

# Bond Case Briefs

*Municipal Finance Law Since 1971*

---

## **TAX - TEXAS**

### **South Texas Independent School District v. Busse**

**Court of Appeals of Texas, Corpus Christi-Edinburg - August 1, 2024 - 696 S.W.3d 773**

Taxpayers and consolidated independent school district that overlapped with another independent school district that primarily served persons with disabilities brought action for declaratory and injunctive relief against the independent school district that primarily served persons without disabilities, seeking declarations that its levy and expenditure of annual ad valorem taxes collected in the county for its maintenance and operation violated the contract with the voters doctrine and constituted ultra vires conduct.

The 197th District Court denied school district's plea to the jurisdiction. School district filed interlocutory appeal.

The Court of Appeals held that:

- Taxpayers lacked standing to bring action for declaratory and injunctive relief against independent school district that primarily served persons with disabilities, and
- Consolidated independent school district lacked standing to bring action for declaratory and injunctive relief against independent school district that primarily served persons with disabilities.

Taxpayers lacked standing to bring action for declaratory and injunctive relief against independent school district that primarily served persons with disabilities, alleging that it unlawfully levied and expended public funds because voters only agreed to be taxed for the limited purpose of maintaining and operating a rehabilitation district for persons with disabilities, not an independent school district that primarily served persons without disabilities; school district had been operating for 40 years, had made countless maintenance and operational decisions with expectation that it would collect ad valorem taxes to partially fund its short- and long-term obligations, and expectations of other taxpayers who were served by school district took root several decades ago and had become firmly fixed over multiple generations.

Consolidated independent school district that overlapped with another independent school district that primarily served persons with disabilities lacked standing to bring action for declaratory and injunctive relief against the independent school district that primarily served persons with disabilities, alleging that the property tax of the independent school district that primarily served persons with disabilities impaired its own ability to raise its own taxes; tax rate of independent school district that primarily served persons with disabilities had no legal impact on consolidated independent school district's ability to set its own tax rate, and consolidated independent school district was already levying the highest possible maintenance and operation tax rate allowed under law without seeking voter approval.