

By: Merritt

H.J.R. No. 8

A JOINT RESOLUTION

1 proposing a constitutional amendment relating to establishing the
2 Texas Great Teachers & Facilities Fund as a sequestered fund,
3 funded by dedicated sales tax revenue, and providing for mandatory
4 ad valorem property tax relief.

5 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Section 5, Article VII, Texas Constitution, is
7 amended to read as follows:

8 Sec. 5. Permanent school fund; available school fund; Texas
9 Great Teachers & Facilities Fund, use of funds; distributions;
10 investments; Texas growth fund

11 (a) The principal of all bonds and other funds, and the
12 principal arising from the sale of the lands hereinbefore set apart
13 to said school fund, shall be the permanent school fund, and all the
14 interest derivable therefrom and the taxes herein authorized and
15 levied shall be the available school fund. The available school
16 fund shall be applied annually to the support of the public free
17 schools. Except as provided by this section, no law shall ever be
18 enacted appropriating any part of the permanent or available school
19 fund to any other purpose whatever; nor shall the same, or any part
20 thereof ever be appropriated to or used for the support of any
21 sectarian school[~~, and the available school fund herein provided~~
22 ~~shall be distributed to the several counties according to their~~
23 ~~scholastic population and applied in such manner as may be provided~~
24 ~~by law].~~

1 (b) The legislature by law may provide for using the
2 permanent school fund and the income from the permanent school fund
3 to guarantee bonds issued by school districts or by the state for
4 the purpose of making loans to or purchasing the bonds of school
5 districts for the purpose of acquisition, construction, or
6 improvement of instructional facilities including all furnishings
7 thereto. If any payment is required to be made by the permanent
8 school fund as a result of its guarantee of bonds issued by the
9 state, an amount equal to this payment shall be immediately paid by
10 the state from the treasury to the permanent school fund. An amount
11 owed by the state to the permanent school fund under this section
12 shall be a general obligation of the state until paid. The amount of
13 bonds authorized hereunder shall not exceed \$750 million or a
14 higher amount authorized by a two-thirds record vote of both houses
15 of the legislature. If the proceeds of bonds issued by the state
16 are used to provide a loan to a school district and the district
17 becomes delinquent on the loan payments, the amount of the
18 delinquent payments shall be offset against state aid to which the
19 district is otherwise entitled.

20 (c) The legislature may appropriate part of the available
21 school fund for administration of the permanent school fund or of a
22 bond guarantee program established under this section.

23 (d) Notwithstanding any other provision of this
24 constitution, in managing the assets of the permanent school fund,
25 the State Board of Education may acquire, exchange, sell,
26 supervise, manage, or retain, through procedures and subject to
27 restrictions it establishes and in amounts it considers

1 appropriate, any kind of investment, including investments in the
2 Texas growth fund created by Article XVI, Section 70, of this
3 constitution, that persons of ordinary prudence, discretion, and
4 intelligence, exercising the judgment and care under the
5 circumstances then prevailing, acquire or retain for their own
6 account in the management of their affairs, not in regard to
7 speculation but in regard to the permanent disposition of their
8 funds, considering the probable income as well as the probable
9 safety of their capital.

10 (e) A separate fund, to be known as the Texas Great Teachers
11 & Facilities Fund, shall be applied annually for the support of
12 teaching, instruction, and the construction or maintenance of
13 educational facilities in the public free schools. No law shall
14 ever be enacted appropriating any part of the Texas Great Teachers &
15 Facilities Fund to any other purpose whatever; nor shall the same,
16 or any part thereof, ever be appropriated to or used for the support
17 of any sectarian school.

18 (f) The following revenue sources shall be dedicated to the
19 Texas Great Teachers & Facilities Fund:

20 (i) 100% of the net revenue collected from an
21 additional 2.8% tax on the sales price of any taxable item or motor
22 vehicle sold in this state, such tax to be imposed in addition to
23 any currently existing tax on such sales;

24 (ii) that portion of the sales tax collected under
25 existing law equal to the net proceeds of a 3.0% tax on the sales
26 price of any taxable item or motor vehicle sold in this State;

27 (iii) 100% of the net revenue collected from a tax on

1 cigarettes;

2 (iv) 100% of the net revenue collected from a tax on
3 the sale domestic or imported Distilled Spirits, Beer, Wine,
4 Liquor, Mixed Beverages, Cigars, and Other Tobacco;

5 (v) 100% of the net Public Utility Gross Receipts
6 Assessments;

7 (vi) 100% of the net Gas, Electric, and Water Utility
8 Tax;

9 (vii) 100% of the net proceeds from any State Lottery.

10 (g) To the extent that The Texas Great Teachers & Facilities
11 Fund requires additional revenues to fully fund expenditures for
12 teaching, instruction, and the construction or maintenance of
13 educational facilities, monies from the available school fund shall
14 be dedicated to fully funding the Texas Great Teachers & Facilities
15 Fund. If the available school fund receives more revenue than is
16 needed to fully fund the Texas Great Teachers & Facilities Fund, the
17 unused portion of that revenue shall be applied annually to the
18 support of public free schools, distributed to the several counties
19 according to their scholastic population, and applied in such
20 manner as may be provided by law.

21 (h) Subject to ad valorem tax increases for local
22 supplementation provided for in Section (i), in the first year in
23 which the Texas Great Teachers & Facilities Fund is created, no
24 independent school district shall receive more in combined state
25 aid and local ad valorem revenue than 110% of the amount received in
26 the prior year. Each school district shall reduce its local ad
27 valorem tax assessments by whatever amount is necessary to meet the

1 requirements of this section. A school district shall be deemed to
2 have complied with the requirements of this section if it reduces
3 its local ad valorem tax assessments to zero.

4 (i) After the reduction, if any, in local ad valorem tax
5 assessment have been made as provided in Section 5(g), a school
6 district may subsequently increase the ad valorem maintenance and
7 operation tax rate, by an election called and held for that purpose,
8 as follows:

9 (i) for propositions to authorize an ad valorem tax of
10 not more than \$0.75 on the \$100 valuation of taxable property in the
11 district, only if approved by a majority of those actually voting in
12 the election;

13 (ii) for propositions to authorize an ad valorem tax
14 of more than \$0.75 and less than or equal to \$1.00 on the \$100
15 valuation of taxable property in the district, only if approved by
16 at least sixty percent (60%) of those actually voting in the
17 election;

18 (iii) for propositions to authorize an ad valorem tax of
19 more than \$1.00 and less than or equal to \$1.25 on the \$100
20 valuation of taxable property in the district, only if approved by
21 at least sixty-seven percent (67%) of those actually voting in the
22 election.

23 (j) No school district shall impose an ad valorem tax at a
24 rate exceeding \$1.25 per \$100 of taxable property within the
25 district.

26 SECTION 2. This proposed constitutional amendment shall be
27 submitted to the voters at an election held November 4, 2003. The

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1 ballot shall be printed to permit voting for or against the
2 proposition: "The constitutional amendment to create the Texas
3 Great Teachers & Facilities Fund as a sequestered fund, funded with
4 dedicated sales tax revenues, and mandating a reduction in the rate
5 of local ad valorem taxes."