

## BILL ANALYSIS

Senate Research Center

S.B. 2274  
By: Seliger  
Finance  
8/10/2009  
Enrolled

### AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Under current law, if a school district lowers its maintenance and operations tax rate and subsequently raises it to the level it was prior to the decrease, a rollback election is triggered. This is a disincentive for school districts to lower the maintenance and operations tax in order to increase the interest and sinking tax and retire bond debt.

S.B. 2274 allows a school district to reduce its maintenance and operations tax rate and subsequently raise it to the amount it was prior to the decrease without triggering a rollback election. The bill authorizes a school district to levy taxes in order to pay off bond debt early.

### 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, Tax Code, by adding Subsection (p), to provide that notwithstanding Subsections (i) (relating to the basis for the effective maintenance and operations tax rate of a school district under this section), (n) (relating to 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), and (o) (relating to the rollback tax rate of a school district whose maintenance and operations tax rate is greater than \$1.50 per \$100 of taxable value), if for the preceding tax year the district adopted a maintenance and operations tax rate that was less than the district's effective maintenance and operations tax rate for that preceding tax year, the rollback tax rate of the district for the current tax year is calculated as if the district adopted a maintenance and operations tax rate for the preceding tax year that was equal to the district's effective maintenance and operations tax rate for that preceding tax year.

SECTION 2. Amends Section 45.001(a), Education Code, to authorize the governing board of an independent school district, including the city council or commission that has jurisdiction over a municipally controlled independent school district, the governing board of a rural high school district, and the commissioners court of a county, on behalf of each common school district under its jurisdiction, to issue bonds for certain purposes and levy, pledge, assess, and collect annual ad valorem taxes sufficient to pay the principal of and interest on the bonds as or before the principal and interest become due, subject to Section 45.003 (Bond and Tax Elections).

SECTION 3. (a) Provides that the change in law made by this Act applies to the ad valorem tax rate of a school district beginning with the 2009 tax year, except as provided by Subsection (b) of this section.

(b) Provides that if the governing body of a school district adopted an ad valorem tax rate for the school district for the 2009 tax year before the effective date of this Act, the change in law made by this Act applies to the ad valorem tax rate of that school district beginning with the 2010 tax year, and the law in effect when the tax rate was adopted applies to the 2009 tax year with respect to that school district.

SECTION 4. Effective date: upon passage or September 1, 2009.

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AN ACT

relating to the authority of a school district to impose ad valorem taxes.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 26.08, Tax Code, is amended by adding Subsection (p) to read as follows:

(p) Notwithstanding Subsections (i), (n), and (o), if for the preceding tax year the district adopted a maintenance and operations tax rate that was less than the district's effective maintenance and operations tax rate for that preceding tax year, the rollback tax rate of the district for the current tax year is calculated as if the district adopted a maintenance and operations tax rate for the preceding tax year that was equal to the district's effective maintenance and operations tax rate for that preceding tax year.

SECTION 2. Subsection (a), Section 45.001, Education Code, is amended to read as follows:

(a) The governing board of an independent school district, including the city council or commission that has jurisdiction over a municipally controlled independent school district, the governing board of a rural high school district, and the commissioners court of a county, on behalf of each common school district under its jurisdiction, may:

- (1) issue bonds for:

1 (A) the construction, acquisition, and equipment  
2 of school buildings in the district;

3 (B) the acquisition of property or the  
4 refinancing of property financed under a contract entered under  
5 Subchapter A, Chapter 271, Local Government Code, regardless of  
6 whether payment obligations under the contract are due in the  
7 current year or a future year;

8 (C) the purchase of the necessary sites for  
9 school buildings; and

10 (D) the purchase of new school buses; and

11 (2) may levy, pledge, assess, and collect annual ad  
12 valorem taxes sufficient to pay the principal of and interest on the  
13 bonds as or before the principal and interest become due, subject to  
14 Section 45.003.

15 SECTION 3. (a) The change in law made by this Act applies  
16 to the ad valorem tax rate of a school district beginning with the  
17 2009 tax year, except as provided by Subsection (b) of this section.

18 (b) If the governing body of a school district adopted an ad  
19 valorem tax rate for the school district for the 2009 tax year  
20 before the effective date of this Act, the change in law made by  
21 this Act applies to the ad valorem tax rate of that school district  
22 beginning with the 2010 tax year, and the law in effect when the tax  
23 rate was adopted applies to the 2009 tax year with respect to that  
24 school district.

25 SECTION 4. This Act takes effect immediately if it receives  
26 a vote of two-thirds of all the members elected to each house, as  
27 provided by Section 39, Article III, Texas Constitution. If this