

**SUBJECT:** Changing the rollback tax rate calculation for certain school districts

**COMMITTEE:** Ways and Means — favorable, without amendment

**VOTE:** 7 ayes — D. Bonnen, Y. Davis, Darby, Murphy, Parker, Springer, Wray

0 nays

4 absent — Bohac, Button, Martinez Fischer, C. Turner

**WITNESSES:** For — Sandy Hughey, North East ISD (San Antonio), Texas Association of School Boards; Christy Rome, Texas School Coalition; (*Registered, but did not testify*: Edna Butts, Austin Independent School District; Julie Cowan, Austin ISD School Board; Ray Freeman, Equity Center; Drew Scheberle, Greater Austin Chamber of Commerce; Rebecca Flores, Moak, Casey and Associates; Ted Melina Raab, Texas American Federation of Teachers; Amy Beneski, Texas Association of School Administrators; Colby Nichols, Texas Rural Education Association; Texas Association of Community Schools)

Against — None

On — (*Registered, but did not testify*: Tim Wooten, Comptroller of Public Accounts)

**BACKGROUND:** A school district's rollback tax rate acts as a soft cap on its maintenance and operations tax rate. Tax increases above the cap must receive voter approval at an election, as required under Tax Code, sec. 26.08(a).

Sec. 26.08(n) provides two methods of calculating 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 property value. One method is the sum of:

- \$1.50 per \$100 of taxable value multiplied by the state compression percentage, as defined by Education Code, sec. 42.2516;

- 4 cents per \$100 of taxable value;
- the sum of the differences between the tax rate and the rollback tax rate for each year since 2006; and
- the district's current debt rate.

The other possible calculation is the sum of:

- the maintenance and operations tax rate of the district;
- 6 cents multiplied by the state compression percentage; and
- the district's current debt rate.

The lesser of these two amounts is the rollback tax rate.

DIGEST:

HB 964 would apply certain provisions to a school district that:

- approved a tax rate at an election since 2006; and
- had a tax rate equal to or greater than the rollback tax rate provided by the provisions in this bill during the preceding 10 tax years.

Specifically, this bill would provide that the rollback tax rate of a school district was the highest of:

- the tax rate computed under Tax Code, sec. 26.08 (n); or
- the sum of the highest maintenance and operations tax rate adopted at an election since 2007 and the district's current debt rate.

These provisions would apply to the property tax rate of a school district beginning with the 2015 tax year, unless a school district adopted a tax rate for the 2015 tax year before bill took effect. In that case, the bill would apply to the property tax rate of that school district beginning with the 2016 tax year.

This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2015.

NOTES:           The Legislative Budget Board's fiscal note indicates that the bill could result in higher school district rollback tax rates in some instances, which would create a gain to those affected school districts.