

BILL ANALYSIS

Senate Research Center
78R2214 ESH-D

S.B. 206
By: Ellis, Rodney
Education
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DIGEST AND PURPOSE

Since 1990, the permanent school fund (PSF) has grown by more than 100 percent with a significant increase in both realized and unrealized capital gains. However, the benefit to schools of the available school fund (ASF), which consists of certain income deriving from the PSF and motor fuel taxes, has remained flat, and appears to be declining. As proposed, S.B. 206 allows PSF to be managed under a total return approach to allow the fund to benefit from capital gains.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Sections 43.001(a) and (b), Education Code, as follows:

(a) Provides an exception to the provisions of this subsection regarding the composition of the permanent school fund (PSF).

(b) Changes the composition of the available school fund (ASF) by adding the distributions to the fund from the permanent school fund as provided by Section 5(a), Article VII, Texas Constitution, and by deleting interest and dividends arising from any securities or funds belonging to the PSF, all interest derivable from the proceeds of the sale of land set apart for the PSF, and all money derived from the lease of land belonging to the PSF, as components of the ASF.

SECTION 2. Amends Section 43.002, Education Code, to read as follows:

Sec. 43.002. New heading: TRANSFERS FROM PERMANENT SCHOOL FUND AND GENERAL REVENUE FUND TO AVAILABLE SCHOOL FUND. (a) Requires the comptroller of public accounts, on the first working day of each month in a state fiscal year, to transfer from the permanent school fund to the available school fund an amount equal to one-twelfth of the annual distribution from the permanent school fund to the available school fund as determined by the comptroller under Section 5(a), Article VII, Texas Constitution, for the fiscal year.

(b) Creates this subsection from existing text.

SECTION 3. Repealer: Section 43.008, Education Code (Treatment of Premium and Discount).

SECTION 4. Provides that this Act takes effect September 1, 2004, but only if the constitutional amendment proposed by the 78th Legislature, Regular Session, 2003, relating to the use of income and appreciation of the permanent school fund, is approved by the voters. Provides that if the proposed constitutional amendment is not approved by the voters, this Act has no effect.