

By: Shapleigh

S.J.R. No. 36

A JOINT RESOLUTION

1 proposing a constitutional amendment relating to distributions
2 from 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 of other properties and funds belonging to
9 the permanent school fund.

10 (b) The available school fund consists of the distribution
11 each fiscal year from the permanent school fund as provided by
12 Subsection (c) of this section and the taxes authorized by this
13 constitution or general law to be part of [~~principal of all bonds~~
14 ~~and other funds, and the principal arising from the sale of the~~
15 ~~lands hereinbefore set apart to said school fund, shall be the~~
16 ~~permanent school fund, and all the interest derivable therefrom and~~
17 ~~the taxes herein authorized and levied shall be] the available
18 school fund. The available school fund shall be applied annually to
19 the support of the public free schools.~~

20 (c) The total amount distributed in each fiscal year from
21 the permanent school fund to the available school fund must be an
22 amount equal to:

23 (1) at least three percent but not more than seven
24 percent of the average fair market value of the permanent school

1 fund at the end of each of the preceding 12 quarters, in accordance
 2 with the rate adopted by a vote of two-thirds of the total
 3 membership of the State Board of Education; or

4 (2) five percent of the average fair market value of
 5 the permanent school fund at the end of each of the preceding 12
 6 quarters, if the State Board of Education does not adopt a rate
 7 under Subdivision (1) of this subsection.

8 (d) Except as provided by this section, the legislature may
 9 not enact a [no] law [shall ever be enacted] appropriating any part
 10 of the permanent school fund or available school fund to any other
 11 purpose. The permanent school fund and the available school fund
 12 may not [whatever, nor shall the same, or any part thereof ever] be
 13 appropriated to or used for the support of any sectarian school.
 14 The[, and the] available school fund [herein provided] shall be
 15 distributed to school districts [the several counties] according to
 16 their scholastic population and applied in the [such] manner [as
 17 may be] provided by law.

18 (e) [(b)] The legislature by law may provide for using the
 19 permanent school fund [and the income from the permanent school
 20 fund] to guarantee bonds issued by school districts or by the state
 21 for the purpose of making loans to or purchasing the bonds of school
 22 districts for the purpose of acquisition, construction, or
 23 improvement of instructional facilities including all furnishings
 24 thereto. If any payment is required to be made by the permanent
 25 school fund as a result of its guarantee of bonds issued by the
 26 state, an amount equal to this payment shall be immediately paid by
 27 the state from the treasury to the permanent school fund. An amount

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

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

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

27 (h) Notwithstanding Subsection (c) of this section, the

1 total distribution from the permanent school fund to the available
2 school fund for the state fiscal years beginning September 1, 2003,
3 and September 1, 2004, must be an amount equal to five percent of
4 the market value of the permanent school fund on the first day of
5 the appropriate fiscal year. This subsection expires December 1,
6 2005.

7 SECTION 2. This proposed constitutional amendment shall be
8 submitted to the voters at an election to be held November 4, 2003.
9 The ballot shall be printed to permit voting for or against the
10 proposition: "The constitutional amendment relating to
11 distributions from the permanent school fund."