



House Bill 3, as passed by the 86th Legislature, was signed into law today by Governor Abbott. These are the first three implementation notices sent to districts. Over the next several months, the agency will be ,810 0 6.96 23os0.5 (i)10.5 3nt ure. T t sedm-6.6 (r)-5.9 (n)13.4 (r)4.9 (s)-2 ()8.9 (er)ntoerT s

_____ . If you have any general inquiries on HB3 please email HB3info@tea.texas.gov.

This letter is to inform you about the tax rate compression required under HB3. Statutory citations below refer to the Texas Education Code and the Tax Code as amended by the bill.

1. For the 2019 tax year, school districts will be required to reduce the tier one tax rate as defined under Section 45.0032, Education Code as well as any tax rate compression required to be applied to the enrichment tax rate under Section 48.202(f), Education Code.

Section 5.002 of House Bill 3 provides that “a school district is required to calculate the district’s voter-approval tax rate for the 2019 tax year in the manner provided by Section 26.08, Tax Code, as amended by this Act,

.”

Any tax effort adopted in response to a disaster for the 2018 tax year should be excluded 93 percent for the 2019-2020 school year.

- b. The enrichment tax rate is defined as any tax effort in excess of the tier one tax rate and less than \$1.17. The enrichment tax rate will continue to be divided into the ‘golden pennies’ and the ‘copper pennies.’ The

golden pennies have been increased from 6 to 8 under Section 48.202 (a-1) (1) and the 'copper pennies' refer to 2018 tax effort between \$1.08 and \$1.17.

- c. The tax rate compression required for the enrichment tax rate is applied only to the copper pennies. The compression rate required under Section 48.202(f) will be 0.64834, calculated as the fraction of the guaranteed yield level of state and local funds per weighted student for the 2018-2019 schoolyear (\$31.95) divided by the guarantee level for the 2019-2020 schoolyear (\$49.28).

3.

The rollback tax rate provided for under Section 26.08, Tax Code, has been renamed the voter-approval tax rate. There is no longer an effective tax rate calculation. The voter-approval tax rate for the 2019 tax year will be

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