

By: Duncan

S.B. No. 877

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the composition of the permanent school fund, the
3 available school fund, and the education excellence supplemental
4 fund and to transfers from the permanent school fund to the
5 available school fund and the education excellence supplemental
6 fund.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

8 SECTION 1. The heading to Chapter 43, Education Code, is
9 amended to read as follows:

10 CHAPTER 43. PERMANENT SCHOOL FUND, ~~AND~~ AVAILABLE SCHOOL FUND,
11 AND EDUCATION EXCELLENCE SUPPLEMENTAL FUND

12 SECTION 2. Sections 43.001, 43.002, and 43.016, Education
13 Code, are amended to read as follows:

14 Sec. 43.001. COMPOSITION OF PERMANENT SCHOOL FUND, ~~AND~~
15 AVAILABLE SCHOOL FUND, AND EDUCATION EXCELLENCE SUPPLEMENTAL FUND.

16 (a) Except as provided by Subsection (b), the ~~The~~ permanent
17 school fund, which is a perpetual endowment for the public schools
18 of this state, consists of:

19 (1) all land appropriated for the public schools by
20 the constitution and laws of this state;

21 (2) all of the unappropriated public domain remaining
22 in this state, including all land recovered by the state by suit or
23 otherwise except pine forest land as defined by Section 88.111;

24 (3) all proceeds from the authorized sale of permanent

1 school fund land;

2 (4) all proceeds from the lawful sale of any other
3 properties belonging to the permanent school fund;

4 (5) all investments authorized by Section 43.003 of
5 properties belonging to the permanent school fund; and

6 (6) all income from the mineral development of
7 permanent school fund land, including income from mineral
8 development of riverbeds and other submerged land.

9 (b) The available school fund, which shall be apportioned
10 annually to each school district [~~county~~] according to its
11 scholastic population, consists of:

12 (1) the distributions to the fund from the permanent
13 school fund as provided by Sections 5(a) and (b), Article VII, Texas
14 Constitution [~~interest and dividends arising from any securities or~~
15 ~~funds belonging to the permanent school fund~~];

16 (2) all interest derivable from the proceeds of the
17 sale of land set apart for the permanent school fund;

18 (3) all money derived from the lease of land belonging
19 to the permanent school fund;

20 (4) one-fourth of all revenue derived from all state
21 occupation taxes, exclusive of delinquencies and cost of
22 collection;

23 (5) one-fourth of revenue derived from state gasoline
24 and special fuels excise taxes as provided by law; and

25 (6) all other appropriations to the available school
26 fund made by the legislature for public school purposes.

27 (c) The education excellence supplemental fund consists of

1 the distributions to the fund from the permanent school fund as
2 provided by Sections 5(a) and (c), Article VII, Texas Constitution.

3 (d) The distribution from the available school fund to a
4 school district may not exceed the distribution from the available
5 school fund the school district received for the state fiscal year
6 beginning September 1, 2003, adjusted for:

7 (1) inflation, as determined by the comptroller; and

8 (2) changes in the district's scholastic population.

9 (e) The term "scholastic population" in Subsection (b) or
10 any other law governing the apportionment, distribution, and
11 transfer of the available school fund means all students of school
12 age enrolled in average daily attendance the preceding school year
13 in the public elementary and high school grades of school districts
14 in [~~within or under the jurisdiction of a county of~~] this state.

15 Sec. 43.002. TRANSFERS FROM PERMANENT SCHOOL FUND AND
16 GENERAL REVENUE FUND TO AVAILABLE SCHOOL FUND AND EDUCATION
17 EXCELLENCE SUPPLEMENTAL FUND. (a) On the first working day of each
18 month in a state fiscal year, the comptroller shall transfer from
19 the permanent school fund:

20 (1) to the available school fund, an amount equal to
21 one-twelfth of the annual distribution from the permanent school
22 fund to the available school fund as determined by the comptroller
23 under Sections 5(a) and (b), Article VII, Texas Constitution, for
24 the fiscal year; and

25 (2) to the education excellence supplemental fund, an
26 amount equal to one-twelfth of the annual distribution from the
27 permanent school fund to the education excellence supplemental fund

1 as determined by the comptroller under Sections 5(a) and (c),
2 Article VII, Texas Constitution, for the fiscal year.

3 (b) Of the amounts available for transfer from the general
4 revenue fund to the available school fund for the months of January
5 and February of each fiscal year, no more than the amount necessary
6 to enable the comptroller to distribute from the available school
7 fund an amount equal to 9-1/2 percent of the estimated annual
8 available school fund apportionment to category 1 school districts,
9 as defined by Section 42.259, and 3-1/2 percent of the estimated
10 annual available school fund apportionment to category 2 school
11 districts, as defined by Section 42.259, may be transferred from
12 the general revenue fund to the available school fund. Any
13 remaining amount that would otherwise be available for transfer for
14 the months of January and February shall be transferred from the
15 general revenue fund to the available school fund in equal amounts
16 in June and in August of the same fiscal year.

17 Sec. 43.016. USE OF AVAILABLE SCHOOL FUND. All available
18 school funds shall be appropriated in each school district [~~county~~]
19 for the education of its students [~~children~~].

20 SECTION 3. Chapter 43, Education Code, is amended by adding
21 Section 43.020 to read as follows:

22 Sec. 43.020. MANAGEMENT AND USE OF EDUCATION EXCELLENCE
23 SUPPLEMENTAL FUND. (a) The education excellence supplemental fund
24 is under the management of the State Board of Education.

25 (b) The State Board of Education may use money in the
26 education excellence supplemental fund only for the improvement of
27 public education as directed by the General Appropriations Act.

1 SECTION 4. Section 43.008, Education Code, is repealed.

2 SECTION 5. This Act takes effect September 1, 2004, but
3 only if the constitutional amendment proposed by the 78th
4 Legislature, Regular Session, 2003, relating to making
5 distributions from the permanent school fund to the available
6 school fund and creating the education excellence supplemental fund
7 is approved by the voters. If the proposed constitutional
8 amendment is not approved by the voters, this Act has no effect.