

AN ACT

relating to state funding for school districts, including a school district to which an academically unacceptable school district is annexed.

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

SECTION 1. Section 13.054, Education Code, is amended by amending Subsections (f) and (g) and adding Subsections (h), (i), and (j) to read as follows:

(f) For five years beginning with the school year in which the annexation occurs, a school district shall receive additional funding under this subsection or Subsection (h). The amount of funding shall be determined ~~[the commissioner shall annually adjust the local fund assignment of a district to which territory is annexed under this section]~~ by multiplying the lesser of the enlarged district's local fund assignment computed under Section 42.252 or the enlarged district's total cost of tier one by a fraction, the numerator of which is the number of students residing in the ~~[district]~~ territory annexed to the receiving district preceding the date of the annexation and the denominator of which is the number of students residing in the district as enlarged on the date of the annexation.

(g) In order to assist with the costs of facility renovation, repair, and replacement, a [A] district to which territory is annexed under this section is entitled to additional

1 state aid for five years, beginning with the school year in which
2 the annexation occurs [~~equal to the amount by which the annual debt~~
3 ~~service required to meet the indebtedness incurred by the district~~
4 ~~due to the annexation exceeds the additional amount of state aid~~
5 ~~that results from the adjustment under Subsection (f), if any~~]. The
6 commissioner shall determine the amount of additional state aid
7 provided each year by dividing the amount of debt service taxes
8 received by the district during the tax year preceding the tax year
9 in which the annexation occurs by the number of students enrolled in
10 the district immediately preceding the date of annexation, and
11 multiplying that result by the number of additional students
12 enrolled in the district on September 1 after the date of
13 annexation. The commissioner shall provide additional state aid
14 under this subsection from funds appropriated for purposes of the
15 Foundation School Program and available for that purpose. A
16 determination by the commissioner under this subsection is final
17 and may not be appealed. [~~In determining the amount of annual debt~~
18 ~~service required, the estimated tax levy from applying the~~
19 ~~receiving district's current debt service tax rate, if any, to the~~
20 ~~territory that has been annexed shall be deducted.~~]

21 (h) The commissioner may authorize a district to receive
22 payments provided by Subchapter G, instead of Subsection (f), if
23 the commissioner determines that would result in greater payments
24 for the district. A determination by the commissioner is final and
25 may not be appealed.

26 (i) The funding provided under Subsection (f), (g), or (h)
27 is in addition to other funding the district receives through other

1 provisions of this code, including Chapters 41 and 42.

2 (j) The commissioner may adopt rules as necessary to
3 implement this section.

4 SECTION 2. Section 41.002(g), Education Code, is amended to
5 read as follows:

6 (g) The wealth per student that a district may have under
7 Subsection (e) is adjusted as follows:

8
$$AWPS = WPS \times (((EWL/280,000 - 1) \times DTR/1.17 [1.5]) + 1)$$

9 where:

10 "AWPS" is the district's wealth per student;

11 "WPS" is the district's wealth per student determined under
12 Subsection (e);

13 "EWL" is the equalized wealth level; and

14 "DTR" is the district's adopted maintenance and operations
15 tax rate for the current school year.

16 SECTION 3. Section 13.054(f), Education Code, as amended by
17 this Act, and Section 13.054(h), Education Code, as added by this
18 Act, apply only to an annexation that occurs on or after September
19 1, 2017. An annexation that occurs before that date is governed by
20 Section 13.054(f), Education Code, as that section existed at the
21 time the annexation occurred.

22 SECTION 4. Section 13.054(g), Education Code, as amended by
23 this Act, applies to a school district to which territory is annexed
24 under that section on or after July 1, 2016.

25 SECTION 5. The commissioner of education is required to
26 implement this Act only if the legislature appropriates money
27 specifically for that purpose. If the legislature does not

1 appropriate money specifically for that purpose, the commissioner
2 of education may, but is not required to, implement this Act using
3 other appropriations available for the purpose.

4 SECTION 6. This Act takes effect immediately if it receives
5 a vote of two-thirds of all the members elected to each house, as
6 provided by Section 39, Article III, Texas Constitution. If this
7 Act does not receive the vote necessary for immediate effect, this
8 Act takes effect September 1, 2017.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 1353 passed the Senate on May 15, 2017, by the following vote: Yeas 31, Nays 0; and that the Senate concurred in House amendments on May 25, 2017, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 1353 passed the House, with amendments, on May 23, 2017, by the following vote: Yeas 146, Nays 0, one present not voting.

Chief Clerk of the House

Approved:

Date

Governor