

BILL ANALYSIS

C.S.H.B. 2277
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Business & Industry
Committee Report (Substituted)

BACKGROUND AND PURPOSE

In 1977, the Texas Legislature created the Rural Scholarship Fund to allow the awarding of cash scholarships to those rural students desiring to pursue their post-secondary education or vocational training. It is not funded by state taxes, fees, or state or local surcharges, but is funded by abandoned and unclaimed customer funds held by Texas' 50-plus rural telephone companies. Such static and unreliable abandoned funds were previously turned over to the state under escheat laws. The source of the funds is unstable and may vary dramatically from company to company and from year to year. Original legislation "capped" the statewide aggregated funds for all companies at \$400,000 for such scholarships.

C.S.H.B. 2277 increases the total amount of money that may be transferred (cap) to \$800,000 in order to allow more of the unclaimed and abandoned funds left with the rural telephone companies to be used solely for such scholarships.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 2277 amends the Property Code to prohibit the total amount of money that is authorized to be transferred to scholarship fund by certain local telephone exchange companies from exceeding \$800,000 rather than \$400,000, during the state fiscal year.

EFFECTIVE DATE

September 1, 2007.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The substitute differs from the original by restoring a cap to the amount of money that can be transferred to the scholarship fund each year and replacing the cap of \$400,000 with a cap of \$800,000.