

## BILL ANALYSIS

Senate Research Center

H.B. 2888  
By: Truitt (Shapiro)  
Education  
5/4/2001  
Engrossed

### DIGEST AND PURPOSE

Although there are approximately 1,000 school districts in the state of Texas, most of the growth in student enrollment in the last five years has occurred in approximately 10 percent of the state's school districts. Most fast-growth school districts finance the expansion of their facilities through voted bond issues. Current law provides that the interest and sinking fund (I&S) tax rate for all bonds that a school district issues after September 1, 1992, must not exceed fifty cents per \$100 of valuation. This "fifty cent test," based on current property values, has limited the ability of some fast-growth school districts to expand their facilities. H.B. 2888 authorizes a district to demonstrate the ability to pay bonds using the most recent property values or projected future property values.

### 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 Chapter 45A, Education Code, by adding Section 45.0031, as follows:

Sec. 45.0031. LIMITATION ON ISSUANCE OF TAX-SUPPORTED BONDS. (a) Requires a school district (district), before issuing bonds described by Section 45.001, to demonstrate certain capabilities to the attorney general under Subsection (b) or (c).

(b) Sets forth the manner in which a district is authorized to demonstrate its ability to comply with Subsection (a).

(c) Sets forth the manner in which a district is authorized to demonstrate its ability to comply with Subsection (a).

(d) Prohibits a district that demonstrates to the attorney general that the district's ability to comply with Subsection (a) is contingent on receiving state assistance from adopting a tax rate for a year for purposes of paying the principal of and interest on the bonds unless the district credits to the account of the interest and sinking fund of the bonds the amount of state assistance equal to the amount needed to demonstrate compliance and received or to be received in that year.

(e) Prohibits the attorney general, if a district demonstrates its ability to comply with Subsection (a) using a projected future taxable property value under Subsection (c) and subsequently imposes a tax to pay the principal of and interest on bonds to which Subsection (a) applies at a rate that exceeds the limit imposed by Subsection (a), from approving a subsequent issuance of bonds unless certain conditions are met.

SECTION 2. Repealer: Section 45.003(e), Education Code.

SECTION 3. Makes application of Section 45.0031, Education Code, as added by this Act, prospective.

SECTION 4. Effective date: upon passage or September 1, 2001.