

BILL ANALYSIS

C.S.H.B. 59
By: Murr
Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

It has been noted that rising property values have had the effect of allowing the state to fund a diminishing proportion of public education. C.S.H.B. 59 seeks to remedy this imbalance between state and local contributions by prohibiting public school districts from levying maintenance and operations taxes beginning with the 2024 calendar year and by creating a joint interim committee on the elimination of those taxes to study the feasibility of funding public education through state-imposed consumption taxes.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 59 amends the Tax Code to prohibit a public school district from imposing a maintenance and operations (M&O) property tax beginning January 1, 2024. That prohibition expressly does not affect a district's authority to impose a tax at a maximum rate of \$0.17 per \$100 of taxable value of property in the district for the purpose of providing additional revenue to enrich the educational opportunities of district students. Any revenue attributable to such an enrichment tax is in addition to any money the district receives from the state. A reference in law to a district's authority to impose a maintenance tax or an M&O tax may not be construed in a manner inconsistent with these provisions.

C.S.H.B. 59 creates a 10-member joint interim committee on the elimination of school district M&O property taxes. The bill sets out the composition of the committee and provides for its operation, powers, and duties. The bill sets out the factors the committee must consider and evaluate and requires the committee to provide a written report to the legislature not later than November 1, 2022, that does the following:

- addresses the feasibility of using consumption taxes for the support and maintenance of an efficient system of public free schools in Texas;
- proposes a comprehensive plan to use consumption tax revenue for that purpose; and
- proposes legislation necessary to implement that plan.

The report's proposals must allow a district to impose a qualifying enrichment tax and ensure that the total amount of state and local funds per weighted student provided to public schools for each school year under the comprehensive plan is at least equal to the total amount of those funds for the 2022-2023 school year. The bill abolishes the committee effective January 1, 2023.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2021.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 59 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute includes a requirement not in the original for the proposals of the report on the elimination of school district M&O property taxes to ensure that the total amount of state and local funds per weighted student provided to public schools for each school year under the comprehensive plan is at least equal to the total amount of those funds for the 2022-2023 school year.