

1-1 By: Pitts, et al. (Senate Sponsor - Williams) H.B. No. 2  
1-2 (In the Senate - Received from the House April 25, 2006;  
1-3 April 25, 2006, read first time and referred to Committee on  
1-4 Finance; April 29, 2006, reported adversely, with favorable  
1-5 Committee Substitute by the following vote: Yeas 11, Nays 4;  
1-6 April 29, 2006, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR H.B. No. 2 By: Williams

1-8 A BILL TO BE ENTITLED  
1-9 AN ACT

1-10 relating to the allocation of certain revenue from franchise taxes,  
1-11 motor vehicle sales and use taxes, and taxes on cigarettes and other  
1-12 tobacco products to school district property tax relief and public  
1-13 education.

1-14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-15 SECTION 1. (a) Subchapter G, Chapter 403, Government Code,  
1-16 is amended by adding Section 403.109 to read as follows:

1-17 Sec. 403.109. PROPERTY TAX RELIEF FUND. (a) The property  
1-18 tax relief fund is a special fund in the state treasury outside the  
1-19 general revenue fund. The fund is exempt from the application of  
1-20 Sections 403.095 and 404.071. Interest and income from the deposit  
1-21 and investment of money in the fund must be allocated monthly to the  
1-22 fund.

1-23 (b) Until the state fiscal year beginning after the first  
1-24 tax year in which the average school district maintenance and  
1-25 operations tax rate is not more than \$1.00 per \$100 of taxable  
1-26 value, money in the fund may be appropriated only for a purpose that  
1-27 will result in a reduction of school district maintenance and  
1-28 operations tax rates to rates that are less than the rates in effect  
1-29 for the 2005 tax year.

1-30 (c) Beginning in the state fiscal year that begins after the  
1-31 first tax year in which the average school district maintenance and  
1-32 operations tax rate is not more than \$1.00 per \$100 of taxable  
1-33 value:

1-34 (1) two-thirds of the money appropriated from the fund  
1-35 may be appropriated only for a purpose that will result in a  
1-36 reduction of the average school district maintenance and operations  
1-37 tax rate to a rate that is not more than \$0.75 per \$100 of taxable  
1-38 value, except that if two-thirds of the money appropriated from the  
1-39 fund is not a sufficient amount to achieve that tax rate, two-thirds  
1-40 of the money appropriated may be appropriated only for a purpose  
1-41 that will result in the lowest practicable average school district  
1-42 maintenance and operations tax rate; and

1-43 (2) one-third of the money appropriated from the fund  
1-44 may be appropriated only to the Texas Education Agency for the  
1-45 purpose of increasing the basic allotment under Section 42.101,  
1-46 Education Code, and the guaranteed level of state and local funds  
1-47 per weighted student for each cent of tax effort under Section  
1-48 42.302, Education Code.

1-49 (d) Notwithstanding Subsection (c) and subject to  
1-50 Subsection (e), beginning in the state fiscal year that begins  
1-51 after the first tax year in which the average school district  
1-52 maintenance and operations tax rate is not more than \$0.75 per \$100  
1-53 of taxable value, any money remaining in the fund after a sufficient  
1-54 amount of money is appropriated in that state fiscal year to  
1-55 maintain an average school district maintenance and operations tax  
1-56 rate of \$0.75 per \$100 of taxable value may be appropriated only to  
1-57 the Texas Education Agency for the purpose described by Subsection  
1-58 (c)(2).

1-59 (e) Before any amount of money may be appropriated from the  
1-60 fund under Subsection (d), the comptroller must certify that the  
1-61 amount of money in the fund is sufficient to maintain an average  
1-62 school district maintenance and operations tax rate that is not  
1-63 more than \$0.75 per \$100 of taxable value.

2-1 (f) To the extent to which maintenance and operations tax  
 2-2 rates are reduced using money appropriated from the fund,  
 2-3 reductions must be carried out so as not to increase the disparity  
 2-4 in revenue yield between districts of varying property wealth per  
 2-5 weighted student.

2-6 (b) This section takes effect only if H.B. No. 3, H.B. No. 4,  
 2-7 or H.B. No. 5, Acts of the 79th Legislature, 3rd Called Session,  
 2-8 2006, is enacted and becomes law. If none of those Acts become law,  
 2-9 this section has no effect.

2-10 SECTION 2. (a) Subchapter I, Chapter 171, Tax Code, is  
 2-11 amended by adding Section 171.4011 to read as follows:

2-12 Sec. 171.4011. ALLOCATION OF CERTAIN REVENUE TO PROPERTY  
 2-13 TAX RELIEF FUND. (a) Notwithstanding Section 171.401, beginning  
 2-14 with the state fiscal year that begins September 1, 2007, the  
 2-15 comptroller shall, for each state fiscal year, deposit to the  
 2-16 credit of the property tax relief fund under Section 403.109,  
 2-17 Government Code, an amount of revenue calculated by:

2-18 (1) determining the revenue derived from the tax  
 2-19 imposed by this chapter as it applied during that applicable state  
 2-20 fiscal year; and

2-21 (2) subtracting the revenue the comptroller estimates  
 2-22 that the tax imposed by this chapter, as it existed on August 31,  
 2-23 2007, would have generated if it had been in effect for that  
 2-24 applicable state fiscal year.

2-25 (b) If the amount under Subsection (a) is less than zero,  
 2-26 the comptroller shall consider the amount to be zero.

2-27 (b) Except as provided by Subsection (c) of this section,  
 2-28 this section takes effect September 1, 2007.

2-29 (c) This section takes effect only if H.B. No. 3, Acts of the  
 2-30 79th Legislature, 3rd Called Session, 2006, is enacted and becomes  
 2-31 law. If that Act does not become law, this section has no effect.

2-32 SECTION 3. (a) Subchapter G, Chapter 152, Tax Code, is  
 2-33 amended by adding Section 152.1222 to read as follows:

2-34 Sec. 152.1222. ALLOCATION OF CERTAIN TAX REVENUE TO  
 2-35 PROPERTY TAX RELIEF FUND. (a) Notwithstanding Section 152.122,  
 2-36 the comptroller shall deposit to the credit of the property tax  
 2-37 relief fund under Section 403.109, Government Code, the amount of  
 2-38 money received under Section 152.121 that is estimated to have been  
 2-39 derived from the computation of the tax imposed by this chapter on  
 2-40 the standard presumptive values of motor vehicles.

2-41 (b) The comptroller shall determine the amount described by  
 2-42 Subsection (a) using available statistical data. If satisfactory  
 2-43 data are not available, the comptroller may require county tax  
 2-44 assessor-collectors to report additional information to the  
 2-45 comptroller as necessary to make the allocation required by  
 2-46 Subsection (a).

2-47 (b) Except as provided by Subsection (c) of this section,  
 2-48 this section takes effect October 1, 2006.

2-49 (c) This section takes effect only if H.B. No. 4, Acts of the  
 2-50 79th Legislature, 3rd Called Session, 2006, is enacted and becomes  
 2-51 law. If that Act does not become law, this section has no effect.

2-52 SECTION 4. (a) Subchapter J, Chapter 154, Tax Code, is  
 2-53 amended by adding Section 154.6035 to read as follows:

2-54 Sec. 154.6035. ALLOCATION OF CERTAIN REVENUE TO PROPERTY  
 2-55 TAX RELIEF FUND. Notwithstanding Section 154.603, all proceeds  
 2-56 from the collection of taxes imposed by this chapter attributable  
 2-57 to the portion of the tax rate in excess of \$20.50 per thousand on  
 2-58 cigarettes, regardless of weight, shall be deposited to the credit  
 2-59 of the property tax relief fund under Section 403.109, Government  
 2-60 Code.

2-61 (b) Subchapter H, Chapter 155, Tax Code, is amended by  
 2-62 adding Section 155.2415 to read as follows:

2-63 Sec. 155.2415. ALLOCATION OF CERTAIN REVENUE TO PROPERTY  
 2-64 TAX RELIEF FUND. Notwithstanding Section 155.241, all proceeds  
 2-65 from the collection of taxes imposed by Section 155.0211  
 2-66 attributable to the portion of the tax rate in excess of 35.213  
 2-67 percent of the manufacturer's list price, exclusive of any trade  
 2-68 discount, special discount, or deal, shall be deposited to the  
 2-69 credit of the property tax relief fund under Section 403.109,

3-1 Government Code.

3-2 (c) Except as provided by Subsection (d) of this section,  
3-3 this section takes effect September 1, 2006.

3-4 (d) This section takes effect only if H.B. No. 5, Acts of the  
3-5 79th Legislature, 3rd Called Session, 2006, is enacted and becomes  
3-6 law. If that Act does not become law, this section has no effect.

3-7 SECTION 5. To the extent of a conflict between a provision  
3-8 of this Act and a provision of any other Act of the 79th  
3-9 Legislature, 3rd Called Session, 2006, the provision of this Act  
3-10 prevails, regardless of relative dates of enactment.

3-11 SECTION 6. Except as otherwise provided by this Act, this  
3-12 Act takes effect September 1, 2006.

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