

# SECOND DAY

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THURSDAY, JUNE 30, 2005

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## PROCEEDINGS

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The Senate met at 10:40 a.m. pursuant to adjournment and was called to order by the President.

The roll was called and the following Senators were present: Armbrister, Averitt, Barrientos, Brimer, Carona, Deuell, Duncan, Ellis, Eltife, Estes, Fraser, Gallegos, Harris, Hinojosa, Jackson, Janek, Lindsay, Lucio, Madla, Nelson, Ogden, Seliger, Shapiro, Shapleigh, Staples, Van de Putte, Wentworth, West, Whitmire, Williams, Zaffirini.

The President announced that a quorum of the Senate was present.

The Honorable Eddie Lucio offered the invocation as follows:

Dear heavenly Father, today we humbly ask You to guide us so that we can work in a bipartisan fashion for the children and teachers of the State of Texas. We ask, Lord, that You will bless each and every one of us, both in this Chamber and in the House Chamber, and that You also bless the leadership of Texas. Bless our staffs and all personnel on the Senate floor. We beseech Thee to be with us as we try to resolve one of this state's most important issues, public school finance. At this time, dear Father, we also ask that You bless those who are less fortunate than we are: the needy, the homeless, the lonely, the sick, and all those who suffer physically or spiritually. We also ask today that You bless the special women of this great state, especially those who are about to bring forth a new life into this, Thy earthly kingdom. Please bless Karina Casari Davis as she prepares for the sacred calling of motherhood, as well as my daughter, Lynda, as she prepares to give us our third grandchild. And now, Lord, we offer the words of Saint Francis: Lord, make us an instrument of Thy peace. Where there is hatred, let us sow love; where there is injury, pardon; where there is doubt, faith; where there is despair, hope; where there is darkness, light; where there is sadness, joy. O divine Master, grant that we may not so much seek to be consoled as to console, to be understood as to understand, to be loved as to love; for it is in giving that we receive; it is in pardoning that we are pardoned; it is in dying that we are born to eternal life. And we ask for these blessings in Thy holy name. Amen.

Senator Whitmire moved that the reading of the Journal of the proceedings of yesterday be dispensed with and the Journal be approved as printed.

The motion prevailed without objection.

**COMMITTEE SUBSTITUTE HOUSE BILL 2**  
**SET AS SPECIAL ORDER**  
**(Senate Rule 5.11)**

On motion of Senator Shapiro and by unanimous consent, **CSHB 2** was set as a special order for 10:50 a.m. today.

**INTRODUCTION OF**  
**BILLS AND RESOLUTIONS POSTPONED**

The President announced that the introduction of bills and resolutions on first reading would be postponed until the end of today's session.

There was no objection.

**CONCLUSION OF MORNING CALL**

The President at 10:48 a.m. announced the conclusion of morning call.

**COMMITTEE SUBSTITUTE**  
**HOUSE BILL 2 ON SECOND READING**

The President laid before the Senate **CSHB 2** on its second reading. The bill was set as a special order to a time certain of 10:50 a.m. today.

**CSHB 2**, Relating to public education, public school finance matters, and the imposition of a state ad valorem tax; imposing criminal penalties.

The bill was read second time.

**(Senator Armbrister in Chair)**

Senator Ogden offered the following amendment to the bill:

**Floor Amendment No. 1**

Amend **CSHB 2** as follows:

(1) In Section 1A.07 of the bill, in added Subsection (e-2), Section 42.253, Education Code, strike "\$0.35" and substitute "\$0.20".

(2) In Section 1A.11 of the bill, in amended Section 42.303, Education Code, strike "\$0.39" and substitute "\$0.54".

(3) In Section 1A.12 of the bill, in amended Subsection (d), Section 45.003, Education Code, strike "\$1.15" and substitute "\$1.30".

(4) In Section 1A.12 of the bill, in added Subsection (e), Section 45.003, Education Code, strike "\$1.15" in each place it appears and substitute "\$1.30".

(5) In Section 1A.12 of the bill, in added Subsection (e), Section 45.003, Education Code, strike "An election held before January 1, 2006" and substitute "If the statewide referendum proposed by H.B. No. 3, Acts of the 79th Legislature, 1st Called Session, 2005, is approved by the voters, an election held before January 1, 2006".

(6) In Section 1A.12 of the bill, immediately following added Subsection (e), Section 45.003, Education Code, strike "2006 tax year or a subsequent tax year.", and substitute "2006, 2007, or 2008 tax year. If the statewide referendum proposed by H.B. No. 3, Acts of the 79th Legislature, 1st Called Session, 2005, is approved by the voters, an election held before January 1, 2009, authorizing a maintenance tax at a rate of at least \$1.05 on the \$100 valuation of taxable property in the district is sufficient to authorize a rate of \$1.05 or less for the 2009 tax year or a subsequent tax year.".

(7) Between Sections 1B.20 and 1B.21 of the bill, insert the following new section and renumber subsequent sections of Part B, Article 1 accordingly:

SECTION 1B.21. Effective September 1, 2009, Section 42.252(a), Education Code, is amended to read as follows:

(a) Each school district's share of the basic program under the Foundation School Program is determined by the following formula:

$$LFA = TR \times DPV$$

where:

"LFA" is the school district's local share;

"TR" is a tax rate which for each hundred dollars of valuation is an adopted [~~effective~~] tax rate of \$1.05 [~~\$0.86~~]; and

"DPV" is the taxable value of property in the school district for the preceding tax year determined under Subchapter M, Chapter 403, Government Code.

(8) Immediately following Section 1B.38 of the bill, insert the following appropriately numbered section and renumber subsequent sections of Part B, Article 1 accordingly:

SECTION 1B.\_\_\_\_. Sections 1B.20 and 1B.21 take effect only if the statewide referendum proposed by H.B. No. 3, Acts of the 79th Legislature, 1st Called Session, 2005, is approved by the voters. If the statewide referendum is not approved by the voters, Sections 1B.20 and 1B.21 have no effect.

The amendment to **CSHB 2** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 1 except as follows:

Nays: Harris, Janek.

**(President in Chair)**

Senator Shapleigh offered the following amendment to the bill:

### **Floor Amendment No. 2**

Amend **CSHB 2** as follows:

(1) In Section 1A.01 by amending Section 42.002(a) on lines 10 and 11 and adding new Section 41.002(a-1) and (a-2) on page 1 between line 11 and line 12 to read as follows:

(a) Except as provided in subsection (a-1), a [A] school district may not have a wealth per student that exceeds \$339,000 [~~\$305,000~~].

(a-1) The wealth per student in subsection (a) is increased in any year by the amount of wealth per student that would produce the increase in yield in the guaranteed level of state and local funds per student per cent of tax effort in Section 42.302 for that year.

(a-2) The provisions of this chapter do not apply in any year in which the guaranteed level of state and local funds per student per cent of tax effort in Section 42.302 is equal to or greater than the wealth level of the school district at the 98th percentile in wealth per student under the provisions of section 42.302.

The amendment to **CSHB 2** was read and failed of adoption by the following vote: Yeas 15, Nays 16.

Yeas: Barrientos, Deuell, Duncan, Ellis, Eltife, Gallegos, Hinojosa, Lucio, Madla, Shapleigh, Staples, Van de Putte, West, Whitmire, Zaffirini.

Nays: Armbrister, Averitt, Brimer, Carona, Estes, Fraser, Harris, Jackson, Janek, Lindsay, Nelson, Ogden, Seliger, Shapiro, Wentworth, Williams.

Senator Gallegos offered the following amendment to the bill:

### **Floor Amendment No. 3**

Amend **CSHB 2** as follows:

(1) Strike Parts A and B, Article 1, of the bill and substitute the following:

#### PART A. EDUCATION FUNDING

SECTION 1A.01. Section 42.005(a), Education Code, is amended to read as follows:

(a) In this chapter, average daily attendance is:

(1) the quotient of the sum of attendance for each day of the minimum number of days of instruction as described under Section 25.081(a) divided by the minimum number of days of instruction; ~~or~~

(2) for a district that operates under a flexible year program under Section 29.0821, the quotient of the sum of attendance for each actual day of instruction as permitted by Section 29.0821(b)(1) divided by the number of actual days of instruction as permitted by Section 29.0821(b)(1); or

(3) for a district that operates under a flexible school day program under Section 29.0822, the sum of:

(A) average daily attendance as determined under Subdivision (1), for students who are not served under Section 29.0822; and

(B) the average daily attendance as calculated by the commissioner in accordance with Section 29.0822(d), for students served under Section 29.0822.

SECTION 1A.02. Effective September 1, 2005, Section 42.101, Education Code, is amended to read as follows:

Sec. 42.101. BASIC ALLOTMENT. For each student in average daily attendance, not including the time students spend each day in special education programs in an instructional arrangement other than mainstream or career and technology education programs, for which an additional allotment is made under Subchapter C, a district is entitled to an allotment of \$2,800 [~~\$2,537~~]. A greater amount for any school year may be provided by appropriation.

SECTION 1A.03. Effective September 1, 2006, Section 42.101, Education Code, is amended to read as follows:

Sec. 42.101. BASIC ALLOTMENT. For each student in average daily attendance, not including the time students spend each day in special education programs in an instructional arrangement other than mainstream or career and

technology education programs, for which an additional allotment is made under Subchapter C, a district is entitled to an allotment of \$3,100 [~~\$2,537~~]. A greater amount for any school year may be provided by appropriation.

SECTION 1A.04. Section 42.102(b), Education Code, is amended to read as follows:

(b) The cost of education adjustment is the cost of education index adjustment adopted by the foundation school fund budget committee and contained in Chapter 203, Title 19, Texas Administrative Code, as that chapter existed on March 26, 1997. The commissioner shall modify the adjustment in a cost neutral manner to provide for the equal application of the adjustment to each of the two tiers of the foundation school program.

SECTION 1A.05. Effective September 1, 2005, Section 42.152, Education Code, is amended by amending Subsections (a) and (t) and adding Subsection (c-3) to read as follows:

(a) For each student who is educationally disadvantaged or who is a student who does not have a disability and resides in a residential placement facility in a district in which the student's parent or legal guardian does not reside, a district is entitled to an annual allotment equal to the adjusted basic allotment multiplied by 0.225 [~~0.2~~], and by 2.41 for each full-time equivalent student who is in a remedial and support program under Section 29.081 because the student is pregnant.

(c-3) Notwithstanding Subsection (c), a school district may use funds allocated under this section to provide Saturday classes for third grade students who fail to perform satisfactorily on an assessment instrument administered under Section 39.023.

(t) A reduction made under this section, Section 39.031, or the General Appropriations Act in the allotment under this section does not affect the computation of students in weighted average daily attendance for purposes of Subchapter F. The reduction in the allotment under this section shall be applied in the same manner to districts that receive state aid under this chapter and districts that make payments under Chapter 41.

SECTION 1A.06. Effective September 1, 2006, Section 42.152(a), Education Code, is amended to read as follows:

(a) For each student who is educationally disadvantaged or who is a student who does not have a disability and resides in a residential placement facility in a district in which the student's parent or legal guardian does not reside, a district is entitled to an annual allotment equal to the adjusted basic allotment multiplied by 0.25 [~~0.2~~], and by 2.41 for each full-time equivalent student who is in a remedial and support program under Section 29.081 because the student is pregnant.

SECTION 1A.07. Section 42.153(a), Education Code, is amended to read as follows:

(a) For each student in average daily attendance in a bilingual education or special language program under Subchapter B, Chapter 29, a district is entitled to an annual allotment equal to the adjusted basic allotment multiplied by 0.15 [~~0.1~~].

SECTION 1A.08. Section 42.154(a), Education Code, is amended to read as follows:

(a) For each full-time equivalent student in average daily attendance in an approved career and technology education program in grades ~~[nine through 12 or in career and technology education programs for students with disabilities in grades]~~ seven through 12, a district is entitled to an annual allotment equal to the adjusted basic allotment multiplied by a weight of 1.35.

SECTION 1A.09. Section 42.155, Education Code, is amended by adding Subsection (l) to read as follows:

(l) Beginning with the 2005-2006 school year, the allotment per mile of approved route shall be at least 35 percent higher than the allotment per mile of approved route for the 2004-2005 school year.

SECTION 1A.10. Subchapter C, Chapter 42, Education Code, is amended by adding Section 42.159 to read as follows:

Sec. 42.159. INSTRUCTIONAL MATERIALS AND TECHNOLOGY ALLOTMENT. (a) For each student in average daily attendance, a school district is entitled to an annual allotment of \$70.

(b) Funds allotted under this section may be used only to purchase approved instructional materials, including online instructional materials.

(c) This section applies beginning with the 2006-2007 school year. This subsection expires September 1, 2007.

SECTION 1A.11. Effective September 1, 2005, Section 42.2512(a), Education Code, is amended to read as follows:

(a) A school district, including a school district that is otherwise ineligible for state aid under this chapter, is entitled to state aid in an amount, as determined by the commissioner, equal to the difference, if any, between:

(1) an amount equal to the product of \$2,000 ~~[\$3,000]~~ multiplied by the number of classroom teachers, full-time librarians, full-time counselors certified under Subchapter B, Chapter 21, and full-time school nurses employed by the district and entitled to a minimum salary under Section 21.402; and

(2) an amount equal to 80 percent of the amount of additional funds to which the district is entitled due to the increases made by H.B. No. 2, Acts of the 79th Legislature, 1st Called Session, 2005 ~~[S.B. No. 4, Acts of the 76th Legislature, Regular Session, 1999]~~, to:

(A) the equalized wealth level under Section 41.002;

(B) the basic allotment under Section 42.101; and

(C) the guaranteed level of state and local funds per weighted student per cent of tax effort under Section 42.302.

SECTION 1A.12. Effective September 1, 2006, Section 42.2512(a), Education Code, is amended to read as follows:

(a) A school district, including a school district that is otherwise ineligible for state aid under this chapter, is entitled to state aid in an amount, as determined by the commissioner, equal to the difference, if any, between:

(1) an amount equal to the product of \$3,500 ~~[\$3,000]~~ multiplied by the number of classroom teachers, full-time librarians, full-time counselors certified under Subchapter B, Chapter 21, and full-time school nurses employed by the district and entitled to a minimum salary under Section 21.402; and

(2) an amount equal to 80 percent of the amount of additional funds to which the district is entitled due to the increases made by H.B. No. 2, Acts of the 79th Legislature, 1st Called Session, 2005 [~~S.B. No. 4, Acts of the 76th Legislature, Regular Session, 1999~~], to:

(A) the equalized wealth level under Section 41.002;

(B) the basic allotment under Section 42.101; and

(C) the guaranteed level of state and local funds per weighted student per cent of tax effort under Section 42.302.

SECTION 1A.13. Subchapter E, Chapter 42, Education Code, is amended by adding Section 42.2513 to read as follows:

Sec. 42.2513. ADDITIONAL TRANSITIONAL AID. (a) Notwithstanding any other provision of this chapter or Chapter 41, a school district that imposes a maintenance and operations tax rate of at least \$1.25 per \$100 valuation of taxable property is entitled to the amount of state revenue necessary to maintain state and local revenue per student in weighted average daily attendance in an amount equal to the sum of:

(1) the greater of:

(A) the amount of state and local revenue per student in weighted average daily attendance for the maintenance and operation of the district to which the district was entitled for the 2004-2005 school year under this chapter, or, if the district was subject to Chapter 41, the amount to which the district was entitled under that chapter, including any amounts the district received under Rider 82, page III-23, Chapter 1330, Acts of the 78th Legislature, Regular Session, 2003 (the General Appropriations Act); or

(B) the amount of state and local revenue per student in weighted average daily attendance for the maintenance and operation of the district to which the district would have been entitled for the 2005-2006 school year under this chapter, as this chapter existed on January 1, 2005, or, if the district would have been subject to Chapter 41 as that chapter existed on January 1, 2005, the amount to which the district would have been entitled under that chapter, based on the funding elements in effect for the 2004-2005 school year and including any amounts described by Rider 82, page III-23, Chapter 1330, Acts of the 78th Legislature, Regular Session, 2003 (the General Appropriations Act); and

(2) an amount equal to three percent of the greater of the amounts described by Subdivision (1).

(b) The amount of revenue to which a school district is entitled because of the technology allotment under Section 32.005 or the instructional materials and technology allotment under Section 42.159 is not included in making a determination under Subsection (a).

(c) The commissioner shall determine the amount of state funds to which a school district is entitled under this section. The commissioner's determination is final and may not be appealed.

SECTION 1A.14. Section 42.252(a), Education Code, is amended to read as follows:

(a) Each school district's share of the Foundation School Program is determined by the following formula:

$$LFA = TR \times DPV$$

where:

"LFA" is the school district's local share;

"TR" is a tax rate which when multiplied by the ratio of the actual taxable value of the property in the district for the current tax year divided by the taxable value of property in the district for the preceding tax year as determined under Subchapter M, Chapter 403, Government Code, raises \$0.86 for each hundred dollars of valuation [~~is an effective tax rate of \$0.86~~]; and

"DPV" is the taxable value of property in the school district for the preceding tax year determined under Subchapter M, Chapter 403, Government Code.

SECTION 1A.15. Section 42.302(a), Education Code, is amended to read as follows:

(a) Each school district is guaranteed a specified amount per weighted student in state and local funds for each cent of tax effort over that required for the district's local fund assignment up to the maximum level specified in this subchapter. The amount of state support, subject only to the maximum amount under Section 42.303, is determined by the formula:

$$GYA = (GL \times WADA \times DTR \times 100) - LR$$

where:

"GYA" is the guaranteed yield amount of state funds to be allocated to the district;

"GL" is the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort, which is an amount equal to the quotient of the basic allotment under Section 42.101 divided by 86 [~~\$27.14~~] or a greater amount for any year provided by appropriation;

"WADA" is the number of students in weighted average daily attendance, which is calculated by dividing the sum of the school district's allotments under Subchapters B and C, less any allotment to the district for transportation and[~~;~~] any allotment under Section 42.158, [~~and 50 percent of the adjustment under Section 42.102,~~] by the basic allotment for the applicable year;

"DTR" is the district enrichment tax rate of the school district, which is determined by multiplying the district's adopted maintenance and operations tax rate by the ratio of the actual taxable value of the property in the district for the current tax year divided by the taxable value of property in the district for the preceding year as determined under Subchapter M, Chapter 403, Government Code, and subtracting the district's tax rate ("TR") as calculated under Section 42.252(a) [~~subtracting the amounts specified by Subsection (b) from the total amount of maintenance and operations taxes collected by the school district for the applicable school year and dividing the difference by the quotient of the district's taxable value of property as determined under Subchapter M, Chapter 403, Government Code, or, if applicable, under Section 42.2521, divided by 100~~]; and



"LR" is the local revenue, which is determined by multiplying "DTR" by the quotient of the district's taxable value of property as determined under Subchapter M, Chapter 403, Government Code, [~~or, if applicable, under Section 42.2521,~~] divided by 100.

SECTION 1A.16. Section 41.002(a), Education Code, is amended to read as follows:

(a) A school district may not have a wealth per student that exceeds the product of the amount of the guaranteed level of state and local funds per weighted student per cent of tax effort under Section 42.302 multiplied by 10,000 [~~\$305,000~~].

SECTION 1A.17. Section 26.08, Tax Code, is amended by adding Subsections (a-1)-(a-7) and amending Subsections (i) and (k) to read as follows:

(a-1) Except as provided by Subsection (a-2), for the 2005 tax year, a school district may not impose a tax for the maintenance and operations of the district that exceeds the greater of:

(1) the rate equal to 135/150 of the rate adopted by the district for maintenance and operations for the 2004 tax year; or

(2) the rate necessary to ensure that the district receives the amount of revenue described by Sections 42.2513(a)(1) and (2), Education Code, provided that the rate may not exceed \$1.35 per \$100 valuation of taxable property.

(a-2) Notwithstanding any other provision of law, for the 2005 tax year, a school district permitted by special law on January 1, 2005, to impose an ad valorem tax for maintenance and operations at a rate greater than \$1.50 per \$100 valuation of taxable property in the district may continue to impose a tax for the maintenance and operations of the district at a rate not to exceed the rate that is \$0.15 less than the rate adopted by the district for maintenance and operations for the 2004 tax year.

(a-3) A school district that has adopted a tax rate for the 2005 tax year before the effective date of the amendment to this section by H.B. No. 2, Acts of the 79th Legislature, 1st Called Session, 2005, must adopt a new tax rate for the 2005 tax year that is consistent with Subsections (a-1) and (a-2).

(a-4) Subsections (a-1), (a-2), (a-3), and this subsection expire January 1, 2006.

(a-5) Except as provided by Subsection (a-6), for the 2006 tax year, a school district may not impose a tax for the maintenance and operations of the district that exceeds the greater of:

(1) the rate equal to 130/150 of the rate adopted by the district for maintenance and operations for the 2004 tax year; or

(2) the rate necessary to ensure that the district receives the amount of revenue described by Sections 42.2513(a)(1) and (2), Education Code, provided that the rate may not exceed \$1.30 per \$100 valuation of taxable property.

(a-6) Notwithstanding any other provision of law, for the 2006 tax year, a school district permitted by special law on January 1, 2006, to impose an ad valorem tax for maintenance and operations at a rate greater than \$1.50 per \$100 valuation of taxable property in the district may continue to impose a tax for the maintenance and operations of the district at a rate not to exceed the rate that is \$0.20 less than the rate adopted by the district for maintenance and operations for the 2004 tax year.

(a-7) Subsections (a-5), (a-6), and this subsection expire January 1, 2007.

(i) For purposes of this section, the rollback tax rate of a school district is the sum of:

(1) the tax rate that, applied to the current total value for the district, would impose taxes in an amount that, when added to state funds that would be distributed to the district under Chapter 42, Education Code, for the school year beginning in the current tax year using that tax rate, would provide the same amount of state funds distributed under Chapter 42 and maintenance and operations taxes of the district per student in weighted average daily attendance for that school year that would have been available to the district in the preceding year if the funding elements for Chapters 41 and 42, Education Code, for the current year had been in effect for the preceding year;

(2) the rate of \$0.04 [~~\$0.06~~] per \$100 of taxable value; and

(3) the district's current debt rate.

(k) For purposes of this section, for the [~~2003, 2004,~~] 2005, 2006, 2007, or 2008 tax year, for a school district that is entitled to state funds under Sections 1581.1015(c), (d), (e), and (f) [~~Section 4(a 1), (a 2), (a 3), (a 4), (a 5), or (a 6), Article 3.50-9~~], Insurance Code, the rollback tax rate of the district is the sum of:

(1) the tax rate that, applied to the current total value for the district, would impose taxes in an amount that, when added to state funds that would be distributed to the district under Chapter 42, Education Code, for the school year beginning in the current tax year using that tax rate, would provide the same amount of state funds distributed under Chapter 42 and maintenance and operations taxes of the district per student in weighted average daily attendance for that school year that would have been available to the district in the preceding year if the funding elements for Chapters 41 and 42, Education Code, for the current year had been in effect for the preceding year;

(2) the tax rate that, applied to the current total value for the district, would impose taxes in the amount that, when added to state funds that would be distributed to the district under Chapter 42, Education Code, for the school year beginning in the current tax year using that tax rate, permits the district to comply with Section 1581.052 [~~3, Article 3.50-9~~], Insurance Code;

(3) the rate of \$0.04 [~~\$0.06~~] per \$100 of taxable value; and

(4) the district's current debt rate.

SECTION 1A.18. Section 311.013, Tax Code, is amended by adding Subsection (n) to read as follows:

(n) This subsection applies only to a reinvestment zone created before September 1, 1999, for which a school district entered into an agreement before that date to pay a portion of the tax increment produced by the school district into the tax increment fund established for the zone. In addition to the amount the school district is otherwise required to pay into the tax increment fund each year, the comptroller shall pay into the fund from any available source an additional amount. The additional amount is the amount by which the amount the district would have been required to pay into the fund for the current year under the agreement if the district levied taxes at the district's 2004 tax rate exceeds the amount the district is otherwise required to pay

into the fund for the current year. This subsection ceases to apply to the reinvestment zone on the later of the dates specified by Sections 311.017(a)(1) and (2) for the reinvestment zone.

PART B. RESIDENCE HOMESTEAD EXEMPTION

SECTION 1B.01. Section 11.13(b), Tax Code, is amended to read as follows:

(b) An adult is entitled to exemption from taxation by a school district of \$45,000 [~~\$15,000~~] of the appraised value of the adult's residence homestead, except that \$40,000 [~~\$10,000~~] of the exemption does not apply to an entity operating under former Chapter 17, 18, 25, 26, 27, or 28, Education Code, as those chapters existed on May 1, 1995, as permitted by Section 11.301, Education Code.

SECTION 1B.02. Section 11.26(a), Tax Code, is amended to read as follows:

(a) The tax officials shall appraise the property to which this section applies and calculate taxes as on other property, but if the tax so calculated exceeds the limitation imposed by this section, the tax imposed is the amount of the tax as limited by this section, except as otherwise provided by this section. A school district may not increase the total annual amount of ad valorem tax it imposes on the residence homestead of an individual 65 years of age or older or on the residence homestead of an individual who is disabled, as defined by Section 11.13, above the amount of the tax it imposed in the first tax year in which the individual qualified that residence homestead for the applicable exemption provided by Section 11.13(c) for an individual who is 65 years of age or older or is disabled. If the individual qualified that residence homestead for the exemption after the beginning of that first year and the residence homestead remains eligible for the same exemption for the next year, and if the school district taxes imposed on the residence homestead in the next year are less than the amount of taxes imposed in that first year, a school district may not subsequently increase the total annual amount of ad valorem taxes it imposes on the residence homestead above the amount it imposed in the year immediately following the first year for which the individual qualified that residence homestead for the same exemption, except as provided by Subsection (b). If the first tax year the individual qualified the residence homestead for the exemption provided by Section 11.13(c) for individuals 65 years of age or older or disabled was a tax year before the 2006 [~~1997~~] tax year, the amount of the limitation provided by this section is the amount of tax the school district imposed for the 2005 [~~1996~~] tax year less an amount equal to the amount determined by multiplying \$30,000 [~~\$10,000~~] times the tax rate of the school district for the 2006 [~~1997~~] tax year, plus any 2006 [~~1997~~] tax attributable to improvements made in 2005 [~~1996~~], other than improvements made to comply with governmental regulations or repairs.

SECTION 1B.03. Section 42.2511(a), Education Code, is amended to read as follows:

(a) Notwithstanding any other provision of this chapter, a school district is entitled to additional state aid to the extent that state aid under this chapter based on the determination of the school district's taxable value of property as provided under Subchapter M, Chapter 403, Government Code, does not fully compensate the district for ad valorem tax revenue lost due to:

(1) the increase in the homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, as proposed by H.J.R. No. 4, 75th Legislature, Regular Session, 1997, or as proposed by H.J.R. No. 11, Acts of the 79th Legislature, 1st Called Session, 2005; and

(2) the additional limitation on tax increases under Section 1-b(d), Article VIII, Texas Constitution, as proposed by H.J.R. No. 4, 75th Legislature, Regular Session, 1997, or as proposed by H.J.R. No. 11, Acts of the 79th Legislature, 1st Called Session, 2005.

SECTION 1B.04. Section 403.302(j), Government Code, is amended to read as follows:

(j) For purposes of Section 42.2511, Education Code, the comptroller shall certify to the commissioner of education:

(1) a final value for each school district computed on a residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, of \$5,000; ~~and~~

(2) a final value for each school district computed on:

(A) a residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, of \$15,000; and

(B) the effect of the additional limitation on tax increases under Section 1-b(d), Article VIII, Texas Constitution, as proposed by H.J.R. No. 4, 75th Legislature, Regular Session, 1997; and

(3) a final value for each school district computed on:

(A) a residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, of \$45,000; and

(B) the effect of the additional limitation on tax increases under Section 1-b(d), Article VIII, Texas Constitution, as proposed by H.J.R. No. 11, Acts of the 79th Legislature, 1st Called Session, 2005.

(2) Strike SECTION 2A.11 of the bill and substitute the following:

SECTION 2A.11. Section 21.402, Education Code, is amended by amending Subsections (a) and (d) and adding Subsections (c-1), (c-2), (c-3), and (c-4) to read as follows:

(a) Except as provided by Subsection (d), (e), or (f), a school district must pay each classroom teacher, full-time librarian, full-time counselor certified under Subchapter B, or full-time school nurse not less than the minimum monthly salary, based on the employee's level of experience, determined by the following formula:

$$MS = SF \times FS$$

where:

"MS" is the minimum monthly salary;

"SF" is the applicable salary factor specified by Subsection (c); and

"FS" is the amount, as determined by the commissioner under Subsection (b), of state and local funds per weighted student available to a district eligible to receive state assistance under Section 42.302 with an enrichment tax rate, as defined by Section 42.302, equal to the maximum rate authorized under Section 42.303, except that the amount of state and local funds per weighted student does not include the amount attributable to the increase in the guaranteed level made by Chapter 1187 [H.B. No. 3343], Acts of the 77th Legislature, Regular Session, 2001, or H.B. No. 2, Acts of the 79th Legislature, 1st Called Session, 2005.

(c-1) Not later than June 1, 2007, the commissioner shall adjust the factors described by Subsection (c) so that the minimum monthly salary calculated under Subsection (a) is \$320 greater than the minimum monthly salary that the formula would have otherwise generated.

(c-2) Notwithstanding Subsection (a), for the 2005-2006 school year, a classroom teacher, full-time librarian, full-time counselor certified under Subchapter B, or full-time school nurse is entitled to a monthly salary that is at least equal to the sum of:

(1) the monthly salary the employee would have received for the 2005-2006 school year under the district's salary schedule or other compensation system, including any local supplement and any money representing a career ladder supplement the employee would have received in the 2005-2006 school year; and

(2) \$180.

(c-3) Notwithstanding Subsection (a), for the 2006-2007 school year, a classroom teacher, full-time librarian, full-time counselor certified under Subchapter B, or full-time school nurse is entitled to a monthly salary that is at least equal to the sum of:

(1) the monthly salary the employee would have received for the 2006-2007 school year under the district's salary schedule or other compensation system, including any local supplement and any money representing a career ladder supplement the employee would have received in the 2006-2007 school year; and

(2) \$320.

(c-4) Subsections (c-2) and (c-3) and this subsection expire September 1, 2007.

(d) A classroom teacher, full-time librarian, full-time counselor certified under Subchapter B, or full-time school nurse employed by a school district in the 2006-2007 [2000-2001] school year is, as long as the employee is employed by the same district, entitled to a salary that is at least equal to the salary the employee received for the 2006-2007 [2000-2001] school year.

(3) In Part A, Article 2 of the bill, add the following appropriately numbered section and renumber the subsequent sections of Part A, Article 2, accordingly:

SECTION 2A. \_\_. Subchapter I, Chapter 21, Education Code, is amended by adding Section 21.4021 to read as follows:

Sec. 21.4021. ADDITIONAL COMPENSATION. (a) In addition to the amounts specified under Section 21.402, each school district shall spend an amount equal to the product of \$300 multiplied by the number of classroom teachers, full-time librarians, full-time counselors certified under Subchapter B, and full-time school nurses employed by the district and entitled to a minimum salary under Section 21.402 on:

(1) additional across-the-board salary increases for all employees subject to the minimum salary schedule; or

(2) additional stipends, in amounts determined by the district, to encourage successful classroom teachers who hold appropriate certificates issued as provided by Subchapter B and have at least three years of classroom experience to:

(A) teach or serve as a mentor or master teacher at a campus that is considered low-performing under Section 39.132;

(B) teach or serve as a mentor or master teacher at a campus or in a program where at least 70 percent of the students are educationally disadvantaged;

(C) serve as a mentor or master teacher in a subject in which the teacher is certified and which is designated by the commissioner as a critical shortage area; or

(D) teach or serve in a program that is designed to provide highly qualified teachers to students who are at risk of failing or dropping out of school.

(b) Notwithstanding Subsection (a), during the 2005-2006 school year, in addition to the amounts specified under Section 21.402, each school district shall spend an amount equal to the product of \$200 multiplied by the number of classroom teachers, full-time librarians, full-time counselors certified under Subchapter B, and full-time school nurses employed by the district and entitled to a minimum salary under Section 21.402 in the manner provided by Subsection (a).

(c) Subsection (a) applies beginning with the 2006-2007 school year. Subsection (b) and this subsection expire September 1, 2006.

(4) In Part B, Article 2 of the bill, add the following appropriately numbered section and renumber the subsequent sections of Part B, Article 2, accordingly:

SECTION 2B.\_\_. Subchapter H, Chapter 45, Education Code, is amended by adding Section 45.233 to read as follows:

Sec. 45.233. REVIEW OF TAX COLLECTIONS. The comptroller shall periodically examine the effectiveness of school districts in collecting district taxes.

(5) In Part C, Article 2 of the bill, add the following appropriately numbered section and renumber the subsequent sections of Part C, Article 2, accordingly:

SECTION 2C.\_\_. Section 39.031, Education Code, is amended to read as follows:

Sec. 39.031. COST. (a) The commissioner shall set aside an appropriate amount from the Foundation School Program to pay the cost of preparing, administering, or grading the assessment instruments and the [shall be paid from the funds allotted under Section 42.152, and each district shall bear the cost in the same manner described for a reduction in allotments under Section 42.253. If a district does not receive an allotment under Section 42.152, the commissioner shall subtract the cost from the district's other foundation school fund allotments.

[(b) The] cost of releasing the question and answer keys under Section 39.023(e) [shall be paid from amounts appropriated to the agency].

(b) After setting aside an appropriate amount in accordance with this section, the commissioner shall proportionately reduce each district's tier one allotment or, for a district that does not receive a tier one allotment, increase the district's payments under Chapter 41.

(6) In Article 8 of the bill, add the following appropriately numbered section and renumber the subsequent sections of Article 8 of the bill accordingly:

SECTION 8.\_\_. This Act takes effect only if H.J.R. No. 11, Acts of the 79th Legislature, 1st Called Session, 2005, is approved by the voters. If that amendment is not approved by the voters, this Act has no effect.

The amendment was read.

Senator Gallegos moved to call the previous question on the adoption of Floor Amendment No. 3 to **CSHB 2**.

Senators Barrientos, Hinojosa, Lucio, Shapleigh, and Zaffirini seconded the motion.

Senator Gallegos withdrew the motion to call the previous question.

Question recurring on the adoption of Floor Amendment No. 3 to **CSHB 2**, the amendment failed of adoption by the following vote: Yeas 9, Nays 22.

Yeas: Barrientos, Ellis, Gallegos, Lucio, Madla, Shapleigh, West, Whitmire, Zaffirini.

Nays: Armbrister, Averitt, Brimer, Carona, Deuell, Duncan, Eltife, Estes, Fraser, Harris, Hinojosa, Jackson, Janek, Lindsay, Nelson, Ogden, Seliger, Shapiro, Staples, Van de Putte, Wentworth, Williams.

On motion of Senator Shapiro and by unanimous consent, the caption was amended to conform to the body of the bill as amended.

**CSHB 2** as amended was passed to third reading by the following vote: Yeas 27, Nays 4.

Yeas: Armbrister, Averitt, Brimer, Carona, Deuell, Duncan, Eltife, Estes, Fraser, Harris, Hinojosa, Jackson, Janek, Lindsay, Lucio, Madla, Nelson, Ogden, Seliger, Shapiro, Staples, Van de Putte, Wentworth, West, Whitmire, Williams, Zaffirini.

Nays: Barrientos, Ellis, Gallegos, Shapleigh.

#### **COMMITTEE SUBSTITUTE HOUSE BILL 2 ON THIRD READING**

Senator Shapiro moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **CSHB 2** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 27, Nays 4.

Yeas: Armbrister, Averitt, Brimer, Carona, Deuell, Duncan, Eltife, Estes, Fraser, Harris, Hinojosa, Jackson, Janek, Lindsay, Lucio, Madla, Nelson, Ogden, Seliger, Shapiro, Staples, Van de Putte, Wentworth, West, Whitmire, Williams, Zaffirini.

Nays: Barrientos, Ellis, Gallegos, Shapleigh.

The bill was read third time and was passed by the following vote: Yeas 27, Nays 4. (Same as previous roll call)

#### **HOUSE CONCURRENT RESOLUTION 14**

The President laid before the Senate the following resolution:

WHEREAS, Section 17, Article III, Texas Constitution, provides that neither house of the legislature may adjourn for more than three days without the consent of the other house; now, therefore, be it

RESOLVED, by the 79th Legislature, First Called Session, that each house grant the other permission to adjourn for more than three days during the period beginning on June 29, 2005, and ending on July 5, 2005.

WHITMIRE

**HCR 14** was read.

Senator Whitmire offered the following amendment to the resolution:

**Floor Amendment No. 1**

Amend **HCR 14** at page 1, line 9 by striking "and ending on July 5, 2005." and substituting "and ending on July 6, 2005." therefor.

The amendment to **HCR 14** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 1.

On motion of Senator Whitmire and by unanimous consent, the resolution as amended was considered immediately and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of the resolution as amended.

**SENATE BILLS ON FIRST READING**

The following bills were introduced, read first time, and referred to the committees indicated:

**SB 1** by Ogden

Appropriating money for the support of state government.

To Committee on Finance.

**SB 63** by Barrientos

Relating to authorizing the issuance of revenue bonds for The University of Texas at Austin.

To Committee on Finance.

**SB 64** by Van de Putte

Relating to permitting certain military personnel entitled to receive a tuition and fee exemption to transfer the exemption to a child.

To Committee on Education.

**SB 65** by Wentworth

Relating to increasing the amount of the residence homestead exemption from ad valorem taxation for public school purposes and correspondingly adjusting the limitation on the amount of ad valorem taxes that may be imposed for those purposes on the homesteads of certain persons.

To Committee on Finance.

**SB 66** by Lucio

Relating to the jurisdiction of certain home-rule municipalities on a barrier island in the Gulf of Mexico.

To Committee on International Relations and Trade.



**SENATE RULES SUSPENDED**  
**(Posting Rules)**

On motion of Senator Duncan and by unanimous consent, Senate Rule 11.10(a) and Senate Rule 11.18(a) were suspended in order that the Committee on State Affairs might meet and consider the following bill and resolutions today:

**SB 62, SJR 9, SJR 10.**

**RESOLUTION OF RECOGNITION**

The following resolution was adopted by the Senate:

**Congratulatory Resolution**

**SR 42** by Lucio, Honoring the achievements and legacy of Don José Esparza of the Rio Grande Valley.

**ADJOURNMENT**

On motion of Senator Whitmire, the Senate at 12:13 p.m. adjourned, in memory of Robert E. "Bobby" Galer of Dallas and Albert Martinez of Junction, until 1:30 p.m. Wednesday, July 6, 2005.

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**APPENDIX**

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**COMMITTEE REPORTS**

The following committee reports were received by the Secretary of the Senate in the order listed:

June 30, 2005

BUSINESS AND COMMERCE — **SB 20, SB 21**

STATE AFFAIRS — **CSSB 11**

EDUCATION — **CSHB 2** (Ordered not printed)

