rate for the 2021 tax year;

(5) subtracting the amount computed under Subdivision (4) from the amount computed under Subdivision (3);

(6) adding any tax imposed in the 2021 tax year attributable to improvements made in the 2020 tax year as provided by Subsection (b) to the amount computed under Subdivision (5);

(7) multiplying the taxable value of the homestead in the 2021 tax year by a tax rate equal to the difference between the district's maximum compressed rate for the 2021 tax year and the district's maximum compressed rate for the 2022 tax year;

(8) subtracting the amount computed under Subdivision (7) from the amount computed under Subdivision (6); and

(9) adding any tax imposed in the 2022 tax year attributable to improvements made in the 2021 tax year as provided by Subsection (b) to the amount computed under Subdivision (8).

(a-7) Provides that, notwithstanding the other provisions of this section, if in the 2022 tax year an individual qualifies for a limitation on tax increases provided by this section on the individual's residence homestead and the first tax year the individual or the individual's spouse qualified for an exemption under Section 11.13(c) for the same homestead was the 2020 tax year, the amount of the limitation provided by this section on the homestead in the 2022 tax year is equal to the amount computed by:

(1) multiplying the taxable value of the homestead in the 2020 tax year by a tax rate equal to the difference between the school district's maximum compressed rate for the 2020 tax year and the district's maximum compressed rate for the 2021 tax year;

(2) subtracting the amount computed under Subdivision (1) from the amount of tax the district imposed on the homestead in the 2020 tax year;

(3) adding any tax imposed in the 2021 tax year attributable to improvements made in the 2020 tax year as provided by Subsection (b) to the amount computed under Subdivision (2);

(4) multiplying the taxable value of the homestead in the 2021 tax year by a tax rate equal to the difference between the district's maximum compressed rate for the 2021 tax year and the district's maximum compressed rate for the 2022 tax year;

(5) subtracting the amount computed under Subdivision (4) from the amount computed under Subdivision (3); and

(6) adding any tax imposed in the 2022 tax year attributable to improvements made in the 2021 tax year as provided by Subsection (b) to the amount computed under Subdivision (5).

(a-8) Provides that, notwithstanding the other provisions of this section, if in the 2022 tax year an individual qualifies for a limitation on tax increases provided by this section on the individual's residence homestead and the first tax year the individual or the individual's spouse qualified for an exemption under Section 11.13(c) for the same homestead was the 2021 tax year, the amount of the limitation provided by this section on the homestead in the 2022 tax year is equal to the amount computed by:

(1) multiplying the taxable value of the homestead in the 2021 tax year by a tax rate equal to the difference between the school district's maximum compressed rate for the 2021 tax year and the district's maximum compressed rate for the 2022 tax year;

(2) subtracting the amount computed under Subdivision (1) from the amount of tax the district imposed on the homestead in the 2021 tax year; and

(3) adding any tax imposed in the 2022 tax year attributable to improvements made in the 2021 tax year as provided by Subsection (b) to the amount computed under Subdivision (2).

(a-9) Provides that, notwithstanding the other provisions of this section, if in the 2023 or a subsequent tax year an individual qualifies for a limitation on tax increases provided by this section on the individual's residence homestead, the amount of the limitation provided by this section on the homestead is equal to the amount computed by:

(1) multiplying the taxable value of the homestead in the preceding tax year by a tax rate equal to the difference between the school district's maximum compressed rate for the preceding tax year and the district's maximum compressed rate for the current tax year;

(2) subtracting the amount computed under Subdivision (1) from the amount of tax the district imposed on the homestead in the preceding tax year; and

(3) adding any tax imposed in the current tax year attributable to improvements made in the preceding tax year as provided by Subsection (b) to the amount computed under Subdivision (2).

SECTION 31. (a) Repealer: Section 12.133(d) (relating to entitling a charter holder at an open-enrollment charter school who participated under the Texas School Employees Uniform Group Health Coverage Program to a certain amount of additional state aid), Education Code.

Repealer: Section 12.133(d-1) (relating to entitling a charter holder at an open-enrollment charter school who participated under the Texas School Employees Uniform Group Health Coverage Program to a certain amount of additional state aid), Education Code.

Repealer: Section 12.133(e) (relating to entitling a charter holder at an open-enrollment charter school who did not participate under the Texas School Employees Uniform Group Health Coverage Program to a certain amount of additional state aid), Education Code.

Repealer: Section 48.0051(a-1) (relating to authorizing a school district entitled to both an incentive for additional instruction days and funding for certain students to receive only the incentive or the funding, whichever is greater), Education Code.

Repealers: Sections 49.054(a) (relating to requiring the commissioner to adjust allotments of incentive aid to consolidated districts as necessary) and (c) (relating to the authority of four or more school districts that consolidate to receive certain incentive aid), Education Code.

(b) Repealer: Section 2 (relating to the requirement of each school district and open-enrollment charter school to report to the commissioner through PEIMS certain disaggregated information by campus and grade), Chapter 1036 (H.B. 548), Acts of the 86th Legislature, Regular Session, 2019.

Repealer: Section 8 (relating to the requirement that each school district or open-enrollment charter school report to the commissioner through PEIMS certain regarding the number of students enrolled in certain high school equivalency programs), Chapter 1060 (H.B. 1051), Acts of the 86th Legislature, Regular Session, 2019.

SECTION 32. Provides that, to the extent of any conflict, this Act prevails over another Act of the 87th Legislature, Regular Session, 2021, relating to nonsubstantive additions to and corrections in enacted codes.

SECTION 33. Provides that Section 11.26, Tax Code, as amended by this Act, applies only to ad valorem taxes imposed for a tax year beginning on or after January 1, 2022.

SECTION 34. (a) Effective date, except as otherwise provided by this section: September 1, 2021.

(b) Effective date, Section 31.0211(c), Education Code: upon passage or September 1, 2021.

(c) Effective date, Section 11.26, Tax Code: January 1, 2022, contingent upon approval of the voters of a constitutional amendment relating to authorizing the legislature to provide for the reduction of the amount of a limitation on the total amount of ad valorem taxes that are authorized to be imposed for general elementary and secondary public school purposes on the residence homestead of a person who is elderly or disabled to reflect any statutory reduction from the preceding tax year in the maximum compressed rate of the maintenance and operations taxes imposed for those purposes on the homestead.