

By: Gallego

H.J.R. No. 66

A JOINT RESOLUTION

1 proposing a constitutional amendment relating to the use of income
2 and appreciation 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 to read as follows:

6 Sec. 5. (a) The permanent school fund consists of all land
7 appropriated for public schools by this constitution or the other
8 laws of this state and other properties belonging to the permanent
9 school fund. The available school fund consists of the
10 distributions made to it from the total return on all investment
11 assets of ~~[principal of all bonds and other funds, and the principal~~
12 ~~arising from the sale of the lands hereinbefore set apart to said~~
13 ~~school fund, shall be]~~ the permanent school fund, [and all the
14 ~~interest derivable therefrom and]~~ the taxes [herein] authorized by
15 this constitution or general law to be part of [and levied shall be]
16 the available school fund, and appropriations made to the available
17 school fund by the legislature. The total amount distributed from
18 the permanent school fund to the available school fund in each
19 fiscal year must be an amount equal to the lesser of:

20 (1) five percent of the average of:

21 (A) the market value of the permanent school fund
22 on the first day of that fiscal year; and

23 (B) the market value of the permanent school fund
24 on the first day of the two preceding fiscal years; or

(2) a portion of the total return on all investment assets of the permanent school fund such that the portion of the total return retained in the permanent school fund is sufficient, as determined by the comptroller of public accounts, to preserve the purchasing power of the permanent school fund for the current fiscal year and the next nine fiscal years.

(b) The expenses of managing permanent school fund land and investments shall be paid by the permanent school fund.

(c) The available school fund shall be applied annually to the support of the public free schools. Except as provided by this section, the legislature may not enact a [no] law [shall ever be enacted] appropriating any part of the permanent school fund or available school fund to any other purpose. The permanent school fund and the available school fund may not [whatever, nor shall the same, or any part thereof ever] be appropriated to or used for the support of any sectarian school. The [; and the] available school fund [herein provided] shall be distributed to the several counties according to their scholastic population and applied in the [such] manner [as may be] provided by law.

(d) [(b)] The legislature by law may provide for using the permanent school fund [and the income from the permanent school fund] to guarantee bonds issued by school districts or by the state for the purpose of making loans to or purchasing the bonds of school districts for the purpose of acquisition, construction, or improvement of instructional facilities including all furnishings thereto. If any payment is required to be made by the permanent school fund as a result of its guarantee of bonds issued by the

1 state, an amount equal to this payment shall be immediately paid by
2 the state from the treasury to the permanent school fund. An amount
3 owed by the state to the permanent school fund under this section
4 shall be a general obligation of the state until paid. The amount
5 of bonds authorized hereunder shall not exceed \$750 million or a
6 higher amount authorized by a two-thirds record vote of both houses
7 of the legislature. If the proceeds of bonds issued by the state
8 are used to provide a loan to a school district and the district
9 becomes delinquent on the loan payments, the amount of the
10 delinquent payments shall be offset against state aid to which the
11 district is otherwise entitled.

12 (e) [~~(e)~~] The legislature may appropriate part of the
13 available school fund for administration of [~~the permanent school~~
14 ~~fund or of~~] a bond guarantee program established under this
15 section.

16 (f) [~~(d)~~] Notwithstanding any other provision of this
17 constitution, in managing the assets of the permanent school fund,
18 the State Board of Education may acquire, exchange, sell,
19 supervise, manage, or retain, through procedures and subject to
20 restrictions it establishes and in amounts it considers
21 appropriate, any kind of investment, including investments in the
22 Texas growth fund created by Article XVI, Section 70, of this
23 constitution, that persons of ordinary prudence, discretion, and
24 intelligence, exercising the judgment and care under the
25 circumstances then prevailing, acquire or retain for their own
26 account in the management of their affairs, not in regard to
27 speculation but in regard to the permanent disposition of their

1 funds, considering the probable income as well as the probable
2 safety of their capital.

3 SECTION 2. This proposed constitutional amendment shall be
4 submitted to the voters at an election to be held November 4, 2003.
5 The ballot shall be printed to permit voting for or against the
6 proposition: "The constitutional amendment relating to the use of
7 income and appreciation of the permanent school fund."