

BILL ANALYSIS

S.B. 234
By: Harris
Public Education
Committee Report (Unamended)

BACKGROUND AND PURPOSE

School districts may enter into income-producing contracts and programs under current statute although the school district is not required to publicly disclose the information or report the entity with whom the contract or program is entered into. Currently, there is no disclosure law on this issue.

This bill requires disclosure of certain information about certain income-producing contracts and programs two times each year in the manner and at times as specified below in the ANALYSIS section.

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

Note: Unless otherwise specified, statutory references in this BILL ANALYSIS are to the Education Code.

This bill relates to the reporting of income-producing contracts or programs entered into or operated by school districts.

The bill adds Section 44.012 to the Education Code. The bill provides that, in Section. 44.012, "income-producing contract or program" means: (1) a contract under which a school district is entitled to or expects to receive income, including rentals, royalties, or a percentage of sales revenue; or (2) a program operated by a school district or another entity under which the district is entitled to or expects to receive income.

As provided by Section 44.012, a school district shall: (1) publish a report of income-producing contracts and programs in a newspaper of general circulation in: (A) a county in which the district is located; or (B) the county seat of a county adjacent to a county in which the district is located, if a newspaper of general circulation is not published in a county in which the district is located; or (2) post a report of income-producing contracts and programs on the district's Internet website.

The bill provides that, except as provided by Subsection (d) of Section 44.012, for each income-producing contract a school district enters into or under which the district receives income during the reporting period covered by the publication or posting, the district's report must include: (A) the full name and address of each party to the contract other than the district; (B) a description of the type of contract involved; (C) the date the contract was entered into; (D) the duration of the contract; (E) a statement of the amount of income the district expects to receive under the contract over the term of the contract; and (F) a statement of the amount of income the district received under the contract during the reporting period; and (2) for each income-producing program under which the district receives income during the reporting period covered by the publication or posting, the district's report must include: (A) the name of the program; (B) a description of the program; (C) if the program is operated by an entity other than the district, the name of each entity from whom the district received income under the program during the reporting period; and (D) a statement of the total amount of income the district received under the program during the reporting period. Subsection (d) provides that a school

district is not required to report under Section 44.012: (1) a contract or program from which the district expects to receive income of \$5,000 or less over: (A) the term of the contract, in the case of a contract; or (B) the reporting period, in the case of a program; (2) a contract between the district and another school district or other governmental entity; or (3) a fund-raising contract with a nonprofit organization or student group.

The bill provides that a school district shall publish or shall post on the district's Internet website a report of income-producing contracts and programs two times each year. For a district whose fiscal year begins July 1, the first report shall be published or posted not later than August 15 and cover the period from the preceding January 1 through June 30, and the second report shall be published or posted not later than February 15 and cover the period from the preceding July 1 through December 31. For a district whose fiscal year begins September 1, the first report shall be published or posted not later than October 15 and cover the period from the preceding March 1 through August 31, and the second report shall be published or posted not later than April 15 and cover the period from the preceding September 1 through the last day of February.

The bill provides that, beginning on the second anniversary of the last date a school district receives income under an income-producing contract or program, if the district does not expect to receive additional income under the contract or program, the district may remove information relating to the contract or program from the district's Internet website.

The bill provides that a school district's first report of income-producing contracts and programs under Section 44.012, Education Code, as added by this Act, must be published or must be posted on the district's Internet website not later than October 15, 2007, or February 15, 2008, depending on the date the district's fiscal year begins.

EFFECTIVE DATE

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2007.