

A JOINT RESOLUTION

1 proposing a constitutional amendment authorizing the Veterans'  
2 Land Board to make certain payments on revenue bonds and to use  
3 assets in certain funds to provide for veterans homes and a  
4 constitutional amendment relating to the use of income and  
5 appreciation of the permanent school fund.

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

7 SECTION 1. Subsections (r) and (s), Section 49-b, Article  
8 III, Texas Constitution, are amended to read as follows:

9 (r) Receipts of all kinds of the Veterans' Land Fund, the  
10 Veterans' Housing Assistance Fund, or the Veterans' Housing  
11 Assistance Fund II that the Board determines are not required for  
12 the payment of principal of and interest on the general obligation  
13 bonds benefiting those funds, including payments by the Board under  
14 a bond enhancement agreement with respect to principal of or  
15 interest on the bonds, may be used by the Board, to the extent not  
16 inconsistent with the proceedings authorizing the bonds to:

17 (1) make temporary transfers to another of those funds  
18 to avoid a temporary cash deficiency in that fund or make a transfer  
19 to another of those funds for the purposes of that fund;

20 (2) pay the principal of and interest on general  
21 obligation bonds issued to provide money for another of those funds  
22 or make bond enhancement payments with respect to the bonds; or

23 (3) pay the principal of and interest on revenue bonds  
24 of the Board or make bond enhancement payments with respect to the

1 bonds [~~if the bonds are issued to provide funds to purchase lands~~  
2 ~~and sell lands to veterans or make home mortgage loans to veterans~~].

3 (s) If the Board determines that assets from the Veterans'  
4 Land Fund, the Veterans' Housing Assistance Fund, or the Veterans'  
5 Housing Assistance Fund II are not required for the purposes of the  
6 fund, the Board may:

7 (1) transfer the assets to another of those funds;

8 (2) use the assets to secure revenue bonds issued by  
9 the Board; [~~or~~]

10 (3) use the assets to plan and design, operate,  
11 maintain, enlarge, or improve veterans cemeteries; or

12 (4) use the assets to plan and design, construct,  
13 acquire, own, operate, maintain, enlarge, improve, furnish, or  
14 equip veterans homes.

15 SECTION 2. Section 5, Article VII, Texas Constitution, is  
16 amended to read as follows:

17 Sec. 5. (a) The permanent school fund consists of all land  
18 appropriated for public schools by this constitution or the other  
19 laws of this state, other properties belonging to the permanent  
20 school fund, and all revenue derived from the land or other  
21 properties. The available school fund consists of the  
22 distributions made to it from the total return on all investment  
23 assets of [~~principal of all bonds and other funds, and the principal~~  
24 ~~arising from the sale of the lands hereinbefore set apart to said~~  
25 ~~school fund, shall be~~] the permanent school fund, [~~and all the~~  
26 ~~interest derivable therefrom and~~] the taxes [~~herein~~] authorized by  
27 this constitution or general law to be part of [~~and levied shall be~~]

1 the available school fund, and appropriations made to the available  
2 school fund by the legislature. The total amount distributed from  
3 the permanent school fund to the available school fund:

4 (1) in each year of a state fiscal biennium must be an  
5 amount that is not more than six percent of the average of the  
6 market value of the permanent school fund, excluding real property  
7 belonging to the fund that is managed, sold, or acquired under  
8 Section 4 of this article, on the last day of each of the 16 state  
9 fiscal quarters preceding the regular session of the legislature  
10 that begins before that state fiscal biennium, in accordance with  
11 the rate adopted by:

12 (A) a vote of two-thirds of the total membership  
13 of the State Board of Education, taken before the regular session of  
14 the legislature convenes; or

15 (B) the legislature by general law or  
16 appropriation, if the State Board of Education does not adopt a rate  
17 as provided by Paragraph (A) of this subdivision; and

18 (2) over the 10-year period consisting of the current  
19 state fiscal year and the nine preceding state fiscal years may not  
20 exceed the total return on all investment assets of the permanent  
21 school fund over the same 10-year period.

22 (b) The expenses of managing permanent school fund land and  
23 investments shall be paid by appropriation from the permanent  
24 school fund.

25 (c) The available school fund shall be applied annually to  
26 the support of the public free schools. Except as provided by this  
27 section, the legislature may not enact a [no] law [~~shall ever be~~

1 ~~enacted~~] appropriating any part of the permanent school fund or  
2 available school fund to any other purpose. The permanent school  
3 fund and the available school fund may not ~~[whatever, nor shall the~~  
4 ~~same, or any part thereof ever]~~ be appropriated to or used for the  
5 support of any sectarian school. The ~~[, and the]~~ available school  
6 fund ~~[herein provided]~~ shall be distributed to the several counties  
7 according to their scholastic population and applied in the ~~[such]~~  
8 manner ~~[as may be]~~ provided by law.

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

1           (e) [~~(c)~~] The legislature may appropriate part of the  
2 available school fund for administration of [~~the permanent school~~  
3 ~~fund or of~~] a bond guarantee program established under this  
4 section.

5           (f) [~~(d)~~] Notwithstanding any other provision of this  
6 constitution, in managing the assets of the permanent school fund,  
7 the State Board of Education may acquire, exchange, sell,  
8 supervise, manage, or retain, through procedures and subject to  
9 restrictions it establishes and in amounts it considers  
10 appropriate, any kind of investment, including investments in the  
11 Texas growth fund created by Article XVI, Section 70, of this  
12 constitution, that persons of ordinary prudence, discretion, and  
13 intelligence, exercising the judgment and care under the  
14 circumstances then prevailing, acquire or retain for their own  
15 account in the management of their affairs, not in regard to  
16 speculation but in regard to the permanent disposition of their  
17 funds, considering the probable income as well as the probable  
18 safety of their capital.

19           (g) Notwithstanding Subsection (a) of this section, the  
20 total amount distributed from the permanent school fund to the  
21 available school fund for the state fiscal years beginning  
22 September 1, 2003, and September 1, 2004, must be an amount equal to  
23 4.5 percent of the average of the market value of the permanent  
24 school fund, excluding real property belonging to the fund that is  
25 managed, sold, or acquired under Section 4 of this article, on the  
26 last day of each of the 16 state fiscal quarters preceding the  
27 regular session of the 78th Legislature.

1           (h) Subsection (g) of this section and this subsection  
2 expire December 1, 2006.

3           SECTION 3. The constitutional amendment proposed by SECTION  
4 1 of this resolution shall be submitted to the voters at an election  
5 to be held September 13, 2003. The ballot shall be printed to  
6 permit voting for or against the proposition: "The constitutional  
7 amendment authorizing the Veterans' Land Board to use assets in  
8 certain veterans' land and veterans' housing assistance funds to  
9 provide veterans homes for the aged or infirm and to make principal,  
10 interest, and bond enhancement payments on revenue bonds."

11           SECTION 4. The constitutional amendment proposed by SECTION  
12 2 of this resolution shall be submitted to the voters at an election  
13 to be held September 13, 2003. The ballot shall be printed to  
14 permit voting for or against the proposition: "The constitutional  
15 amendment relating to the use of income and appreciation of the  
16 permanent school fund."

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President of the Senate

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Speaker of the House

I certify that H.J.R. No. 68 was passed by the House on April 29, 2003, by the following vote: Yeas 141, Nays 0, 1 present, not voting; that the House refused to concur in Senate amendments to H.J.R. No. 68 on May 29, 2003, by a non-record vote, and requested the appointment of a conference committee to consider the differences between the two houses; and that the House adopted the conference committee report on H.J.R. No. 68 on June 1, 2003, by the following vote: Yeas 142, Nays 0, 3 present, not voting.

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Chief Clerk of the House

H.J.R. No. 68

I certify that H.J.R. No. 68 was passed by the Senate, with amendments, on May 26, 2003, by the following vote: Yeas 31, Nays 0; at the request of the House, the Senate appointed a conference committee to consider the differences between the two houses; and that the Senate adopted the conference committee report on H.J.R. No. 68 on June 1, 2003, by the following vote: Yeas 31, Nays 0.

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Secretary of the Senate

RECEIVED: \_\_\_\_\_

Date

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Secretary of State