

By: Hochberg

H.J.R. No. 56

A JOINT RESOLUTION

1 proposing a constitutional amendment relating to the distribution  
2 of the permanent school fund.

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

4 SECTION 1. Section 5, Article VII, Texas Constitution, is  
5 amended by amending Subsection (a) and adding Subsections (e), (f),  
6 and (g) to read as follows:

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

22 (e) The State Board of Education shall annually determine  
23 the total return, including income and net appreciation, on the  
24 permanent school fund. Notwithstanding any other provision of this

1 constitution, except as provided by Subsection (f) of this section,  
2 the annual distribution of the available school fund is the lesser  
3 of the total return on the permanent school fund or an amount  
4 computed by multiplying the permanent school fund's market value at  
5 the end of the fiscal year by the adjusted average return on the  
6 permanent school fund. For purposes of this subsection, the  
7 adjusted average return on the permanent school fund is the average  
8 of the total return on the fund for the preceding five years, as a  
9 percentage of the fund's market value, less the sum of the average  
10 annual inflation rate, as determined by the comptroller of public  
11 accounts, for the preceding five years, and the average annual rate  
12 of growth in student enrollment in this state for the preceding five  
13 years.

14 (f) The annual distribution from the available school fund  
15 may not be less than two percent of the average of the market value  
16 of the permanent school fund at the end of each of the five  
17 preceding fiscal years.

18 (g) The State Board of Education shall modify the  
19 distribution of the available school fund provided in this section  
20 as necessary only to comply with rulings of the federal Internal  
21 Revenue Service or any successor to that agency regarding the use of  
22 the permanent school fund and income from the permanent school fund  
23 to guarantee bonds as provided under Subsection (b) of this  
24 section.

25 SECTION 2. This proposed constitutional amendment shall be  
26 submitted to the voters at an election to be held November 4, 2003.  
27 The ballot shall be printed to permit voting for or against the

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1 proposition: "The constitutional amendment providing for more  
2 efficient use of the permanent school fund."