

EDUCATION CODE

TITLE 2. PUBLIC EDUCATION

SUBTITLE I. SCHOOL FINANCE AND FISCAL MANAGEMENT

CHAPTER 46. ASSISTANCE WITH INSTRUCTIONAL FACILITIES AND PAYMENT OF  
EXISTING DEBT

SUBCHAPTER A. INSTRUCTIONAL FACILITIES ALLOTMENT

Sec. 46.001. DEFINITION. In this subchapter, "instructional facility" means real property, an improvement to real property, or a necessary fixture of an improvement to real property that is used predominantly for teaching the curriculum required under Section 28.002.

Added by Acts 1997, 75th Leg., ch. 592, Sec. 1.04, eff. Sept. 1, 1997. Amended by Acts 1999, 76th Leg., ch. 396, Sec. 1.23, eff. Sept. 1, 1999.

Sec. 46.002. RULES. (a) The commissioner may adopt rules for the administration of this subchapter.

(b) The commissioner's rules may limit the amount of an allotment under this subchapter that is to be used to construct, acquire, renovate, or improve an instructional facility that may also be used for noninstructional or extracurricular activities.

Added by Acts 1997, 75th Leg., ch. 592, Sec. 1.04, eff. Sept. 1, 1997. Amended by Acts 1999, 76th Leg., ch. 396, Sec. 1.23, eff. Sept. 1, 1999.

Sec. 46.003. SCHOOL FACILITIES ALLOTMENT. (a) For each year, except as provided by Sections 46.005 and 46.006, a school district is guaranteed a specified amount per student in state and local funds for each cent of tax effort, up to the maximum rate under Subsection (b), to pay the principal of and interest on eligible bonds issued to construct, acquire, renovate, or improve an instructional facility. The amount of state support is determined by the formula:

$$FYA = (FYL \times ADA \times BTR \times 100) - (BTR \times (DPV/100))$$

where:

"FYA" is the guaranteed facilities yield amount of state funds allocated to the district for the year;

"FYL" is the dollar amount guaranteed level of state and local funds per student per cent of tax effort, which is \$35 or a greater amount for any year provided by appropriation;

"ADA" is the greater of the number of students in average daily attendance, as determined under Section 48.005, in the district or 400;

"BTR" is the district's bond tax rate for the current year, which is determined by dividing the amount budgeted by the district for payment of eligible bonds by the quotient of the district's taxable value of property as determined under Subchapter M, Chapter 403, Government Code, or, if applicable, Section 48.258, divided by 100; and

"DPV" is the district's taxable value of property as determined under Subchapter M, Chapter 403, Government Code, or, if applicable, Section 48.258.

(b) The bond tax rate under Subsection (a) may not exceed the rate that would be necessary for the current year, using state funds under Subsection (a), to make payments of principal and interest on the bonds for which the tax is pledged.

(c) To enable the district to collect local funds sufficient to pay the district's share of the debt service, a district may levy a bond tax at a rate higher than the maximum rate for which it may receive state assistance.

(d) The amount budgeted by a district for payment of eligible bonds may include:

(1) bond taxes collected in the current school year;

(2) bond taxes collected in a preceding school year in excess of the amount necessary to pay the district's share of actual debt service on bonds in that year, provided that the taxes were not used to generate other state financial assistance for the district; or

(3) maintenance and operations taxes collected in the current school year or a preceding school year in excess of the amount eligible to be used to generate other state financial assistance for the district.

(e) Bonds are eligible to be paid with state and local funds under this section if:

(1) taxes to pay the principal of and interest on the bonds were first levied in the 1997-1998 school year or a later school year; and

(2) the bonds do not have a weighted average maturity of less than eight years.

(f) A district may use state funds received under this section only to pay the principal of and interest on the bonds for which the district received the funds.

(g) The board of trustees and voters of a school district shall determine district needs concerning construction, acquisition, renovation, or improvement of instructional facilities.

(h) To receive state assistance under this subchapter, a school district must apply to the commissioner in accordance with rules adopted by the commissioner before issuing bonds that will be paid with state assistance. Until the bonds are fully paid or the instructional facility is sold:

(1) a school district is entitled to continue receiving state assistance without reapplying to the commissioner; and

(2) the guaranteed level of state and local funds per student per cent of tax effort applicable to the bonds may not be reduced below the level provided for the year in which the bonds were issued.

Added by Acts 1997, 75th Leg., ch. 592, Sec. 1.04, eff. Sept. 1, 1997. Amended by Acts 1999, 76th Leg., ch. 396, Sec. 1.24, eff. Sept. 1, 1999; Acts 2001, 77th Leg., ch. 1156, Sec. 6, eff. Sept. 1, 2001.

Amended by:

Acts 2015, 84th Leg., R.S., Ch. 465 (S.B. 1), Sec. 21, eff. November 3, 2015.

Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 3.059, eff. September 1, 2019.

Sec. 46.004. LEASE-PURCHASE AGREEMENTS. (a) A district

may receive state assistance in connection with a lease-purchase agreement concerning an instructional facility. For purposes of this subchapter:

(1) taxes levied for purposes of maintenance and operations that are necessary to pay a district's share of the payments under a lease-purchase agreement for which the district receives state assistance under this subchapter are considered to be bond taxes; and

(2) payments under a lease-purchase agreement are considered to be payments of principal of and interest on bonds.

(b) Section 46.003(b) applies to taxes levied to pay a district's share of the payments under a lease-purchase agreement for which the district receives state assistance under this subchapter.

(c) A lease-purchase agreement must be for a term of at least eight years to be eligible to be paid with state and local funds under this subchapter.

Added by Acts 1997, 75th Leg., ch. 592, Sec. 1.04, eff. Sept. 1, 1997. Amended by Acts 1999, 76th Leg., ch. 396, Sec. 1.25, eff. Sept. 1, 1999.

Sec. 46.005. LIMITATION ON GUARANTEED AMOUNT. The guaranteed amount of state and local funds for a new project that a district may be awarded in any state fiscal biennium under Section 46.003 for a school district may not exceed the lesser of:

(1) the amount the actual debt service payments the district makes in the biennium in which the bonds are issued; or

(2) the greater of:

(A) \$100,000; or

(B) the product of the number of students in average daily attendance in the district multiplied by \$250.

Added by Acts 1997, 75th Leg., ch. 592, Sec. 1.04, eff. Sept. 1, 1997.

Sec. 46.006. SHORTAGE OR EXCESS OF FUNDS APPROPRIATED FOR NEW PROJECTS. (a) If the total amount appropriated for a year for new projects is less than the amount of money to which school

districts applying for state assistance are entitled for that year, the commissioner shall rank each school district applying by wealth per student. For purposes of this section, a district's wealth per student is reduced by 10 percent for each state fiscal biennium in which the district did not receive assistance under this subchapter.

(b) A district's wealth per student is reduced for purposes of this section if a district has had substantial student enrollment growth in the preceding five-year period. The reduction is in addition to any reduction under Subsection (a) and is computed before the district's wealth per student is reduced under that subsection, if applicable. A district's wealth per student is reduced:

(1) by five percent, if the district has an enrollment growth rate in that period that is 10 percent or more but less than 15 percent;

(2) by 10 percent, if the district has an enrollment growth rate in that period that is 15 percent or more but less than 30 percent; or

(3) by 15 percent, if the district has an enrollment growth rate in that period that is 30 percent or more.

(c) A district's wealth per student is reduced by 10 percent for purposes of this section if the district does not have any outstanding debt at the time the district applies for assistance under this subchapter. The reduction is in addition to any reduction under Subsection (a) or (b) and is computed before the district's wealth per student is reduced under those subsections, if applicable.

(d) The commissioner shall adjust the rankings after making the reductions in wealth per student required by Subsections (a), (b), and (c).

(e) Beginning with the district with the lowest adjusted wealth per student that has applied for state assistance for the year, the commissioner shall award state assistance to districts that have applied for state assistance in ascending order of adjusted wealth per student. The commissioner shall award the full amount of state assistance to which a district is entitled under

this subchapter, except that the commissioner may award less than the full amount to the last district for which any funds are available.

(f) Any amount appropriated for the first year of a fiscal biennium that is not awarded to a school district may be used to provide assistance in the following fiscal year.

(g) In this section, "wealth per student" means a school district's taxable value of property as determined under Subchapter M, Chapter 403, Government Code, or, if applicable, Section 48.258, divided by the district's average daily attendance as determined under Section 48.005.

Added by Acts 1997, 75th Leg., ch. 592, Sec. 1.04, eff. Sept. 1, 1997. Amended by Acts 1999, 76th Leg., ch. 396, Sec. 1.26, eff. Sept. 1, 1999.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 1309 (S.B. 962), Sec. 1, eff. September 1, 2007.

Acts 2007, 80th Leg., R.S., Ch. 1309 (S.B. 962), Sec. 2, eff. September 1, 2012.

Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 3.060, eff. September 1, 2019.

Sec. 46.007. REFUNDING BONDS. A school district may use state funds received under this subchapter to pay the principal of and interest on refunding bonds that:

(1) are issued to refund bonds eligible under Section 46.003;

(2) do not have a final maturity date later than the final maturity date of the bonds being refunded;

(3) may not be called for redemption earlier than the earliest call date of the bonds being refunded; and

(4) result in a present value savings, which is determined by computing the net present value of the difference between each scheduled payment on the original bonds and each scheduled payment on the refunding bonds. The present value savings shall be computed at the true interest cost of the refunding bonds.

Added by Acts 1997, 75th Leg., ch. 592, Sec. 1.04, eff. Sept. 1, 1997. Amended by Acts 1999, 76th Leg., ch. 396, Sec. 1.27, eff. Sept. 1, 1999.

Sec. 46.008. STANDARDS. (a) The commissioner shall establish standards for adequacy of school facilities. The standards must include requirements related to space, educational adequacy, and construction quality. All new facilities constructed after September 1, 1998, must meet the standards to be eligible to be financed with state or local tax funds.

(b) Repealed by Acts 2009, 81st Leg., R.S., Ch. 698, Sec. 5, eff. December 31, 2009.

Added by Acts 1997, 75th Leg., ch. 592, Sec. 1.04, eff. Sept. 1, 1997.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 1213 (H.B. 1886), Sec. 10, eff. September 1, 2007.

Acts 2009, 81st Leg., R.S., Ch. 698 (H.B. 2763), Sec. 5, eff. December 31, 2009.

Sec. 46.0081. SECURITY CRITERIA IN DESIGN OF INSTRUCTIONAL FACILITIES. A school district that constructs a new instructional facility or conducts a major renovation of an existing instructional facility using funds allotted to the district under this subchapter shall consider, in the design of the instructional facility, appropriate security criteria.

Added by Acts 2005, 79th Leg., Ch. 780 (S.B. 11), Sec. 7, eff. September 1, 2005.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 620 (S.B. 1556), Sec. 2, eff. June 14, 2013.

Sec. 46.009. PAYMENT OF SCHOOL FACILITIES ALLOTMENTS. (a) For each school year, the commissioner shall determine the amount of money to which each school district is entitled under this subchapter.

(b) If the amount appropriated for purposes of this

subchapter for a year is less than the total amount determined under Subsection (a) for that year, the commissioner shall:

(1) transfer from the Foundation School Program to the instructional facilities program the amount by which the total amount determined under Subsection (a) exceeds the amount appropriated; and

(2) reduce each district's foundation school fund allocations in the manner provided by Section 48.266(f).

(c) Warrants for payments under this subchapter shall be approved and transmitted to school district treasurers or depositories in the same manner as warrants for payments under Chapter 48.

(d) As soon as practicable after September 1 of each year, the commissioner shall distribute to each school district the amount of state assistance under this subchapter to which the commissioner has determined the district is entitled for the school year. The district shall deposit the money in the interest and sinking fund for the bonds for which the assistance is received and shall adopt a tax rate for purposes of debt service that takes into account the balance of the interest and sinking fund.

(e) Section 48.272 applies to payments under this subchapter.

(f) If a school district would have received a greater amount under this subchapter for the applicable school year using the adjusted value determined under Section 48.271, the commissioner shall add the difference between the adjusted value and the amount the district received under this subchapter to subsequent distributions to the district under this subchapter.

Added by Acts 1997, 75th Leg., ch. 592, Sec. 1.04, eff. Sept. 1, 1997. Amended by Acts 1999, 76th Leg., ch. 396, Sec. 1.27, eff. Sept. 1, 1999.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 3.061, eff. September 1, 2019.

Sec. 46.010. PROJECTS BY MORE THAN ONE DISTRICT. If two or more districts apply for state assistance in connection with a



joint project at a single location, each district is entitled to a guaranteed facilities yield amount of state and local funds that is 20 percent higher than the amount to which the district would otherwise be entitled under Section 46.005.

Added by Acts 1997, 75th Leg., ch. 592, Sec. 1.04, eff. Sept. 1, 1997.

Sec. 46.011. SALE OF INSTRUCTIONAL FACILITY FINANCED WITH INSTRUCTIONAL FACILITIES ALLOTMENT. (a) If an instructional facility financed by bonds paid with state and local funds under this subchapter is sold before the bonds are fully paid, the school district shall send to the comptroller an amount equal to the district's net proceeds from the sale multiplied by a percentage determined by dividing the amount of state funds under this subchapter used to pay the principal of and interest on the bonds by the total amount of principal and interest paid on the bonds with funds other than the proceeds of the sale.

(b) In this section, "net proceeds" means the difference between the total amount received from the sale less:

(1) the amount necessary to fully pay the outstanding principal of and interest on the bonds; and

(2) the school district's costs of the sale, as approved by the commissioner.

Added by Acts 1997, 75th Leg., ch. 592, Sec. 1.04, eff. Sept. 1, 1997. Amended by Acts 1999, 76th Leg., ch. 396, Sec. 1.28, eff. Sept. 1, 1999.

Sec. 46.012. APPLICABILITY TO OPEN-ENROLLMENT CHARTER SCHOOLS. An open-enrollment charter school is not entitled to an allotment under this subchapter.

Added by Acts 2001, 77th Leg., ch. 1504, Sec. 30, eff. Sept. 1, 2001.

Sec. 46.013. MULTIPLE ALLOTMENTS PROHIBITED. A school district is not entitled to state assistance under this subchapter based on taxes with respect to which the district receives state assistance under Subchapter E, Chapter 48.

Added by Acts 2001, 77th Leg., ch. 1156, Sec. 7, eff. Sept. 1, 2001.  
Renumbered from Education Code Sec. 46.012 by Acts 2003, 78th Leg.,  
ch. 1275, Sec. 2(22), eff. Sept. 1, 2003.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 3.063, eff.  
September 1, 2019.

#### SUBCHAPTER B. ASSISTANCE WITH PAYMENT OF EXISTING DEBT

Sec. 46.031. RULES. The commissioner may adopt rules for  
the administration of this subchapter.

Added by Acts 1999, 76th Leg., ch. 396, Sec. 1.29, eff. Sept. 1,  
1999.

Sec. 46.032. ALLOTMENT. (a) Each school district is  
guaranteed a specified amount per student in state and local funds  
for each cent of tax effort to pay the principal of and interest on  
eligible bonds. The amount of state support, subject only to the  
maximum amount under Section 46.034, is determined by the formula:

$$EDA = (EDGL \times ADA \times EDTR \times 100) - (EDTR \times (DPV/100))$$

where:

"EDA" is the amount of state funds to be allocated to the  
district for assistance with existing debt;

"EDGL" is the dollar amount guaranteed level of state and  
local funds per student per cent of tax effort, which is the lesser  
of:

(1) \$40 or a greater amount for any year provided by  
appropriation; or

(2) the amount that would result in a total additional  
amount of state funds under this subchapter for the current year  
equal to \$60 million in excess of the state funds to which school  
districts would have been entitled under this section if the  
guaranteed level amount were \$35;

"ADA" is the number of students in average daily attendance,  
as determined under Section 48.005, in the district;

"EDTR" is the existing debt tax rate of the district, which is  
determined by dividing the amount budgeted by the district for

payment of eligible bonds 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 48.258, divided by 100; and

"DPV" is the district's taxable value of property as determined under Subchapter M, Chapter 403, Government Code, or, if applicable, under Section 48.258.

(b) The existing debt tax rate of the district under Subsection (a) may not exceed the rate that would be necessary for the current year, using state funds under Subsection (a), to make payments of principal and interest on the bonds for which the tax is pledged.

(c) The amount budgeted by a district for payment of eligible bonds may include:

(1) bond taxes collected in the current school year;

(2) bond taxes collected in a preceding school year in excess of the amount necessary to pay the district's share of actual debt service on bonds in that year, provided that the taxes were not used to generate other state financial assistance for the district; or

(3) maintenance and operations taxes collected in the current school year or a preceding school year in excess of the amount eligible to be used to generate other state financial assistance for the district.

Added by Acts 1999, 76th Leg., ch. 396, Sec. 1.29, eff. Sept. 1, 1999. Amended by Acts 2001, 77th Leg., ch. 1156, Sec. 8, eff. Sept. 1, 2001.

Amended by:

Acts 2015, 84th Leg., R.S., Ch. 465 (S.B. 1), Sec. 22, eff. November 3, 2015.

Acts 2017, 85th Leg., 1st C.S., Ch. 8 (H.B. 21), Sec. 8, eff. September 1, 2018.

Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 3.064, eff. September 1, 2019.

Sec. 46.033. ELIGIBLE BONDS. Bonds, including bonds issued under Section 45.006, are eligible to be paid with state and local

funds under this subchapter if:

(1) the district made payments on the bonds during the final school year of the preceding state fiscal biennium or taxes levied to pay the principal of and interest on the bonds were included in the district's audited debt service collections for that school year; and

(2) the district does not receive state assistance under Subchapter A for payment of the principal and interest on the bonds.

Added by Acts 1999, 76th Leg., ch. 396, Sec. 1.29, eff. Sept. 1, 1999. Amended by Acts 2001, 77th Leg., ch. 1156, Sec. 9, eff. Sept. 1, 2001; Acts 2003, 78th Leg., ch. 201, Sec. 40, eff. Sept. 1, 2003. Amended by:

Acts 2005, 79th Leg., Ch. 899 (S.B. [1863](#)), Sec. 12.01, eff. August 29, 2005.

Acts 2007, 80th Leg., R.S., Ch. 235 (H.B. [1922](#)), Sec. 2, eff. September 1, 2007.

Acts 2009, 81st Leg., R.S., Ch. 1328 (H.B. [3646](#)), Sec. 76, eff. September 1, 2009.

Sec. 46.034. LIMITS ON ASSISTANCE. (a) The existing debt tax rate ("EDTR") under Section [46.032](#) may not exceed \$0.29 per \$100 of valuation, or a greater amount for any year provided by appropriation.

(b) The amount of state assistance to which a district is entitled under this subchapter may not exceed the amount to which the district would be entitled at the district's tax rate for the payment of eligible bonds for the final year of the preceding state fiscal biennium.

(b-1) Notwithstanding Subsection (b), a school district is entitled to state assistance under this subchapter based on the district's tax rate for the current school year if the district demonstrates to the commissioner's satisfaction that the district meets the criteria under Section [46.006\(c-2\)](#).

(c) If the amount required to pay the principal of and interest on eligible bonds in a school year is less than the amount of payments made by the district on the bonds during the final

school year of the preceding state fiscal biennium or the district's audited debt service collections for that school year, the district may not receive aid in excess of the amount that, when added to the district's local revenue for the school year, equals the amount required to pay the principal of and interest on the bonds.

(d) Expired.

(e) Expired.

Added by Acts 1999, 76th Leg., ch. 396, Sec. 1.29, eff. Sept. 1, 1999. Amended by Acts 2001, 77th Leg., ch. 1156, Sec. 10, 12, eff. Sept. 1, 2001; Acts 2003, 78th Leg., ch. 201, Sec. 41, eff. Sept. 1, 2003.

Amended by:

Acts 2005, 79th Leg., Ch. 899 (S.B. [1863](#)), Sec. 12.02, eff. August 29, 2005.

Acts 2007, 80th Leg., R.S., Ch. 235 (H.B. [1922](#)), Sec. 3, eff. September 1, 2007.

Acts 2007, 80th Leg., R.S., Ch. 1309 (S.B. [962](#)), Sec. 3, eff. September 1, 2007.

Acts 2009, 81st Leg., R.S., Ch. 1328 (H.B. [3646](#)), Sec. 77, eff. September 1, 2009.

Sec. 46.035. PAYMENT OF ASSISTANCE. Section [46.009](#) applies to the payment of assistance under this subchapter.

Added by Acts 1999, 76th Leg., ch. 396, Sec. 1.29, eff. Sept. 1, 1999.

Sec. 46.036. APPLICABILITY TO OPEN-ENROLLMENT CHARTER SCHOOLS. An open-enrollment charter school is not entitled to an allotment under this subchapter.

Added by Acts 2001, 77th Leg., ch. 1504, Sec. 31, eff. Sept. 1, 2001.

Sec. 46.037. MULTIPLE ALLOTMENTS PROHIBITED. A school district is not entitled to state assistance under this subchapter based on taxes with respect to which the district receives state assistance under Subchapter [E](#), Chapter [48](#).

Added by Acts 2001, 77th Leg., ch. 1156, Sec. 11, eff. Sept. 1, 2001. Renumbered from Education Code Sec. 46.036 by Acts 2003, 78th Leg., ch. 1275, Sec. 2(23), eff. Sept. 1, 2003.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 3.065, eff. September 1, 2019.

#### SUBCHAPTER C. REFINANCING

Sec. 46.061. STATE ASSISTANCE FOR REFINANCING. (a) The commissioner by rule may provide for the payment of state assistance under this chapter to refinance school district debt. A refinancing may not increase the cost to the state of providing the assistance.

(b) The commissioner may allocate state assistance provided for a refinancing to Subchapter A, Subchapter B, or both, as appropriate.

Added by Acts 1999, 76th Leg., ch. 396, Sec. 1.29, eff. Sept. 1, 1999.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 7.007, eff. September 1, 2009.

#### SUBCHAPTER D. STATE AID FOR HOMESTEAD EXEMPTION AND LIMITATION ON TAX INCREASES

Sec. 46.071. ADDITIONAL STATE AID FOR HOMESTEAD EXEMPTION AND LIMITATION ON TAX INCREASES. (a) Beginning with the 2015-2016 school year and continuing through the 2021-2022 school year, a school district is entitled to additional state aid under this subchapter to the extent that state and local revenue used to service debt eligible under this chapter is less than the state and local revenue that would have been available to the district under this chapter as it existed on September 1, 2015, if the increase in the residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, and the additional limitation on tax increases under Section 1-b(d) of that article as proposed by

S.J.R. 1, 84th Legislature, Regular Session, 2015, had not occurred.

(a-1) For the 2022-2023 school year, a school district is entitled to additional state aid under this subchapter to the extent that state and local revenue used to service debt eligible under this chapter is less than the state and local revenue that would have been available to the district under this chapter as it existed on September 1, 2021, if any increase in the residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, as proposed by the 87th Legislature, 3rd Called Session, 2021, had not occurred.

(a-2) Beginning with the 2023-2024 school year, a school district is entitled to additional state aid under this subchapter to the extent that state and local revenue used to service debt eligible under this chapter is less than the state and local revenue that would have been available to the district under this chapter as it existed on September 1, 2022, if any increase in a residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, and any additional limitation on tax increases under Section 1-b(d) of that article as proposed by the 88th Legislature, 2nd Called Session, 2023, had not occurred.

(b) Subject to Subsections (c), (d), and (e), additional state aid under this section through the 2021-2022 school year is equal to the amount by which the loss of local interest and sinking revenue for debt service attributable to the increase in the residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, and the additional limitation on tax increases under Section 1-b(d) of that article as proposed by S.J.R. 1, 84th Legislature, Regular Session, 2015, is not offset by a gain in state aid under this chapter.

(b-1) Subject to Subsections (c-1), (d), and (e), additional state aid under this section for the 2022-2023 school year is equal to the amount by which the loss of local interest and sinking revenue for debt service attributable to any increase in the residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, as proposed by the 87th Legislature, 3rd Called Session, 2021, is not offset by a gain in state aid under

this chapter.

(b-2) Subject to Subsections (c-2), (d), and (e), additional state aid under this section beginning with the 2023-2024 school year is equal to the amount by which the loss of local interest and sinking revenue for debt service attributable to any increase in a residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, and any additional limitation on tax increases under Section 1-b(d) of that article as proposed by the 88th Legislature, 2nd Called Session, 2023, is not offset by a gain in state aid under this chapter.

(c) For the purpose of determining state aid under Subsections (a) and (b), local interest and sinking revenue for debt service is limited to revenue required to service debt eligible under this chapter as of September 1, 2015, including refunding of that debt, subject to Section 46.061. The limitation imposed by Section 46.034(a) does not apply for the purpose of determining state aid under this section.

(c-1) For the purpose of determining state aid under Subsections (a-1) and (b-1), local interest and sinking revenue for debt service is limited to revenue required to service debt eligible under this chapter as of September 1, 2021, including refunding of that debt, subject to Section 46.061. The limitation imposed by Section 46.034(a) does not apply for the purpose of determining state aid under this section.

(c-2) For the purpose of determining state aid under Subsections (a-2) and (b-2), local interest and sinking revenue for debt service is limited to revenue required to service debt eligible under this chapter as of September 1, 2023, or authorized by the voters but not yet issued as of September 1, 2023, that later becomes eligible under this chapter, including refunding of that debt, subject to Section 46.061. The limitation imposed by Section 46.034(a) does not apply for the purpose of determining state aid under this section.

(d) If the amount required to pay debt service eligible under this section is less than the sum of state and local assistance provided under this chapter, including the amount of additional aid provided under this section, the district may not



receive aid under this section in excess of the amount that, when added to the district's local interest and sinking revenue for debt service for the school year, as defined by this section, and state aid under Subchapters A and B, equals the amount required to pay the eligible debt service.

(e) The commissioner, using information provided by the comptroller and other information as necessary, shall compute the amount of additional state aid to which a district is entitled under this section. A determination by the commissioner under this section is final and may not be appealed.

Added by Acts 2015, 84th Leg., R.S., Ch. 465 (S.B. 1), Sec. 23, eff. November 3, 2015.

Amended by:

Acts 2021, 87th Leg., 3rd C.S., Ch. 4 (S.B. 1), Sec. 2, eff. May 7, 2022.

Acts 2023, 88th Leg., 2nd C.S., Ch. 1 (S.B. 2), Sec. 3.03, eff. November 7, 2023.