ATTACHMENT I

Statutory Citations Relating to Amendment to 19 TAC Chapter 61, School Districts, Subchapter AA, Commissioner's Rules on School Finance, §61.1012, Contracts and Tuition for Education Outside District

House Bill 1, 79th Texas Legislature, Third Called Session, 2006 (excerpt).

Section 1.22. To the extent necessary to implement this Act, the commissioner of education may treat a reference to a tax rate of $1.50 in Chapter 41 or 42, Education Code, or in a rule implementing those chapters, as those chapters or rules existed on May 1, 2006, as a different tax rate consistent with the effect of reducing school district tax rates to the state compression percentage rate.

Texas Education Code, §25.039. Contracts and Tuition for Education Outside District.

(a) A school district that does not offer each grade level from kindergarten through grade 12 may provide by contract for students residing in the district who are at grade levels not offered by the district to be educated at those grade levels in one or more other districts. In each contract, the districts also shall agree to the transfer of school funds or other payments proportionate to the transfer of attendance.

(b) The school district in which the students reside shall pay tuition to any district with which it has a contract under this section for each of its students attending school in that district at a grade level for which the district has contracted. The amount of the tuition paid may not exceed the greater of the amount provided for by Section 25.038 or an amount specified by commissioner rule.

(c) A school district is not required to pay tuition to any district with which it has not contracted for the attendance by any of its students at a grade level for which it has contracted under this section with another district.

(d) A contract under this section may not be for a period exceeding five years.

Texas Education Code, §42.106. Adjusted Property Value for Districts Not Offering All Grade Levels.

For purposes of this chapter, the taxable value of property of a school district that contracts for students residing in the district to be educated in another district under Section 25.039(a) is adjusted by applying the formula:

$$ADPV = DPV - (TN/.015)$$

where:

"ADPV" is the district's adjusted taxable value of property;

"DPV" is the taxable value of property in the district for the preceding tax year determined under Subchapter M, Chapter 403, Government Code; and

"TN" is the total amount of tuition required to be paid by the district under Section 25.039 for the school year for which the adjustment is made, not to exceed the amount specified by commissioner rule under Section 25.039(b).

Texas Education Code, § 42.2516. <u>Additional State Aid for Tax Reduction</u> (excerpts).

(a) In this section, "state compression percentage" means the percentage, as determined by the commissioner, of a school district's adopted maintenance and operations tax rate for the 2005 tax year that serves as the basis for state funding for tax rate reduction under this section. The commissioner shall determine the state compression percentage for each school year based on the percentage by which a district is able to reduce the district's maintenance and operations tax rate for that year, as compared to the district's adopted maintenance and operations tax rate for the 2005 tax year, as a result of state funds appropriated for distribution under this section for that year from the property tax relief fund established under Section 403.109, Government Code, or from another funding source available for school district property tax relief.

Text of subsec. (a-1) effective until September 1, 2009

(a-1) Subsection (a) applies beginning with the state fiscal year ending August 31, 2009. For the state fiscal year ending August 31, 2007, the state compression percentage is 88.67 percent. For the state fiscal year ending August 31, 2008, the state compression percentage is 66.67 percent. This subsection expires September 1, 2009.

(b) Subject to Subsections (g) and (h), but notwithstanding any other provision of this title, a school district is entitled to state revenue necessary to provide the district with the sum of:

(1) the amount of state revenue necessary to maintain state and local revenue per student in weighted average daily attendance in the amount equal to the greater of:

(A) the amount of state and local revenue per student in weighted average daily attendance for the maintenance and operations of the district available to the district for the 2005-2006 school year;

(B) the amount of state and local revenue per student in weighted average daily attendance for the maintenance and operations of the district to which the district would have been entitled for the 2006-2007 school year under this chapter, as it existed on January 1, 2006, or, if the district would have been subject to Chapter 41, as that chapter existed on January 1, 2006, the amount to which the district would have been entitled under that chapter, based on the funding elements in effect for the 2005-2006 school year, if the district imposed a maintenance and operations tax at the rate adopted by the district for the 2005 tax year; or

(C) the amount of state and local revenue per student in weighted average daily attendance for the maintenance and operations of the district to which the district would have been entitled for the 2006-2007 school year under this chapter, as it existed on January 1, 2006, or, if the district would have been subject to Chapter 41, as that chapter existed on January 1, 2006, the amount to which the district would have been entitled under that chapter, based on the funding elements in effect for the 2005-2006 school year, if the district imposed a maintenance and operations tax at the rate equal to the rate described by Section 26.08(i) or (k)(1), Tax Code, as applicable, for the 2006 tax year;

(2) an amount equal to the product of $2,500 multiplied by the number of classroom teachers, full-time librarians, full-time counselors certified under Subchapter B, Chapter 21, and full-time school nurses employed by the district and entitled to a minimum salary under Section 21.402; and

(3) an amount equal to the product of $275 multiplied by the number of students in average daily attendance in grades nine through 12 in the district.

(g) If a school district adopts a maintenance and operations tax rate that is below the rate equal to the product of the state compression percentage multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year, the commissioner shall reduce the district's entitlement under this section in proportion to the amount by which the adopted rate is less than the rate equal to the product of the state compression percentage multiplied by the rate adopted by the district for the 2005 tax year.

(h) Notwithstanding any other provision of this title, if the amount of state and local revenue per student in weighted average daily attendance for the maintenance and operations of the district available to the district in a school year as a result of increases to the equalized wealth level under Section 41.002, the basic allotment under Section 42.101, and the guaranteed level under Section 42.302 made by H.B. No. 1, Acts of the 79th Legislature, 3rd Called Session, 2006, exceeds the amount to which a district is entitled under Subsection (b) for that school year, the commissioner must:

(1) reduce the amount of state aid provided to the district for that school year by an amount equal to the excess revenue, as determined by the commissioner; or

(2) for a district with a wealth per student greater than the applicable amount described by Section 41.002(a), require the district to purchase a number of attendance credits for that school year at a cost equal to the amount of excess revenue, as determined by the commissioner.

Texas Education Code, §42.302. <u>Allotment</u> (excerpts).

(a-1) In this section, "wealth per student" has the meaning assigned by Section 41.001. For purposes of Subsection (a), the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort ("GL") for a school district is:

(1) the amount of district tax revenue per weighted student per cent of tax effort available to a district at the 88th percentile in wealth per student, as determined by the commissioner in cooperation with the Legislative Budget Board, for the district's maintenance and operations tax effort equal to or less than the rate equal to the product of the state compression percentage, as determined under Section 42.2516, multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year;

(2) the amount of district tax revenue per weighted student per cent of tax effort available to the Austin Independent School District, as determined by the commissioner in cooperation with the Legislative Budget Board, for the first six cents by which the district's maintenance and operations tax rate exceeds the rate equal to the product of the state compression percentage, as determined under Section 42.2516 and notwithstanding the limitation on district enrichment tax rate ("DTR") under Section 42.303, multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year; and

(3) $31.95, for the district's maintenance and operations tax effort that exceeds the amount of tax effort described by Subdivision (2).

(a-2) The limitation on district enrichment tax rate ("DTR") under Section 42.303 does not apply to the district's maintenance and operations tax effort described by Subsection (a-1)(2).

Text of subsec. (a-3) effective until September 1, 2009

(a-3) Subsection (a-1) applies beginning with the 2008-2009 school year. For the 2006-2007 and 2007-2008 school years, the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort ("GL") for a school district is the level specified by Subsection (a-1), except that:

(1) Subsection (a-1)(2) applies only to the first four cents by which the district's maintenance and operations tax rate exceeds the rate equal to the product of the state compression percentage, as determined under Section 42.2516, multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year;

(2) Subsection (a-1)(3) applies to the district's maintenance and operations tax effort that exceeds the rate described by Subdivision (1); and

(3) the limitation on district enrichment tax rate ("DTR") under Section 42.303 does not apply to the district's maintenance and operations tax effort described by Subdivision (1).