

BILL ANALYSIS

Senate Research Center

S.B. 1
By: Duncan et al.
Finance
9/19/2011
Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

As the sole administrator of the treasury and the state's many financial resources, the Office of the Comptroller of Public Accounts (comptroller) relies on statutory authority and rulemaking power to manage those resources. As the dynamics of financial markets and our economic systems continue to evolve, the tools available to the comptroller often require adjustment to maximize the effectiveness of the agency's resource control. Being the sole administrator of the state's financial resources also places the comptroller in the unique position of working in concert with other state governmental entities that rely on the comptroller's expertise to adequately provide necessary financial support. This bill makes adjustments in various portions of the Texas statutes to facilitate the administration of the state's financial resources.

S.B. 1 amends current law relating to certain state fiscal matters and provides penalties.

[**Note:** While the statutory reference in this bill is to the Texas Natural Resource Conservation Commission (TNRCC), the following amendments affect the Texas Commission on Environmental Quality, as the successor agency to TNRCC.]

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the comptroller of public accounts in SECTION 18.04 (Section 225.004, Insurance Code), SECTION 40.02 (Section 61.0015, Government Code) and SECTION 67.01 (Section 403.455, Government Code) of this bill.

Rulemaking authority previously granted to the comptroller of public accounts is rescinded in SECTION 18.11 (Sections 226.053 and 225.004, Insurance Code) of this bill.

Rulemaking authority is expressly granted to the Railroad Commission of Texas in SECTION 19.02 (Section 81.070, Natural Resources Code) of this bill.

Rulemaking authority previously granted to the Railroad Commission of Texas is modified in SECTION 19.26 (Section 121.211, Utilities Code) of this bill.

Rulemaking authority is expressly granted to the governing board of the Department of Information Resources in SECTION 23.03 (Section 2054.064, Government Code) of this bill.

Rulemaking authority is expressly granted to the Legislative Budget Board in SECTION 34.02 (Section 322.0081, Government Code) of this bill.

Rulemaking authority is expressly granted to the Texas Workforce Commission in SECTION 35.02 (Section 314.003, Labor Code) of this bill.

Rulemaking authority is expressly granted to the Texas Department of Housing and Community Affairs in SECTION 43.03 (Section 2306.2585, Government Code) of this bill.

Rulemaking authority is expressly granted to the State Board of Education in SECTION 57.13 (Section 42.1541, Education Code) of this bill.

Rulemaking authority previously granted to the commissioner of education is modified in SECTION 57.17 (Section 42.2516, Education Code) of this bill.

Rulemaking authority is expressly granted to the commissioner of education in SECTION 59.10 (Section 45.0571, Education Code) and SECTION 61.07 (Section 30A.153, Education Code) of this bill.

Rulemaking authority is expressly granted to the Texas Education Agency in SECTION 60.01 (Section 29.2535, Education Code) of this bill.

Rulemaking authority is expressly granted to the agencies identified in Section 403.453, Government Code, as added by this Act, in SECTION 67.01 (Section 403.455, Government Code) of this bill.

Rulemaking authority previously granted to the Department of Public Safety of the State of Texas is modified in SECTION 72.12 (Section 522.005, Transportation Code) of this bill.

Rulemaking authority is expressly granted to the executive director of the manufactured housing division of TDHCA in SECTION 74.07 (Sections 1201.303, Occupations Code) of this bill.

Rulemaking authority is expressly granted to the Supreme Court of Texas in SECTION 79A.01 (Section 660.2035, Government Code) of this bill.

SECTION BY SECTION ANALYSIS

ARTICLE 1. FOUNDATION SCHOOL PROGRAM PAYMENTS

SECTION 1.01. Amends Sections 42.259(c), (d) and (f), Education Code, as follows:

(c) Requires payments from the foundation school fund to each category 2 school district to be made, as follows:

(1)-(7) Makes no changes to these subdivisions; and

(8) 15 percent of the yearly entitlement of the district is required to be paid in an installment to be made after the 5th day of September and not later than the 10th day of September of the calendar year following the calendar year of the payment made under Subdivision (1), rather than paid in an installment to be made on or before the 25th day of August.

(d) Requires payments from the foundation school fund to each category 3 school district to be made as follows:

(1)-(2) Makes no changes to these subdivisions; and

(3) 20 percent of the yearly entitlement of the district shall be paid in an installment to be made after the 5th day of September and not later than the 10th day of September of the calendar year following the calendar year of the payment made under Subdivision (1), rather than paid in an installment to be made on or before the 25th day of August.

(f) Requires that any previously unpaid additional funds from prior fiscal years owed to a district, except as provided by Subsection (c)(8) or (d)(3), be paid to the district together with the September payment of the current fiscal year entitlement.

SECTION 1.02. Amends Section 466.355(c), Government Code, to require the comptroller of public accounts (comptroller), each August to estimate the amount to be transferred to the foundation school fund on or before September 15; and notwithstanding Subsection (b)(4), transfer the amount estimated in Subdivision (1) to the foundation school fund before August 25, rather than before August installment payments are made under Section 42.259, Education Code.

SECTION 1.03. Provides that the changes made by this article to Section 42.259 (Foundation School Fund Transfers), Education Code, apply only to a payment from the foundation school fund that is made on or after the effective date of this Act. Provides that a payment to a school district from the foundation school fund that is made before that date is governed by Section 42.259, Education Code, as it existed before amendment by this article, and the former law is continued in effect for that purpose.

ARTICLE 2. FISCAL MATTERS REGARDING REGULATION AND TAXATION OF INSURERS

SECTION 2.01. Amends Section 221.006, Insurance Code, by adding Subsection (c), to provide that an insurer is not entitled to a credit under Subsection (a) (relating to credit for fees paid) for an examination or evaluation fee paid in calendar year 2012 or 2013. Provides that this subsection expires January 1, 2014.

SECTION 2.02. Amends Section 222.007, Insurance Code, by adding Subsection (c), to provide that an insurer or health maintenance organization is not entitled to a credit under Subsection (a) (relating to credit for fees paid) for an examination or evaluation fee paid in calendar year 2012 or 2013. Provides that this subsection expires January 1, 2014.

SECTION 2.03. Amends Section 223.009, Insurance Code, by adding Subsection (c), to provide that a title insurance company is not entitled to a credit under Subsection (a) (relating to credit for fees paid) for an examination or evaluation fee paid in calendar year 2012 or 2013. Provides that this subsection expires January 1, 2014.

SECTION 2.04. Amends Section 401.151, Insurance Code, by adding Subsection (f), to provide that an insurer is not entitled to a credit under Subsection (e) (relating to requiring the amount of all examination and evaluation fees paid to the state by an insurer in each taxable year to be allowed as a credit on the amount of premium taxes due) for an examination or evaluation fee paid in calendar year 2012 or 2013. Provides that this subsection expires January 1, 2014.

SECTION 2.05. Amends Section 401.154, Insurance Code, as follows:

Sec. 401.154. TAX CREDIT AUTHORIZED. (a) Creates this subsection from existing text and makes no further changes.

(b) Provides that an insurer is not entitled to a credit under Subsection (a) for an examination fee paid in calendar year 2012 or 2013. Provides that this subsection expires January 1, 2014.

SECTION 2.06. Amends Section 463.160, Insurance Code, as follows:

Sec. 463.160. PREMIUM TAX CREDIT FOR CLASS A ASSESSMENT. Requires that the amount of a Class A assessment paid by a member insurer in each taxable year be allowed as a credit on the amount of premium taxes due. Deletes existing text requiring that the amount of a Class A assessment paid by a member insurer be allowed as a credit on the amount of premium taxes due in the same manner as a credit is allowed under Section 401.151(e).

SECTION 2.07. Provides that the changes in law made by this article apply only to a tax credit for an examination or evaluation fee paid on or after January 1, 2012. Provides that tax credits for examination or evaluation fees paid before January 1, 2012, are governed by the law in effect immediately before the effective date of this Act, and that law is continued in effect for that purpose.

ARTICLE 3. STATE SALES AND FRANCHISE TAX REFUNDS FOR CERTAIN AD VALOREM TAXPAYERS

SECTION 3.01. Repealer: Subchapter F (Tax Refund for Economic Development), Chapter 111 (Collection Procedures), Tax Code.

SECTION 3.02. Provides that the repeal of Subchapter F, Chapter 111, Tax Code, by this article does not affect an eligible person's right to claim a refund of state sales and use and state franchise taxes that was established under Section 111.301 (Refund for State Taxes; Application for Refund), Tax Code, in relation to taxes paid before the effective date of this article in a calendar year for which the person paid ad valorem taxes to a school district as provided by Section 111.301, Tax Code, before the effective date of this article. Provides that an eligible person's right to claim a refund of state sales and use and state franchise taxes that was established under Section 111.301, Tax Code, in relation to taxes paid before the effective date of this article in a calendar year for which the person paid ad valorem taxes to a school district as provided by Section 111.301, Tax Code, before the effective date of this article is governed by the law in effect on the date the right to claim the refund was established, and the former law is continued in effect for that purpose.

SECTION 3.03. Effective date, this article: October 1, 2011.

ARTICLE 4. TAX RECORDS

SECTION 4.01. Amends Section 2153.201, Occupations Code, by amending Subsection (b) and adding Subsection (c), as follows:

(b) Requires that a record required under Subsection (a) (requiring an owner to maintain a complete and itemized record of each coin-operated machine the owner purchases, receives, possesses, handles, exhibits, or displays in this state in accordance with accepted auditing and accounting practices):

(1) be available at all times for inspection by the attorney general, the comptroller, or an authorized representative of the attorney general or comptroller as provided by Subsection (c);

(2) include information relating to the kind of each machine; the date each machine is acquired or received in this state, and placed in operation; the location of each machine, including the county, municipality, if any, and street or rural route number; the name and complete address of each operator of each machine; if the owner is an individual, the full name and address of the owner; and if the owner is not an individual, the name and address of each principal officer or member of the owner; and

(3) be maintained at a permanent address in this state designated on the application for a license under Section 2153.153.

Deletes existing text requiring that a record under Subsection (a) be maintained until the second anniversary of the date the owner ceases ownership of the machine that is the subject of the record. Makes nonsubstantive changes.

(c) Requires that a record required under Subsection (a) be available for inspection under Subsection (b) for at least four years and as required by Section 111.0041 (Records), Tax Code.

SECTION 4.02. Amends Section 111.0041, Tax Code, as follows:

Sec. 111.0041. New heading: RECORDS; BURDEN TO PRODUCE AND SUBSTANTIATE CLAIMS. (a) Requires a taxpayer who is required by this title to keep records, except as provided by Subsection (b), to keep those records open to inspection by the comptroller, the attorney general, or the authorized representatives of either of them for at least four years.

(b) Provides that a taxpayer is required to keep records, as provided by Subsection (c) with respect to the taxpayer's claim, open for inspection under Subsection (a) for more than four years throughout any period when:

(1) any tax, penalty, or interest may be assessed, collected, or refunded by the comptroller; or

(2) an administrative hearing is pending before the comptroller, or a judicial proceeding is pending, to determine the amount of the tax, penalty, or interest that is to be assessed, collected, or refunded.

(c) Requires a taxpayer to produce contemporaneous records and supporting documentation appropriate to the tax or fee for the transactions in question to substantiate and enable verification of the taxpayer's claim related to the amount of tax, penalty, or interest to be assessed, collected, or refunded in an administrative or judicial proceeding. Authorizes contemporaneous records and supporting documentation appropriate to the tax or fee to include, for example, invoices, vouchers, checks, shipping records, contracts, or other equivalent records, such as electronically stored images of such documents, reflecting legal relationships and taxes collected or paid.

(d) Creates this subsection from text of existing Subsection (b) and makes no further changes.

SECTION 4.03. Amends Section 112.052, Tax Code, by adding Subsection (d), to require a taxpayer to produce contemporaneous records and supporting documentation appropriate to the tax or fee for the transactions in question to substantiate and enable verification of a taxpayer's claim relating to the amount of the tax, penalty, or interest that has been assessed or collected or will be refunded, as required by Section 111.0041.

SECTION 4.04. Amends Section 112.151, Tax Code, by adding Subsection (f), to require a taxpayer to produce contemporaneous records and supporting documentation appropriate to the tax or fee for the transactions in question to substantiate and enable verification of a taxpayer's claim relating to the amount of the tax, penalty, or interest that has been assessed or collected, or will be refunded, as required by Section 111.0041.

SECTION 4.05. Amends Section 151.025(b), Tax Code, to require that a record required by Subsection (a) be kept for not less than four years from the date that it is made unless the comptroller authorizes in writing its destruction at an earlier date, or Section 111.0041 requires that the record be kept for a longer period.

SECTION 4.06. Amends Section 152.063, Tax Code, by adding Subsection (h), to provide that Section 111.0041 applies to a person required to keep records under this chapter.

SECTION 4.07. Amends Section 152.0635, Tax Code, by adding Subsection (e), to provide that Section 111.0041 applies to a person required to keep records under this chapter.

SECTION 4.08. Amends Section 154.209(a), Tax Code, to require each permit holder, except as provided by Section 111.0041, to keep records available for inspection and copying by the comptroller and the attorney general for at least four years.

SECTION 4.09. Amends Section 155.110(a), Tax Code, to require each permit holder, except as provided by Section 111.0041, to keep records available for inspection and copying by the comptroller and the attorney general for at least four years.

SECTION 4.10. Amends Section 160.046, Tax Code, by adding Subsection (g), to require a person required to keep records under this section to also keep the records as required by Section 111.0041.

SECTION 4.11. Amends Subchapter A, Chapter 162, Tax Code, by adding Section 162.0125, as follows:

Sec. 162.0125. DUTY TO KEEP RECORDS. Requires a person required to keep a record under this chapter to also keep the record as required by Section 111.0041.

SECTION 4.12. Effective date, this article: upon passage or October 1, 2011.

ARTICLE 5. UNCLAIMED PROPERTY

SECTION 5.01. Amends Section 72.1017(b), Property Code, as effective September 1, 2011, as follows:

(b) Provides that, notwithstanding Section 73.102 (Checks), a utility deposit is presumed abandoned on the latest of:

(1) the first anniversary of, rather than 18 months after, the date a refund check for the utility deposit was payable to the owner of the deposit;

(2) the first anniversary of, rather than 18 months after, the date the utility last received documented communication from the owner of the utility deposit; or

(3) the first anniversary of, rather than 18 months after, the date the utility issued a refund check for the deposit payable to the owner of the deposit if, according to the knowledge and records of the utility or payor of the check, during that period, a claim to the check has not been asserted or an act of ownership by the payee has not been exercised.

SECTION 5.02. Effective date, this article: the 91st day after the last day of the legislative session.

ARTICLE 6. CLASSIFICATION OF JUDICIAL AND COURT PERSONNEL TRAINING FUND

SECTION 6.01. Amends Section 56.001, Government Code, as follows:

Sec. 56.001. JUDICIAL AND COURT PERSONNEL TRAINING FUND. (a) Provides that the judicial and court personnel training fund is an account in the general revenue fund. Authorizes that money in the judicial and court personnel training fund be appropriated only to the court of criminal appeals for the uses authorized in Section 56.003 (Use of Funds). Deletes existing text providing that the judicial and court personnel training fund is created in the state treasury and is required to be administered by the court of criminal appeals.

(b) Redesignates existing Subsection (i) as Subsection (b). Deletes existing text requiring that at the end of each state fiscal year, any unexpended balance in the fund in excess of \$500,000 be transferred to the general revenue fund.

ARTICLE 7. PROCESS SERVER CERTIFICATION FEES

SECTION 7.01. Amends Section 51.008, Government Code, as effective September 1, 2011, by amending Subsection (c) and adding Subsection (d), as follows:

(c) Deletes existing text authorizing fees collected under this section to be appropriated only to the Office of Court Administration of the Texas Judicial System (OCA) for purposes of this section.

(d) Authorizes fees collected under this section to be appropriated to OCA for the support of regulatory programs for process servers, guardians, and court reporters.

[Reserves ARTICLE 8.]

ARTICLE 9. REMITTANCE AND ALLOCATION OF CERTAIN MOTOR FUELS TAXES

SECTION 9.01. Amends Section 162.113, Tax Code, by adding Subsections (a-1), (a-2), (a-3), and (a-4), as follows:

(a-1) Requires each licensed distributor and licensed importer, on August 28, 2013, to remit to the supplier or permissive supplier, as applicable, a tax prepayment in an amount equal to 25 percent of the tax imposed by Section 162.101 (Point of Imposition of Gasoline Tax) for gasoline removed at the terminal rack during July 2013 by the licensed distributor or licensed importer, without accounting for any credit or allowance to which the licensed distributor or licensed importer is entitled. Requires the supplier or permissive supplier to remit the tax prepayment received under this subsection to the comptroller by electronic funds transfer on August 30, 2013, without accounting for any credit or allowance to which the supplier or permissive supplier is entitled. Provides that Subsections (c)-(e) do not apply to the tax prepayment under this subsection.

(a-2) Authorizes a licensed distributor or licensed importer to take a credit against the amount of tax imposed by Section 162.101 for gasoline removed at a terminal rack during August 2013 that is required to be remitted to the supplier or permissive supplier, as applicable, under Subsection (a) in September 2013. Provides that the amount of the credit is equal to the amount of any tax prepayment remitted by the licensed distributor or licensed importer as required by Subsection (a-1).

(a-3) Provides that Subsections (a-1) and (a-2) apply to a supplier or an affiliate of a supplier who removes gasoline at the terminal rack for distribution to the same extent and in the same manner that those subsections apply to a licensed distributor or licensed importer.

(a-4) Provides that Subsections (a-1), (a-2), and (a-3) and this subsection expire September 1, 2015.

SECTION 9.02. Amends Section 162.214, Tax Code, by adding Subsections (a-1), (a-2), (a-3), and (a-4), as follows:

(a-1) Requires each licensed distributor and licensed importer, on August 28, 2013, to remit to the supplier or permissive supplier, as applicable, a tax prepayment in an amount equal to 25 percent of the tax imposed by Section 162.201 (Point of Imposition of Diesel Fuel Tax) for diesel fuel removed at the terminal rack during July 2013 by the licensed distributor or licensed importer, without accounting for any credit or allowance to which the licensed distributor or licensed importer is entitled. Requires the supplier or permissive supplier to remit the tax prepayment received under this subsection to the comptroller by electronic funds transfer on August 30, 2013, without accounting for any credit or allowance to which the supplier or permissive supplier is entitled. Provides that Subsections (c)-(e) do not apply to the tax prepayment under this subsection.

(a-2) Authorizes a licensed distributor or licensed importer to take a credit against the amount of tax imposed by Section 162.201 for diesel fuel removed at a terminal rack during August 2013 that is required to be remitted to the supplier or permissive supplier, as applicable, under Subsection (a) in September 2013. Provides that the amount of the credit is equal to any tax prepayment remitted by the licensed distributor or licensed importer as required by Subsection (a-1).

(a-3) Provides that Subsections (a-1) and (a-2) apply to a supplier or an affiliate of a supplier who removes diesel fuel at the terminal rack for distribution to the same extent and in the same manner that those subsections apply to a licensed distributor or licensed importer.

(a-4) Provides that Subsections (a-1), (a-2), and (a-3) and this subsection expire September 1, 2015.

SECTION 9.03. Amends Section 162.503, Tax Code, as follows:

Sec. 162.503. ALLOCATION OF GASOLINE TAX. (a) Creates this subsection from existing text and makes no further changes.

(b) Prohibits the comptroller, notwithstanding Subsection (a), from allocating revenue otherwise required to be allocated under Subsection (a) during July and August 2013 before the first workday of September 2013. Requires that the revenue be allocated as otherwise provided by Subsection (a) not later than the fifth workday of September 2013. Provides that this subsection expires September 1, 2015.

SECTION 9.04. Amends Section 162.504, Tax Code, as follows:

Sec. 162.504. ALLOCATION OF DIESEL FUEL TAX. (a) Creates this subsection from existing text and makes no further changes.

(b) Prohibits the comptroller, notwithstanding Subsection (a), from allocating revenue otherwise required to be allocated under Subsection (a) during July and August 2013 before the first workday of September 2013. Requires that the revenue be allocated as otherwise provided by Subsection (a) not later than the fifth workday of September 2013. Provides that this subsection expires September 1, 2015.

SECTION 9.05. Provides that the expiration of the amendments made to the Tax Code in accordance with this article does not affect tax liability accruing before the expiration of those amendments. Provides that that liability continues in effect as if the amendments had not expired, and the former law is continued in effect for the collection of taxes due and for civil and criminal enforcement of the liability for those taxes.

SECTION 9.06. Effective date, this article: October 1, 2011.

ARTICLE 10. REMITTANCE OF MIXED BEVERAGE TAXES AND TAXES AND FEES ON CERTAIN ALCOHOLIC BEVERAGES

SECTION 10.01. Amends Section 34.04, Alcoholic Beverage Code, by adding Subsections (c), (d), and (e), as follows:

(c) Requires a permittee, in August 2013, to remit a tax prepayment of taxes due to be remitted in September 2013 that is equal to 25 percent of the amount the permittee is otherwise required to remit during August 2013 under the reporting system prescribed by the Texas Alcoholic Beverage Commission (TABC). Provides that the prepayment is in addition to the amount the permittee is otherwise required to remit during August. Requires the permittee to remit the additional payment in conjunction with the report and payment otherwise required during that month.

(d) Authorizes a permittee who remits the additional payment as required by Subsection (c) to take a credit in the amount of the additional payment against the next payment due under the reporting system prescribed by TABC.

(e) Provides that Subsections (c) and (d) and this subsection expire September 1, 2015.

SECTION 10.02. Amends Section 48.04, Alcoholic Beverage Code, by adding Subsections (c), (d), and (e), as follows:

(c) Requires a permittee, in August 2013, to remit a tax prepayment of taxes due to be remitted in September 2013 that is equal to 25 percent of the amount the permittee is

otherwise required to remit during August 2013 under the reporting system prescribed by TABC. Provides that the prepayment is in addition to the amount the permittee is otherwise required to remit during August. Requires the permittee to remit the additional payment in conjunction with the report and payment otherwise required during that month.

(d) Authorizes a permittee who remits the additional payment as required by Subsection (c) to take a credit in the amount of the additional payment against the next payment due under the reporting system prescribed by TABC.

(e) Provides that Subsections (c) and (d) and this subsection expire September 1, 2015.

SECTION 10.03. Amends Section 201.07, Alcoholic Beverage Code, as follows:

Sec. 201.07. DUE DATE. (a) Creates this subsection from existing text. Provides that the tax on liquor is due and payable on the 15th of the month following the first sale, together with a report on the tax due.

(b) Requires each permittee who is liable for the taxes imposed by this subchapter, in August 2013, to remit a tax prepayment of taxes due to be remitted in September 2013 that is equal to 25 percent of the amount the permittee is otherwise required to remit during August 2013 under Subsection (a). Provides that the prepayment is in addition to the amount the permittee is otherwise required to remit during August. Requires the permittee to remit the additional payment in conjunction with the report and payment otherwise required during that month.

(c) Authorizes a permittee who remits the additional payment as required by Subsection (b) to take a credit in the amount of the additional payment against the next payment due under Subsection (a).

(d) Provides that Subsections (b) and (c) and this subsection expire September 1, 2015.

SECTION 10.04. Amends Section 201.43, Alcoholic Beverage Code, by amending Subsection (b) and adding Subsections (c), (d), and (e), as follows:

(b) Provides that the tax is due and payable on the 15th day of the month following the month in which the taxable first sale occurs, together with a report on the tax due.

(c) Requires each permittee who is liable for the tax imposed by this subchapter, in August 2013, to remit a tax prepayment of taxes due to be remitted in September 2013 that is equal to 25 percent of the amount the permittee is otherwise required to remit during August 2013 under Subsection (b). Provides that the prepayment is in addition to the amount the permittee is otherwise required to remit during August. Requires the permittee to remit the additional payment in conjunction with the report and payment otherwise required during that month.

(d) Authorizes a permittee who remits the additional payment as required by Subsection (c) to take a credit in the amount of the additional payment against the next payment due under Subsection (b).

(e) Provides that Subsections (c) and (d) and this subsection expire September 1, 2015.

SECTION 10.05. Amends Section 203.03, Alcoholic Beverage Code, by amending Subsection (b) and adding Subsections (c), (d), and (e), as follows:

(b) Provides that the tax is due and payable on the 15th day of the month following the month in which the taxable first sale occurs, together with a report on the tax due.

(c) Requires each licensee who is liable for the tax imposed by this chapter to remit a tax prepayment of taxes due to be remitted in September 2013 that is equal to 25 percent of the amount the licensee is otherwise required to remit during August 2013 under Subsection (b). Provides that the prepayment is in addition to the amount the licensee is otherwise required to remit during August. Requires the licensee to remit the additional payment in conjunction with the report and payment otherwise required during that month.

(d) Authorizes a licensee who remits the additional payment as required by Subsection (c) to take a credit in the amount of the additional payment against the next payment due under Subsection (b).

(e) Provides that Subsections (c) and (d) and this subsection expire September 1, 2015.

SECTION 10.06. Amends Section 183.023, Tax Code, as follows:

Sec. 183.023. PAYMENT. (a) Creates this subsection from existing text and makes no further changes.

(b) Creates this subsection from existing text. Requires the comptroller to deposit the revenue received under this section in the general revenue fund.

(c) Requires each permittee who is liable for the tax imposed by this subchapter to remit in August 2013 a tax prepayment of taxes due to be remitted in September 2013 that is equal to 25 percent of the amount the permittee is otherwise required to remit during August 2013 under Subsection (a). Provides that the prepayment is in addition to the amount the permittee is otherwise required to remit during August. Requires the permittee to remit the additional payment in conjunction with the return and payment otherwise required during that month.

(d) Authorizes a permittee who remits the additional payment as required by Subsection (c) to take a credit in the amount of the additional payment against the next payment due under Subsection (a).

(e) Provides that Subsections (c) and (d) and this subsection expire September 1, 2015.

SECTION 10.07. Provides that the expiration of the amendments made to the Alcoholic Beverage Code and Tax Code in accordance with this article does not affect tax liability accruing before the expiration of those amendments. Provides that that liability continues in effect as if the amendments had not expired, and the former law is continued in effect for the collection of taxes due and for civil and criminal enforcement of the liability for those taxes.

ARTICLE 11. CIGARETTE TAX STAMPING ALLOWANCE

SECTION 11.01. Amends Section 154.052(a), Tax Code, to provide that a distributor is, subject to the provisions of Section 154.051 (Cigarette Tax Recovery Trust Fund), entitled to 2.5 percent, rather than three percent, of the face value of stamps purchased as a stamping allowance for providing the service of affixing stamps to cigarette packages, except that an out-of-state distributor is entitled to receive only the same percentage of stamping allowance as that given to Texas distributors doing business in the state of the distributor.

SECTION 11.02. Provides that this article applies only to cigarette stamps purchased on or after the effective date of this article. Provides that cigarette stamps purchased before the effective date of this article are governed by the law in effect on the date the cigarette stamps were purchased, and that law is continued in effect for that purpose.

SECTION 11.03. Effective date, this article: October 1, 2011.

ARTICLE 12. SALES FOR RESALE

SECTION 12.01. Amends Section 151.006, Tax Code, by amending Subsection (a) and adding Subsection (c), as follows:

(a) Redefines "sale for resale."

(c) Provides that a sale for resale does not include the sale of tangible personal property or a taxable service to a purchaser who acquires the property or service for the purpose of performing a service that is not taxed under this chapter, regardless of whether title transfers to the service provider's customer, unless the tangible personal property or taxable service is purchased for the purpose of reselling it to the United States in a contract, or a subcontract of a contract, with any branch of the Department of Defense, Department of Homeland Security, Department of Energy, National Aeronautics and Space Administration, Central Intelligence Agency, National Security Agency, National Oceanic and Atmospheric Administration, or National Reconnaissance Office to the extent allocated and billed to the contract with the federal government.

SECTION 12.02. Effective date, this article: upon passage or October 1, 2011.

ARTICLE 13. REMITTANCE OF SALES AND USE TAXES

SECTION 13.01. Amends Section 151.401, Tax Code, by adding Subsections (c), (d), and (e), as follows:

(c) Requires a taxpayer who is required to pay the taxes imposed by this chapter on or before the 20th day of that month under Subsection (a), who pays the taxes imposed by this chapter by electronic funds transfer, and who does not prepay as provided by Section 151.424, (Discount for Prepayments) in August 2013, to remit to the comptroller a tax prepayment that is equal to 25 percent of the amount the taxpayer is otherwise required to remit during August 2013 under Subsection (a). Provides that the prepayment is in addition to the amount the taxpayer is otherwise required to remit during August. Requires the taxpayer to remit the additional payment in conjunction with the payment otherwise required during that month. Provides that Section 151.424 does not apply with respect to the additional payment required by this subsection.

(d) Authorizes a taxpayer who remits the additional payment as required by Subsection (c) to take a credit in the amount of the additional payment against the next payment due under Subsection (a).

(e) Provides that Subsections (c) and (d) and this subsection expire September 1, 2015.

SECTION 13.02. Amends Section 151.402, Tax Code, as follows:

Sec. 151.402. TAX REPORT DATES. (a) Deletes existing text providing that except as provided by Subsection (b) of this section, a tax report required by this chapter for a reporting period is due on the same date that the tax payment for the period is due as provided by Section 151.401 (Tax Due Dates).

(b) Authorizes a taxpayer to report a credit in the amount of any tax prepayment remitted to the comptroller as required by Section 151.401(c) on the tax report required by this chapter that is otherwise due in September 2013. Provides that this subsection expires September 1, 2015. Deletes existing text providing that a tax report for taxes required by Section 151.401(a) to be paid on or before August 20 is due on or before the 20th day of the following month.

SECTION 13.03. Provides that the expiration of the amendments made to the Tax Code in accordance with this article does not affect tax liability accruing before the expiration of those amendments. Provides that that liability continues in effect as if the amendments had not

expired, and the former law is continued in effect for the collection of taxes due and for civil and criminal enforcement of the liability for those taxes.

ARTICLE 14. PENALTIES FOR FAILURE TO REPORT OR REMIT CERTAIN TAXES OR FEES

SECTION 14.01. Amends Section 111.00455(b), Tax Code, as follows:

(b) Provides that the following are not contested cases under Subsection (a) and Section 2003.101 (Tax Division), Government Code:

(1)-(2) Makes no changes to these subdivisions;

(3) a hearing in which the issue relates to Chapters 72, 73, 74, and 75, Property Code; forfeiture of a right to do business; a certificate of authority; articles of incorporation; a penalty imposed under Section 151.703(d), rather than Section 151.7031 (Failure to Report on Three or More Occasions; Civil Penalty); the refusal or failure to settle under Section 111.101 (Settlement); or a request for or revocation of an exemption from taxation; and

(4) Makes no changes to this subdivision.

SECTION 14.02. Amends Section 151.468(a), Tax Code, as effective September 1, 2011, to authorize the comptroller, if a person fails to file a report required by this subchapter or fails to file a complete report, to impose a civil or criminal penalty, or both, under Section 151.703(d) or 151.709 (Failure to Furnish Report; Criminal Penalty), rather than under Section 151.7031 or 151.709.

SECTION 14.03. Amends Section 151.703, Tax Code, by adding Subsection (d), as follows:

(d) Requires a person who fails to file a report as required by this chapter, in addition to any other penalty authorized by this section, to pay a penalty of \$50. Provides that the penalty provided by this subsection is assessed without regard to whether the taxpayer subsequently files the report or whether any taxes were due from the taxpayer for the reporting period under the required report.

SECTION 14.04. Amends Section 152.045, Tax Code, by adding Subsection (d), as follows:

(d) Requires the owner of a motor vehicle subject to the tax on gross rental receipts who is required to file a report as provided by this chapter and who fails to timely file the report, in addition to any other penalty provided by law, to pay a penalty of \$50. Provides that the penalty provided by this subsection is assessed without regard to whether the taxpayer subsequently files the report or whether any taxes were due from the taxpayer for the reporting period under the required report.

SECTION 14.05. Amends Section 152.047, Tax Code, by adding Subsection (j), as follows:

(j) Requires the seller of a motor vehicle sold in a seller-financed sale who is required to file a report as provided by this chapter and who fails to timely file the report, in addition to any other penalty provided by law, to pay a penalty of \$50. Provides that the penalty provided by this subsection is assessed without regard to whether the taxpayer subsequently files the report or whether any taxes were due from the taxpayer for the reporting period under the required report.

SECTION 14.06. Amends Section 156.202, Tax Code, by amending Subsection (c) and adding Subsection (d), as follows:

(c) Provides that the minimum penalty under Subsections (a) and (b) is \$1, rather than under this section is \$1.

(d) Requires a person who fails to file a report as required by this chapter, in addition to any other penalty authorized by this section, to pay a penalty of \$50. Provides that the penalty provided by this subsection is assessed without regard to whether the taxpayer subsequently files the report or whether any taxes were due from the taxpayer for the reporting period under the required report.

SECTION 14.07. Amends Section 162.401, Tax Code, by adding Subsection (d), as follows:

(d) Requires a person who fails to file a report as required by this chapter, in addition to any other penalty authorized by this section, to pay a penalty of \$50. Provides that the penalty provided by this subsection is assessed without regard to whether the taxpayer subsequently files the report or whether any taxes were due from the taxpayer for the reporting period under the required report.

SECTION 14.08. Amends Section 171.362, Tax Code, by amending Subsection (c) and adding Subsection (f), as follows:

(c) Provides that the minimum penalty under Subsections (a) and (b) is \$1, rather than under this section is \$1.

(f) Requires a taxable entity who fails to file a report as required by this chapter, in addition to any other penalty authorized by this section, to pay a penalty of \$50. Provides that the penalty provided by this subsection is assessed without regard to whether the taxable entity subsequently files the report or whether any taxes were due from the taxable entity for the reporting period under the required report.

SECTION 14.09. Amends Subchapter B, Chapter 183, Tax Code, by adding Section 183.024, as follows:

Sec. 183.024. FAILURE TO PAY TAX OR FILE REPORT. (a) Requires a permittee who fails to file a report as required by this chapter or who fails to pay a tax imposed by this chapter when due to pay five percent of the amount due as a penalty, and if the permittee fails to file the report or pay the tax within 30 days after the day the tax or report is due, requires the permittee to pay an additional five percent of the amount due as an additional penalty.

(b) Provides that the minimum penalty under Subsection (a) is \$1.

(c) Provides that a delinquent tax draws interest beginning 60 days from the due date.

(d) Requires a permittee who fails to file a report as required by this chapter, in addition to any other penalty authorized by this section, to pay a penalty of \$50. Provides that the penalty provided by this subsection is assessed without regard to whether the permittee subsequently files the report or whether any taxes were due from the permittee for the reporting period under the required report.

SECTION 14.10. Amends Section 771.0712, Health and Safety Code, by adding Subsections (c) and (d), as follows:

(c) Requires a seller who fails to file a report or remit a fee collected or payable as provided by this section and comptroller rules to pay five percent of the amount due and payable as a penalty, and if the seller fails to file the report or remit the fee within 30 days after the day the fee or report is due, the seller is required to pay an additional five percent of the amount due and payable as an additional penalty.

(d) Requires a seller who fails to file a report as provided by this section, in addition to any other penalty authorized by this section, to pay a penalty of \$50. Provides that the penalty provided by this subsection is assessed without regard to whether the seller

subsequently files the report or whether any taxes were due from the seller for the reporting period under the required report.

SECTION 14.11. Repealer: Section 151.7031 (Failure to Report on Three or More Occasions; Civil Penalty), Tax Code.

SECTION 14.12. Provides that the change in law made by this article applies only to a report due or a tax or fee due and payable on or after the effective date of this article. Provides that a report due or a tax or fee due and payable before the effective date of this article is governed by the law in effect at that time, and that law is continued in effect for that purpose.

SECTION 14.13. Effective date, this article: October 1, 2011.

ARTICLE 15. FISCAL MATTERS RELATED TO VOTER REGISTRATION

SECTION 15.01. Amends Sections 18.065(b), (c), and (d), Election Code, as follows:

(b) Requires the secretary of state (SOS), on determining that a registrar is not in substantial compliance, to deliver written notice of the noncompliance to the registrar and include in the notice a description of the violation and an explanation of the action necessary for substantial compliance and of the consequences of noncompliance. Deletes existing text requiring SOS, on determining that a registrar is not in substantial compliance, to deliver written notice of the noncompliance to the comptroller of public accounts, including in the notice the identity of the noncomplying registrar.

(c) Requires SOS, on determining that a noncomplying registrar has corrected the violation and is in substantial compliance, to deliver written notice to the registrar, rather than the registrar and to the comptroller, that the registrar is in substantial compliance

(d) Deletes existing text requiring the comptroller to retain a notice received under this section on file until July 1 following the voting year in which it is received.

SECTION 15.02. Amends Section 19.001(a), Election Code, as follows:

(a) Requires the registrar, before May 15 of each year, to prepare and submit to SOS, rather than the comptroller, a statement containing:

- (1) the total number of initial registrations for the previous voting year;
- (2) the total number of registrations canceled under Sections 16.031(a)(1) (relating to cancellation of registration), 16.033 (Cancellation Following Investigation by Registrar), and 16.0332 (Cancellation Because of Citizenship Status) for the previous voting year; and
- (3) the total number of registrations for which information was updated for the previous voting year.

SECTION 15.03. Amends the heading to Section 19.002, Election Code, to read as follows:

Sec. 19.002. PAYMENTS.

SECTION 15.04. Amends Section 19.002(b), Election Code, to require SOS, rather than the comptroller, after June 1 of each year, to make payments, rather than issue warrants, pursuant to vouchers submitted by the registrar and approved by SOS in amounts that in the aggregate do not exceed the registrar's entitlement.

SECTION 15.05. Amends Section 19.002(d), Election Code, as effective September 1, 2011, as follows:

(d) Prohibits SOS from making a payment under Subsection (b) if, on June 1 of the year in which the payment is to be made, the registrar is not in substantial compliance with Section 15.083 (Delivery of List to Secretary of State), 16.032 (Cancellation Following End of Suspense List), or 18.065 (Secretary of State to Monitor Registrar's Compliance) or with rules implementing the registration service program. Deletes existing text prohibiting the comptroller from issuing a warrant if on June 1 of the year in which the warrant is to be issued the most recent notice received by the comptroller from SOS under Section 18.065 indicates that the registrar is not in substantial compliance with Section 15.083, 16.032, or 18.065 or with rules implementing the registration service program.

SECTION 15.06. Amends the heading to Section 19.0025, Election Code, to read as follows:

Sec. 19.0025. ELECTRONIC ADMINISTRATION OF VOUCHERS AND PAYMENTS.

SECTION 15.07. Amends Section 19.0025(a), Election Code, to require SOS to establish and maintain an online electronic system for administering vouchers submitted and payments made, rather than warrants issued under Section 19.002.

SECTION 15.08. Repealer: Section 19.002(c) (authorizing the comptroller to require additional proof to substantiate information in the certified statement regarding voter registrations before issuing a warrant), Election Code.

ARTICLE 16. CERTAIN POWERS AND DUTIES OF THE COMPTROLLER OF PUBLIC ACCOUNTS

SECTION 16.01. Amends Section 403.0551(d), Government Code, to redefine, in this subsection, "compensation."

SECTION 16.02. Amends Section 404.022(h), Government Code, to delete existing text authorizing the comptroller to execute a simplified version of a depository agreement with an eligible institution desiring to hold \$98,000 or less in state deposits that are fully insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund.

SECTION 16.03. Provides that Section 403.0551(d), Government Code, as amended by this article, applies to a deduction made on or after the effective date of this Act for an indebtedness to a state agency regardless of the date the indebtedness accrued, or the dates of the pay period for which the compensation from which the indebtedness is deducted is earned.

ARTICLE 17. PREPARATION AND PUBLICATION OF CERTAIN REPORTS AND OTHER MATERIALS

SECTION 17.01. Amends Section 61.539(c), Education Code, to replace references to comptroller with references to the Texas Higher Education Coordinating Board (THECB).

SECTION 17.02. Amends Section 5.05(c), Tax Code, as follows:

(c) Requires the comptroller to electronically publish all materials under this section for administering the property tax system, rather than providing without charge one copy of all materials to officials of local government who are responsible for administering the property tax system. Requires the comptroller to make the materials available to local governmental officials and members of the public but authorizes the comptroller to charge a reasonable fee to offset the costs of preparing, printing, and distributing the materials. Deletes existing text authorizing the comptroller, if a local government official requests more than one copy, to charge a reasonable fee to offset the costs of printing and distributing the materials.

SECTION 17.03. Amends Section 5.06, Tax Code, as follows:

Sec. 5.06. EXPLANATION OF TAXPAYER REMEDIES. Deletes existing Subsection (a) designation. Requires the comptroller to prepare and electronically publish a pamphlet explaining the remedies available to dissatisfied taxpayers and the procedures to be followed in seeking remedial action. Deletes existing Subsection (b) requiring the comptroller to provide without charge a reasonable number of copies of the pamphlet to any person on request; authorizing the comptroller to charge a person who requests multiple copies of the pamphlet a reasonable fee to offset the costs of printing and distributing those copies; and requiring the comptroller at its discretion to determine the number of copies that a person may receive without charge.

SECTION 17.04. Amends Section 5.09, Tax Code, as follows:

Sec. 5.09. New heading: BIENNIAL REPORTS. (a) Requires the comptroller to prepare a biennial report of the total appraised values and taxable values of taxable property by category and the tax rates of each county, municipality, and school district in effect for the two years preceding the year in which the report is prepared. Deletes existing text relating to requiring the comptroller to publish an annual report of the operations of the appraisal districts; requiring the report to include for each appraisal district, each county, and each school district and authorizing the inclusion of for other taxing units the total appraisal values, assessed values, and taxable values of taxable property by class of property, the assessment ratio, and the tax rate.

(b) Requires the comptroller, not later than December 31 of each even-numbered year, to electronically publish on the comptroller's Internet website the report required by Subsection (a), and to notify the governor, the lieutenant governor, and each member of the legislature that the report is available on the website, rather than requiring the comptroller to deliver a copy of each annual report published under Subsection (a) of this section to the governor, the lieutenant governor, and each member of the legislature.

SECTION 17.05. Repealers: (1) Sections 403.030 (Information on Economic Development Activities) and 552.143(e) (providing that this section shall not be construed as affecting the authority of the comptroller under Section 403.030), Government Code; and

(2) Subchapter F (Report to Comptroller), Chapter 379A (Municipal Development Corporations), Local Government Code.

ARTICLE 18. SURPLUS LINES AND INDEPENDENTLY PROCURED INSURANCE

SECTION 18.01. Amends Section 101.053(b), Insurance Code, to provide that Sections 101.051 (Conduct That Constitutes the Business of Insurance) and 101.052 (Advertising Relating to Medicare Supplement Benefit Plans) do not apply to certain transactions, including a transaction in this state that involves certain policies, including a transaction on which premium tax, if applicable, is paid in accordance with Chapter 226 (Unauthorized and Independently Procured Insurance Premium Tax).

SECTION 18.02. Amends Section 225.001, Insurance Code, as follows:

Sec. 225.001. New heading: DEFINITIONS. Defines, in this chapter, "affiliate," "affiliated group," "control," and "home state." Redefines "premium."

SECTION 18.03. Amends Section 225.002, Insurance Code, to provide that this chapter applies to a surplus lines agent who collects gross premiums for surplus lines insurance for any risk in which this state is the home state of the insured.

SECTION 18.04. Amends Section 225.004, Insurance Code, by adding Subsections (a-1) and (f) and amending Subsections (b), (c), and (e), as follows:

(a-1) Prohibits this state, consistent with 15 U.S.C. Section 8201 et seq., from imposing a premium tax on nonadmitted insurance premiums other than premiums paid for insurance in which this state is the home state of the insured.

(b) Provides that taxable gross premiums under this section are based on gross premiums written or received for surplus lines insurance placed through an eligible surplus lines insurer during a calendar year. Authorizes the comptroller, notwithstanding the tax basis described by this subsection, by rule to establish an alternate basis for taxation for multistate and single-state policies for the purpose of achieving uniformity.

(c) Provides that if a surplus lines insurance policy covers risks or exposures only partially located in this state, and this state has not entered into a cooperative agreement, reciprocal agreement, or compact with another state for the collection of surplus lines tax as authorized by Chapter 229 (Cooperative Agreements with Other States), the tax is computed on the entire policy premium for any policy in which this state is the home state of the insured, rather than providing that if a surplus lines insurance policy covers risks or exposures only partially located in this state, the tax is computed on the portion of the premium that is properly allocated to a risk or exposure located in this state.

(e) Provides that premiums on risks or exposures that are properly allocated to federal or international waters or are under the jurisdiction of a foreign government are not taxable in this state, rather than providing that the following premiums are not taxable in this state: premiums properly allocated to another state that are specifically exempt from taxation in that state and premiums on risks or exposures that are properly allocated to federal or international waters or are under the jurisdiction of a govern government.

(f) Requires that taxes due on multistate policies, if this state enters a cooperative agreement, reciprocal agreement, or compact with another state for the allocation of surplus lines tax as authorized by Chapter 229, to be allocated and reported in accordance with the agreement or compact.

SECTION 18.05. Amends Section 225.005, Insurance Code, to provide that the tax imposed by this chapter is a transaction tax collected by the surplus lines agent of record and is in lieu of any other transaction taxes on these premiums, rather than providing that the tax imposed by this chapter is in lieu of all other insurance taxes.

SECTION 18.06. Amends Section 225.009, Insurance Code, by adding Subsection (d), to require that the tax, notwithstanding Subsections (a) (relating to requiring a surplus lines agent to prepay the tax imposed by this chapter when the amount of the accrued taxes due is equal to at least \$70,000), (b) (relating to requiring a surplus lines agent to prepay the taxes using a form prescribed by the comptroller), and (c) (relating to authorizing the comptroller by rule to change the accrued tax amount for which prepayment is required), if this state enters a cooperative agreement, reciprocal agreement, or compact with another state for the allocation of surplus lines tax as authorized by Chapter 229, be allocated and reported in accordance with the terms of the agreement or compact.

SECTION 18.07. Amends Section 226.051, Insurance Code, as follows:

Sec. 226.051. New heading: DEFINITIONS. Defines, in this subchapter, "affiliate," "affiliated group," "control," "home state," and "independently procured insurance." Redefines "premium."

SECTION 18.08. Amends Section 226.052, Insurance Code, to provide that this subchapter applies to an insured who procures an independently procured insurance contract for any risk in which this state is the home state of the insured, rather than in accordance with Section 101.053(b)(4) (relating to providing that Sections 101.051 and 101.052 do not apply to a transaction that involves an insurance contract independently procured by the insured from an insurance company not authorized to do insurance business in this state through negotiations occurring entirely outside this state).

SECTION 18.09. Amends Section 226.053, Insurance Code, by amending Subsections (a) and (b) and adding Subsection (d), as follows:

(a) Provides that a tax is imposed on each insured at the rate of 4.85 percent of the premium paid for the insurance contract procured in accordance with Section 226.052, rather than Section 101.053(b)(4).

(b) Provides that if an independently procured insurance policy covers risks or exposures only partially located in this state and this state has not joined a cooperative agreement, reciprocal agreement, or compact with another state for the allocation of nonadmitted insurance taxes as authorized by Chapter 229, the tax is computed on the entire policy premium for any policy in which this state is the home state of the insured, rather than providing that if an insurance contract covers risks or exposures only partially located in this state, the tax is computed on the portion of the premium that is properly allocated to a risk or exposure located in this state.

(d) Requires that the tax due on multistate policies, if this state enters into a cooperative agreement, reciprocal agreement, or compact with another state for the allocation of nonadmitted insurance taxes as authorized by Chapter 229, be allocated and reported in accordance with the agreement or compact.

SECTION 18.10. Amends Section 981.008, Insurance Code, to provide that the premiums charged for surplus lines insurance are subject to the premium tax, if applicable, imposed under Chapter 225 (Surplus Lines Insurance Premium Tax).

SECTION 18.11. Repealers: (1) Sections 225.004(d) (relating to considering certain taxable premiums to be written on property or risks located or resident in this state) and (d-1) (authorizing the comptroller by rule to establish that all premiums are considered to be on risks located in this state under certain circumstances), Insurance Code; and

(2) Section 226.053(b-1) (authorizing the comptroller by rule to establish that all premiums are considered to be on risks located in this state under certain circumstances), Insurance Code.

SECTION 18.12. Makes application of the changes in law made by this article to Chapters 225 (Surplus Lines Insurance Premium Tax) and 226, Insurance Code, prospective to July 21, 2011.

SECTION 18.13. Effective date, this article: upon passage or on the 91st day after the last day of the legislative session.

ARTICLE 19. FISCAL MATTERS CONCERNING OIL AND GAS REGULATION

SECTION 19.01. Amends Section 81.0521(c), Natural Resources Code, to require that two-thirds of the proceeds from this fee, excluding any penalties collected in connection with the fee, be deposited to the oil and gas regulation and cleanup fund as provided by Section 81.067, rather than requiring that two-thirds of the proceeds from this fee, including any penalties collected in connection with the fee, be deposited to the oil-field cleanup fund as provided by Section 91.111 (Oil-Field Cleanup Fund).

SECTION 19.02. Amends Subchapter C, Chapter 81, Natural Resources Code, by adding Sections 81.067 through 81.070, as follows:

Sec. 81.067. OIL AND GAS REGULATION AND CLEANUP FUND. (a) Provides that the oil and gas regulation and cleanup fund is created as an account in the general revenue fund of the state treasury.

(b) Requires the Railroad Commission of Texas (railroad commission) to certify to the comptroller the date on which the balance in the fund equals or exceeds \$20 million. Prohibits the oil-field cleanup regulatory fees on oil and gas from being collected or required to be paid on or after the first day of the second month

following the certification, except that the comptroller is required to resume collecting the fees on receipt of a railroad commission certification that the fund has fallen below \$10 million. Requires the comptroller to continue collecting the fees until collections are again suspended in the manner provided by this subsection.

(c) Provides that the fund consists of certain fees, proceeds, and costs recovered as set forth.

Sec. 81.068. PURPOSE OF OIL AND GAS REGULATION AND CLEANUP FUND. Authorizes money in the oil and gas regulation and cleanup fund to be used by the railroad commission or its employees or agents for any purpose related to the regulation of oil and gas development, including oil and gas monitoring and inspections, oil and gas remediation, oil and gas well plugging, public information and services related to those activities, and administrative costs and state benefits for personnel involved in those activities.

Sec. 81.069. REPORTING ON PROGRESS IN MEETING PERFORMANCE GOALS FOR THE OIL AND GAS REGULATION AND CLEANUP FUND. (a) Requires the railroad commission, through the legislative appropriations request process, to establish specific performance goals for the oil and gas regulation and cleanup fund for the next biennium, including goals for each quarter of each state fiscal year of the biennium for the number of:

- (1) orphaned wells to be plugged with state-managed funds;
- (2) abandoned sites to be investigated, assessed, or cleaned up with state funds; and
- (3) surface locations to be remediated.

(b) Requires the railroad commission to provide quarterly reports to the Legislative Budget Board (LBB) that include:

- (1) the following information with respect to the period since the last report was provided as well as cumulatively:
 - (A) the amount of money deposited in the oil and gas regulation and cleanup fund;
 - (B) the amount of money spent from the fund for the purposes described by Subsection (a);
 - (C) the balance of the fund; and
 - (D) the railroad commission's progress in meeting the quarterly performance goals established under Subsection (a) and, if the number of orphaned wells plugged with state-managed funds, abandoned sites investigated, assessed, or cleaned up with state funds, or surface locations remediated is at least five percent less than the number projected in the applicable goal established under Subsection (a), an explanation of the reason for the variance; and

(2) any additional information or data requested in writing by the LBB.

(c) Requires the railroad commission to submit to the legislature and make available to the public, annually, a report that reviews the extent to which money provided under Section 81.067 has enabled the railroad commission to better protect the environment through oil-field cleanup activities. Requires that the report include certain information as set forth.

Sec. 81.070. ESTABLISHMENT OF SURCHARGES ON FEES. (a) Requires the railroad commission by rule, except as provided by Subsection (b), to provide for the imposition of reasonable surcharges as necessary on fees imposed by the railroad commission that are required to be deposited to the credit of the oil and gas regulation and cleanup fund as provided by Section 81.067 in amounts sufficient to enable the commission to recover the costs of performing the functions specified by Section 81.068 from those fees and surcharges.

(b) Prohibits the railroad commission from imposing a surcharge on an oil-field cleanup regulatory fee on oil collected under Section 81.116 (Oil-field Cleanup Regulatory Fee on Oil) or an oil-field cleanup regulatory fee on gas collected under Section 81.117 (Oil-field Cleanup Regulatory Fee on Gas).

(c) Requires the railroad commission by rule to establish a methodology for determining the amount of a surcharge that takes into account:

(1) the time required for regulatory work associated with the activity in connection with which the surcharge is imposed;

(2) the number of individuals or entities from which the railroad commission's costs may be recovered;

(3) the effect of the surcharge on operators of all sizes, as measured by the number of oil or gas wells operated;

(4) the balance in the oil and gas regulation and cleanup fund; and

(5) any other factors the railroad commission determines to be important to the fair and equitable imposition of the surcharge.

(d) Requires the railroad commission to collect a surcharge on a fee at the time the fee is collected.

(e) Requires that a surcharge collected under this section be deposited to the credit of the oil and gas regulation and cleanup fund as provided by Section 81.067.

(f) Prohibits a surcharge collected under this section from exceeding an amount equal to 185 percent of the fee on which it is imposed.

SECTION 19.03. Amends Section 81.115, Natural Resources Code, as follows:

Sec. 81.115. New heading: APPROPRIATIONS TO COMMISSION FOR OIL AND GAS REGULATION AND CLEANUP PURPOSES. Requires that money appropriated to the railroad commission under the General Appropriations Act for the purposes described by Section 81.068 be paid from the oil and gas regulation and cleanup fund or other fund indicated by the appropriation, rather than requiring that money appropriated to the oil and gas division of the railroad commission under the General Appropriations Act be paid from the General Revenue Fund.

SECTION 19.04. Amends Sections 81.116(d) and (e), Natural Resources Code, as follows:

(d) Requires the comptroller to suspend collection of the fee in the manner provided by Section 81.067, rather than Section 91.111.

(e) Requires that proceeds from the fee, excluding any penalties collected in connection with the fee, be deposited to the oil and gas regulation and cleanup fund as provided by Section 81.067, rather than requiring that proceeds from the fee, including any penalties

collected in connection with the fee, be deposited to the oil-field cleanup fund as provided by Section 91.111 of this code.

SECTION 19.05. Amends Sections 81.117(d) and (e), Natural Resources Code, to make conforming changes.

SECTION 19.06. Amends Section 85.2021(d), Natural Resources Code, to require that all fees collected under this section be deposited in the oil and gas regulation and cleanup fund, rather than being deposited in the state oil-field cleanup fund.

SECTION 19.07. Amends Section 89.024(d), Natural Resources Code, to make a conforming change.

SECTION 19.08. Amends Section 89.026(d), Natural Resources Code, to make a conforming change.

SECTION 19.09. Amends Section 89.048(d), Natural Resources Code, to make a conforming change.

SECTION 19.10. Amends Section 89.083(j), Natural Resources Code, to make a conforming change.

SECTION 19.11. Amends Section 89.085(d), Natural Resources Code, to make a conforming change.

SECTION 19.12. Amends the heading to Section 89.086, Natural Resources Code, to read as follows:

Sec. 89.086. CLAIMS AGAINST OIL AND GAS REGULATION AND CLEANUP FUND.

SECTION 19.13. Amends Section 89.086, Natural Resources Code, by amending Subsections (a) and (h) through (k), as follows:

(a) Replaces reference to oil-field cleanup fund with oil and gas regulation and clean up fund. Makes a nonsubstantive change.

(h)-(k) Makes conforming and nonsubstantive changes.

SECTION 19.14. Amends Section 89.121(b), Natural Resources Code, to require that civil penalties collected for violations of this chapter or of rules relating to plugging that are adopted under this code be deposited in the general revenue fund, rather than the state oil-field cleanup fund.

SECTION 19.15. Amends Section 91.1013(c), Natural Resources Code, to require that fees collected under this section be deposited in the oil and gas regulation and cleanup fund, rather than being deposited in the state oil-field cleanup fund.

SECTION 19.16. Amends Section 91.108, Natural Resources Code, as follows:

Sec. 91.108. DEPOSIT AND USE OF FUNDS. Requires that proceeds from bonds and other financial security required pursuant to this chapter and benefits under well-specific plugging insurance policies described by Section 91.104(c) (relating to providing that a person required to file a bond, letter of credit, or cash deposit who operates one or more wells is considered to have met that requirement for a well if the well bore is included in a well-specific plugging insurance policy that meets certain requirements) that are paid to the state as contingent beneficiary of the policies, subject to the refund provisions of Section 91.1091 (Refund), if applicable, be deposited in the oil and gas regulation and cleanup fund and, notwithstanding Sections 81.068 and 91.113 (Investigation, Assessment, or Cleanup by Commission), may be used only for actual well plugging and

surface remediation, rather than being deposited in the oil-field cleanup fund and, notwithstanding Sections 91.112 (Purpose of the Fund) and 91.113, may be used only for actual well plugging and surface remediation.

SECTION 19.17. Amends Section 91.109(a), Natural Resources Code, to make a conforming and a nonsubstantive change.

SECTION 19.18. Amends Sections 91.113(a) and (f), Natural Resources Code, to make conforming changes.

SECTION 19.19. Amends Section 91.264(c), Natural Resources Code, to require that a penalty collected under this section be deposited to the credit of the general revenue fund, rather than to the credit of the oil-field cleanup fund account.

SECTION 19.20. Amends Section 91.457(b), Natural Resources Code, to authorize the railroad commission, if a person ordered to close a saltwater disposal pit under Subsection (a) (relating to authorizing the railroad commission to order a person who is operating a saltwater disposal pit in violation of this subchapter to close the pit in compliance with this subchapter and railroad commission rules, standards, and specifications, at the pit operator's own expense) fails or refuses to close the pit in compliance with the railroad commission's order and rules, to close the pit using money from the oil and gas regulation and cleanup fund and to direct the attorney general (OAG) to file suits in any courts of competent jurisdiction in Travis County to recover applicable penalties and the costs incurred by the railroad commission in closing the saltwater disposal pit. Makes a nonsubstantive and conforming change.

SECTION 19.21. Amends Section 91.459(c), Natural Resources Code, to require that any costs recovered by OAG under this subchapter be deposited in the oil and gas regulation and cleanup fund, rather than requiring that any penalties or costs recovered by OAG under this subchapter be deposited in the oil-field cleanup fund.

SECTION 19.22. Amends Section 91.605(e), Natural Resources Code, to make a conforming change.

SECTION 19.23. Amends Section 91.654(e), Natural Resources Code, to require that fees collected under this section be deposited to the credit of the oil and gas regulation and cleanup fund under Section 81.067, rather than Section 91.111. Makes a conforming change.

SECTION 19.24. Amends Section 91.707(b), Natural Resources Code, to make a conforming change.

SECTION 19.25. Amends the heading to Section 121.211, Utilities Code, to read as follows:

Sec. 121.211. PIPELINE SAFETY AND REGULATORY FEES.

SECTION 19.26. Amends Sections 121.211(a)-(e) and (h), Utilities Code, as follows:

(a) Authorizes the railroad commission by rule to adopt a fee to be assessed annually against operators of natural gas distribution pipelines and their pipeline facilities and natural gas master metered pipelines and their pipeline facilities subject to this title, rather than authorizing the railroad commission by rule to adopt an inspection fee to be assessed annually against operators of natural gas distribution pipelines and their pipeline facilities and natural gas master metered pipelines and their pipeline facilities subject to this chapter.

(b) Authorizes the railroad commission, in adopting a fee structure, to consider any factors necessary to provide for the equitable allocation among operators of the costs of administering the railroad commission's pipeline safety and regulatory program under this title, rather than the rail road commission's pipeline safety program under this chapter.

(c) Makes conforming changes.

(d) Authorizes the railroad commission to assess each operator of a natural gas distribution system subject to this title an annual fee, rather than assessing each operator of a natural gas distribution system subject to this chapter an annual inspection fee, not to exceed one dollar for each service line reported by the system on the Distribution Annual Report, Form RSPA F7100.1-1, due on March 15 of each year.

(e) Authorizes the railroad commission to assess each operator of a natural gas master metered system subject to this title an annual fee not to exceed \$100 for each master metered system, rather than authorizing the railroad commission to assess each operator of a natural gas master metered system subject to this chapter an annual inspection fee not to exceed \$100 for each master metered system.

(h) Requires that a fee collected under this section be deposited to the credit of the general revenue fund to be used for the pipeline safety and regulatory program.

SECTION 19.27. Amends Section 29.015, Water Code, to require that fees collected under this section be deposited in the oil and gas regulation and cleanup fund, rather than being deposited in the oil-field cleanup fund.

SECTION 19.28. Repealers: Sections 91.111 (Oil-Field Cleanup Fund) and 91.112 (Purpose of the Fund), Natural Resources Code.

SECTION 19.29. Provides that on the effective date of this article, the oil-field cleanup fund is abolished; any money remaining in the oil-field cleanup fund is transferred to the oil and gas regulation and cleanup fund; any claim against the oil-field cleanup fund is transferred to the oil and gas regulation and cleanup fund; and any amount required to be deposited to the credit of the oil-field cleanup fund is required to be deposited to the credit of the oil and gas regulation and cleanup fund.

ARTICLE 20. FISCAL MATTERS RELATING TO SECRETARY OF STATE

SECTION 20.01. Amends Section 405.014, Government Code, as follows:

Sec. 405.014. ACTS OF THE LEGISLATURE. (a) Creates this subsection from existing text and makes no further changes.

(b) Requires SOS, as soon as practicable after the closing of each session of the legislature, to publish and maintain electronically the bills enacted at that session. Requires that the electronic publication be indexed by bill number and assigned chapter number for each bill, and made available by an electronic link on SOS's generally accessible Internet website.

SECTION 20.02. Repealer: Subchapter B (Contract for Printing Laws), Chapter 2158 (Purchasing: Miscellaneous Provisions for Purchase of Certain Goods and Services), Government Code.

SECTION 20.03. Provides that the change in law made by this article does not apply to a contract for the publication of the laws of this state entered into before the effective date of this article.

SECTION 20.04. Effective date, this article: upon passage or on the 91st day after the last day of the legislative session.

ARTICLE 21. FISCAL MATTERS REGARDING ATTORNEY GENERAL

SECTION 21.01. Amends Section 402.006, Government Code, by adding Subsection (e), to authorize OAG to charge a reasonable fee for the electronic filing of a document.

SECTION 21.02. Provides that the fee prescribed by Section 402.006 (Fees), Government Code, as amended by this article, applies only to a document electronically submitted to OAG on or after the effective date of this article.

SECTION 21.03. Effective date, this article: upon passage or on the 91st day after the last day of the legislative session.

ARTICLE 22. TEXAS PRESERVATION TRUST FUND ACCOUNT

SECTION 22.01. Amends Sections 442.015(a), (b), and (f), Government Code, as follows:

(a) Provides that notwithstanding Section 403.095 (Use of Dedicated Revenue), rather than notwithstanding Sections 403.094 and 403.095, the Texas preservation trust fund account is a separate account in the general revenue fund. Provides that the account consists of transfers made to the account, loan repayments, grants and donations made for the purposes of this program, proceeds of sales, income earned on money in the account, and any other money received under this section, rather than providing that the account consists of transfers made to the account, loan repayments, grants and donations made for the purposes of this program, proceeds of sales, earnings on the account and any other money received under this section. Authorizes money in the account to be used only for the purposes of this section and to pay operating expenses of the Texas Historical Commission (THC), rather than authorizing distributions from the account to be used only for the purposes of this section and prohibits them from being used to pay operating expense of THC. Requires that income earned, rather than earnings, on money in the account be deposited to the credit of the account.

(b) Authorizes THC to use money in the Texas preservation trust fund account, rather than distributions from the Texas preservation trust fund account, to provide financial assistance to public or private entities for the acquisition, survey, restoration, or preservation, or for planning and educational activities leading to the preservation, of historic property in the state that is listed in the National Register of Historic Places or designated as a State Archeological Landmark or Recorded Texas Historic Landmark, or that THC determines is eligible for such listing or designation.

(f) Requires the advisory board to recommend to THC rules for administering this section, rather than for administering Subsections (a)-(e).

SECTION 22.02. Repealers: Sections 442.015(h) (relating to the comptroller's management of the Texas preservation trust fund account), (i) (relating to the comptroller determining the amount of a distribution from the account), (j) (prohibiting the annual distribution from exceeding an amount equal to seven percent of the average net fair market value of the investment assets of the account), (k) (requiring that the expenses of managing account investments be paid from the account), and (l) (requiring the comptroller, on request, to fully disclose all details concerning the investments of the account), Government Code.

SECTION 22.03. Requires the comptroller and THC to enter into a memorandum of understanding to facilitate the conversion of assets of the Texas preservation trust fund account into cash for deposit into the state treasury using a method that provides for the lowest amount of revenue loss to the state.

SECTION 22.04. Effective date, this article: November 1, 2011.

ARTICLE 23. FISCAL MATTERS CONCERNING INFORMATION TECHNOLOGY

SECTION 23.01. Amends Section 572.054, Government Code, by adding Subsection (g-1), to provide that, for purposes of this section, the Department of Information Resources (DIR) is a regulatory agency.

SECTION 23.02. Amends Section 2054.005, Government Code, as follows:

Sec. 2054.005. SUNSET PROVISION. (a) Creates this subsection from existing text. Provides that, unless continued in existence as provided by Chapter 325 (Texas Sunset Act), DIR is abolished and this chapter expires September 1, 2013, rather than September 1, 2011.

(b) Provides that the review of DIR by the Sunset Advisory Commission (Sunset) in preparation for the work of the 83rd Legislature, Regular Session, is not limited to the appropriateness of recommendations made by Sunset to the 82nd Legislature. Authorizes Sunset, in Sunset's report to the 83rd Legislature, to include any recommendations it considers appropriate.

SECTION 23.03. Amends Subchapter C, Chapter 2054, Government Code, by adding Section 2054.064, as follows:

Sec. 2054.064. BOARD APPROVAL OF CONTRACTS. Requires the governing board of DIR (DIR board) by rule to establish approval requirements for all contracts, including a monetary threshold above which the DIR board approval is required before the contract may be executed.

SECTION 23.04. Amends Section 2054.376(b), Government Code, as follows:

(b) Provides that this subchapter does not apply to:

(1)-(5) Makes no changes to these subdivisions; or

(6) a database or network managed by the Department of Agriculture.

SECTION 23.05. Amends Section 2054.380, Government Code, as follows:

Sec. 2054.380. FEES. (a) Creates this subsection from existing text and makes no further changes.

(b) Authorizes revenue derived from the collection of fees imposed under Subsection (a) to be appropriated to DIR for developing statewide information resources technology policies and planning under this chapter and Chapter 2059 (Texas Computer Network Security System), and providing shared information resources technology services under this chapter.

SECTION 23.06. Amends Sections 2157.068(b) and (d), Government Code, as follows:

(b) Requires DIR to negotiate with vendors to obtain the best value for the state in the purchase of commodity items. Authorizes DIR to consider strategic sourcing and other methodologies to select the vendor offering the best value on commodity items. Deletes existing text requiring DIR to negotiate with vendors to attempt to obtain a favorable price for all of state government on licenses for commodity items, based on the aggregate volume of purchases expected to be made by the state.

(d) Authorizes revenue derived from the collection of fees imposed under this subsection to be appropriated to DIR for developing statewide information resources technology policies and planning under Chapters 2054 (Information Resources) and 2059, and providing shared information resources technology services under Chapter 2054.

SECTION 23.07. Amends Sections 2170.057(a) and (d), Government Code, as follows:

(a) Requires DIR set and charge a fee to each entity that receives services provided under this chapter in an amount sufficient to cover the direct and indirect costs of providing the service. Authorizes revenue derived from the collection of fees imposed under this subsection to be appropriated to DIR for:

(1) developing statewide information resources technology policies and planning under Chapters 2054 and 2059; and

(2) providing shared information resources technology services under Chapter 2054, and network security services under Chapter 2059.

(d) Deletes existing text requiring DIR to certify amounts that exceed this amount to the comptroller, and requires the comptroller to transfer the excess amounts to the credit of the statewide network applications account established by Section 2054.011.

ARTICLE 24. CONTINUING LEGAL EDUCATION REQUIREMENTS FOR ATTORNEY EMPLOYED BY ATTORNEY GENERAL

SECTION 24.01. Amends Section 81.113, Government Code, by adding Subsection (a-1), to require the state bar to credit an attorney licensed in this state with meeting the minimum continuing legal education requirements of the state bar for a reporting year if during the reporting year the attorney is employed full-time as an attorney by OAG. Requires an attorney credited for continuing legal education under this subsection to meet the continuing legal education requirements of the state bar in legal ethics or professional responsibility. Provides that this subsection expires January 1, 2014.

SECTION 24.02. Amends Subchapter A, Chapter 402, Government Code, by adding Section 402.011, as follows:

Sec. 402.011. CONTINUING LEGAL EDUCATION PROGRAMS. Requires OAG to recognize, prepare, or administer continuing legal education programs that meet continuing legal education requirements imposed under Section 81.113(c) (relating to requiring the state bar to recognize, prepare, or administer continuing education programs for members of the state bar) for the attorneys employed by OAG. Provides that this section expires January 1, 2014.

SECTION 24.03. Makes application of Section 81.113, Government Code, as amended by this article, prospective to October 1, 2011.

ARTICLE 25. REGISTRATION FEE AND REGISTRATION RENEWAL FEE FOR LOBBYISTS

SECTION 25.01. Amends Section 305.005(c), Government Code, as follows:

(c) Provides that the registration fee and registration renewal fee are:

(1) \$150 for a registrant employed by an organization exempt from federal income tax under Section 501(c)(3), 501(c)(4), or 501(c)(6), Internal Revenue Code of 1986, rather than \$100 for a registrant employed by an organization exempt from federal income tax under Section 501(c)(3), or 501(c)(4), Internal Revenue Code of 1986;

(2) \$75 for any person required to register solely because the person is required to register under Section 305.0041 (Exceptions for Certain Activities for Which Compensation or Reimbursement is Received), rather than \$50 for any person required to register solely because the person is required to register under Section 305.0041 of this chapter; or

(3) \$750 for any other registrant, rather than \$500 for any other registrant.

ARTICLE 26. PUBLIC ASSISTANCE REPORTING INFORMATION SYSTEM

SECTION 26.01. Amends Section 434.017(c), Government Code, to authorize money in the veterans' assistance fund to only be appropriated to the Texas Veterans Commission for certain purposes, including to analyze and investigate data received from the federal Public Assistance

Reporting Information System (PARIS) that is administered by the Administration for Children and Families of the United States Department of Health and Human Services, and makes nonsubstantive changes.

ARTICLE 27. REGIONAL POISON CONTROL CENTER MANAGEMENT CONTROLS AND EFFICIENCY

SECTION 27.01. Amends Section 777.001, Health and Safety Code, by amending Subsection (c) and adding Subsection (d), as follows:

(c) Authorizes the Commission on State Emergency Communications (SEC) to standardize the operations of and implement management controls to improve the efficiency of regional poison control centers. Deletes existing text authorizing SEC to vote to designate a seventh regional or satellite poison control center in Harris County. Deletes existing text providing that the poison control center is subject to all provisions of this chapter and other law relating to regional poison control centers.

(d) Requires SEC, if SEC implements management controls under Subsection (c), to submit to the governor and LBB a plan for implementing the controls not later than October 31, 2011. Provides that this subsection expires January 1, 2013.

ARTICLE 28. AUTHORIZED USES FOR CERTAIN DEDICATED PERMANENT FUNDS

SECTION 28.01. Amends Section 403.105, Government Code, by amending Subsection (b) and adding Subsection (b-1), as follows:

(b) Prohibits money in the permanent fund for health and tobacco education and enforcement (fund), except as provided by Subsections (b-1), (c) (relating to available earnings of fund), (e) (relating to solicitation and acceptance of gifts to fund), (f) (relating to appropriations for reimbursement to federal government), and (h) (relating to transfer of money to pay obligations incurred), from being appropriated for any purpose.

(b-1) Authorizes the legislature, notwithstanding the limitations and requirements of Section 403.1068 (Management of Certain Funds), to appropriate money in the fund, including the corpus and available earnings of the fund determined under Section 403.1068, to pay the principal of or interest on a bond issued for the purposes of Section 67 (Cancer Prevention and Research Institute of Texas), Article III (Legislative Department), Texas Constitution. Provides that this subsection does not authorize the appropriation under this subsection of money subject to a limitation or requirement as described by Subsection (e) that is not consistent with the use of the money in accordance with this subsection.

SECTION 28.02. Amends Section 403.1055, Government Code, by amending Subsection (b) and adding Subsection (b-1), as follows:

(b) Prohibits money in the fund, except as provided by Subsections (b-1), (c) (setting forth certain entities to which the available earnings of the fund may be appropriated), (e) (authorizing the comptroller to solicit and accept gifts and grants to the fund), (f) (authorizing money in the fund to be appropriated to pay certain amounts to the federal government), and (h) (relating to temporary transfers of money), from being appropriated for any purpose.

(b-1) Authorizes the legislature, notwithstanding the limitations and requirements of Section 403.1068, to appropriate money in the fund, including the corpus and available earnings of the fund determined under Section 403.1068, to pay the principal of or interest on a bond issued for the purposes of Section 67, Article III, Texas Constitution. Provides that this subsection does not authorize the appropriation under this subsection of money subject to a limitation or requirement as described by Subsection (e) that is not consistent with the use of the money in accordance with this subsection.

SECTION 28.03. Amends Section 403.106, Government Code, by amending Subsection (b) and adding Subsection (b-1), as follows:

(b) Authorizes money in the fund, except as provided by Subsections (b-1), (c) (authorizing the available earnings of the fund to be appropriated to certain programs for emergency medical services and trauma care), (e) (authorizing the comptroller to solicit and accept gifts and grants to the fund), (f) (authorizing money in the fund to be appropriated to pay certain amounts to the federal government), and (h) (relating to temporary transfers of money), from being appropriated for any purpose.

(b-1) Authorizes the legislature, notwithstanding the limitations and requirements of Section 403.1068, to appropriate money in the fund, including the corpus and available earnings of the fund determined under Section 403.1068, to pay the principal of or interest on a bond issued for the purposes of Section 67, Article III, Texas Constitution. Provides that this subsection does not authorize the appropriation under this subsection of money subject to a limitation or requirement as described by Subsection (e) that is not consistent with the use of the money in accordance with this subsection.

SECTION 28.04. Effective date, this article: upon passage or on the 91st day after the last day of the legislative session.

ARTICLE 29. FISCAL MATTERS CONCERNING SURPLUS AND SALVAGE PROPERTY

SECTION 29.01. Repealer: Subchapter C (Direct Transfer or Other Disposition of Surplus or Salvage Property By State Agency), Chapter 2175 (Surplus and Salvage Property), Government Code.

SECTION 29.02. Amends Section 32.102(a), Education Code, to authorize a school district or open-enrollment charter school, as provided by this subchapter, to transfer to a student enrolled in the district or school certain equipment, including any data processing equipment donated to the district or school, including equipment donated by a private donor, or a state eleemosynary institution or a state agency under Section 2175.905, rather than Section 2175.128, Government Code.

SECTION 29.03. Amends Section 2175.002, Government Code, to provide that the Texas Facilities Commission (TFC) is responsible for the disposal of surplus and salvage property of the state. Requires TFC's surplus and salvage property division to administer this chapter.

SECTION 29.04. Amends Section 2175.065, Government Code, by amending Subsection (a) and adding Subsections (c) and (d), as follows:

(a) Authorizes TFC to authorize a state agency to dispose of surplus or salvage property if the agency demonstrates to TFC its ability to dispose of the property under this chapter, rather than under Subchapters C and E (Destruction or Donation of Surplus or Salvage Property), in a manner that results in cost savings to the state, under TFC rules adopted under this chapter.

(c) Requires the disposing state agency, if property is disposed of under this section, to report the transaction to TFC. Requires that the report include a description of the property disposed of, the reasons for disposal, the price paid for the property disposed of, and the recipient of the property disposed of.

(d) Requires TFC, if TFC determines that a violation of a state law or rule has occurred based on the report under Subsection (c), to report the violation to LBB.

SECTION 29.05. Amends the heading to Subchapter D, Chapter 2175, Government Code, to read as follows:

SUBCHAPTER D. DISPOSITION OF SURPLUS OR SALVAGE PROPERTY

SECTION 29.06. Amends Section 2175.181, Government Code, as follows:

Sec. 2175.181. **APPLICABILITY.** Deletes existing text of Subsection (a) providing that this subchapter applies only to surplus and salvage property located in Travis County, a county in which federal surplus property is warehoused by TFC under Subchapter G (Federal Surplus Property), or a county for which TFC determines that it is cost-effective to follow the procedures created under this subchapter and informs affected state agencies of that determination. Deletes existing Subsection (b) designation. Provides that this subchapter applies, rather than does not apply, to a state agency delegated the authority to dispose of surplus or salvage property under Section 2175.065.

SECTION 29.07. Amends Section 2175.182, Government Code, as follows:

Sec. 2175.182. New heading: **STATE AGENCY TRANSFER OF PROPERTY.** (a) Requires a state agency that determines it has surplus or salvage property to inform TFC of that fact for the purpose of determining the method of disposal of the property. Deletes existing text providing that TFC is responsible for the disposal of surplus or salvage property under this subchapter.

(b) Requires TFC, in conjunction with the state agency, based on the condition of the property, to determine whether the property is surplus property that should be offered for transfer under Section 2175.184 or sold to the public, or salvage property.

(c) Requires TFC, following the determination in Subsection (b), to direct the state agency to inform the comptroller's office of the property's kind, number, location, condition, original cost or value, and date of acquisition.

SECTION 29.08. Amends Section 2175.1825, Government Code, as follows:

Sec. 2175.1825. **ADVERTISING ON COMPTROLLER WEBSITE.** (a) Creates this subsection from existing text. Requires the comptroller, not later than the second day after the date the comptroller receives notice from a state agency, rather than TFC, under Section 2175.182(c), to advertise the property's kind, number, location, and condition on the comptroller's website.

(b) Requires the comptroller to provide TFC access to all records in the state property accounting system related to surplus and salvage property.

SECTION 29.09. Amends Section 2175.183, Government Code, as follows:

Sec. 2175.183. **COMMISSION NOTICE TO OTHER ENTITIES.** Requires TFC to inform other state agencies, political subdivisions, and assistance organizations of the comptroller's website that lists surplus property that is available for sale. Deletes existing text requiring TFC, on taking responsibility for surplus property under this subchapter, to inform other state agencies, political subdivisions, and assistance organizations of the comptroller's website that lists surplus property that is available for sale.

SECTION 29.10. Amends Section 2175.184, Government Code, to require a state agency, political subdivision, or assistance organization, during the 10 business days after the date the property is posted on the comptroller's website, to coordinate with TFC for a transfer of the property at a price established by TFC, rather than authorizing a state agency in cooperation with the transferring agency, to coordinate with TFC for a transfer of the property at a price determined by TFC.

SECTION 29.11. Amends Section 2175.186(a), Government Code, to authorize TFC to contract with a private vendor to assist with the sale of the property.

SECTION 29.12. Amends Section 2175.189, Government Code, to require TFC, if the value of an item or a lot of property to be sold is estimated to be more than \$25,000, rather than \$5,000, to

advertise the sale at least once in at least one newspaper of general circulation in the vicinity in which the property is located.

SECTION 29.13. Amends Section 2175.191(a), Government Code, to require that proceeds from the sale of surplus or salvage property, less the cost of advertising the sale, the cost of selling the surplus or salvage property, including the cost of auctioneer services or assistance from a private vendor, and the amount of the fee collected under Section 2175.188 (Purchaser's Fee), be deposited to the credit of the general revenue fund of the state treasury.

SECTION 29.14. Amends Section 2175.302, Government Code, to provide that except as provided by Section 2175.905(b), rather than Section 2175.128(b), this chapter does not apply to the disposition of surplus or salvage property by a state eleemosynary institution.

SECTION 29.15. Amends Section 2175.904, Government Code, by amending Subsections (a) and (c) and adding Subsection (d), as follows:

(a) Requires TFC to establish a program for the sale of gambling equipment received from a municipality, from a commissioners court under Section 263.152(a)(5) (relating to transfer of gambling equipment in possession of counties), Local Government Code, or from a state agency under this chapter.

(c) Requires proceeds from the sale of gambling equipment from a municipality or commissioners court, less the costs of the sale, including costs of advertising, storage, shipping, and auctioneer or broker services, and the amount of the fee collected under Section 2175.188, rather than Section 2175.131 (Purchaser's Fee), to be divided according to an agreement between TFC and the municipality or commissioners court that provided the equipment for sale. Requires that the agreement provide that not less than 50 percent of the net proceeds be remitted to the commissioners court, and the remainder of the net proceeds retained by TFC be deposited to the credit of the general revenue fund.

(d) Requires that proceeds from the sale of gambling equipment from a state agency, less the costs of the sale, including costs of advertising, storage, shipping, and auctioneer or broker services, and the amount of the fee collected under Section 2175.188, be deposited to the credit of the general revenue fund of the state treasury.

SECTION 29.16. Amends Subchapter Z, Chapter 2175, Government Code, by adding Sections 2175.905 and 2175.906, as follows:

Sec. 2175.905. DISPOSITION OF DATA PROCESSING EQUIPMENT. (a) Requires a state agency, if the disposition of a state agency's surplus or salvage data processing equipment is not made under Section 2175.184, to transfer the equipment to:

- (1) a school district or open-enrollment charter school in this state under Subchapter C (Transfer of Data Processing Equipment to Students), Chapter 32 (Computers and Computer-Related Equipment), Education Code;
- (2) an assistance organization specified by the school district; or
- (3) the Texas Department of Criminal Justice (TDCJ).

(b) Requires a state eleemosynary institution or agency, if a disposition of the surplus or salvage data processing equipment of a state eleemosynary institution or an institution or agency of higher education is not made under other law, to transfer the equipment to:

- (1) a school district or open-enrollment charter school in this state under Subchapter C, Chapter 32, Education Code;

- (2) an assistance organization specified by the school district; or
- (3) TDCJ.

(c) Prohibits the state eleemosynary institution or institution or agency of higher education or other state agency from collecting a fee or other reimbursement from the district, the school, the assistance organization, or TDCJ for the surplus or salvage data processing equipment transferred under this section.

Sec. 2175.906. ABOLISHED AGENCIES. Requires TFC, on abolition of a state agency, in accordance with Chapter 325 (Sunset Law), to take custody of all of the agency's property or other assets as surplus property unless other law or the legislature designates another appropriate governmental entity to take custody of the property or assets.

ARTICLE 30. SALES AND USE TAX COLLECTION AND ALLOCATION

SECTION 30.01. Amends Section 151.008(b), Tax Code, to redefine, in this section, "seller" and "retailer."

SECTION 30.02. Amends Section 151.107, Tax Code, by amending Subsection (a) and adding Subsection (d), as follows:

(a) Provides that for the purpose of this subchapter and in relation to the use tax, a retailer is engaged in business in this state if the retailer:

(1) maintains, occupies, or uses in this state permanently, temporarily, directly, or indirectly or through a subsidiary or agent by whatever name, an office, distribution center, sales or sample room or place, warehouse, storage place, or any other physical location where business is conducted;

(2) Makes no changes to this subdivision;

(3) derives receipts from the sale, lease, or rental of tangible personal property situated in this state;

(4)-(6) Makes no changes to these subdivisions;

(7) holds a substantial ownership interest in, or is owned in whole or substantial part by, a person who maintains a location in this state from which business is conducted and if:

(A) the retailer sells the same or a substantially similar line of products as the person with the location in this state and sells those products under a business name that is the same as or substantially similar to the business name of the person with the location in this state; or

(B) the facilities or employees of the person with the location in this state are used to advertise, promote, or facilitate sales by the retailer to consumers, or perform any other activity on behalf of the retailer that is intended to establish or maintain a marketplace for the retailer in this state, including receiving or exchanging returned merchandise;

(8) holds a substantial ownership interest in, or is owned in whole or substantial part by, a person that:

(A) maintains a distribution center, warehouse, or similar location in this state; and

(B) delivers property sold by the retailer to consumers; or

(9) otherwise does business in this state.

(d) Defines, in this section, "ownership" and "substantial."

SECTION 30.03. Amends Subchapter M, Chapter 151, Tax Code, by adding Section 151.802, as follows:

Sec. 151.802. ALLOCATION OF CERTAIN REVENUE TO PROPERTY TAX RELIEF FUND. (a) Provides that this section applies only during the state fiscal years beginning September 1 of 2012, 2013, 2014, 2015, and 2016; and with respect to unused franchise tax credits described by Sections 18(e) and (f), Chapter 1 (H.B. 3), Acts of the 79th Legislature, 3rd Called Session, 2006.

(b) Requires the comptroller, notwithstanding Section 151.801 (Disposition of Proceeds), to deposit to the credit of the property tax relief fund under Section 403.109 (Property Tax Relief Fund), Government Code, an amount of the proceeds from the collection of the taxes imposed by this chapter equal to the amount of revenue the state does not receive from the tax imposed under Chapter 171 (Franchise Tax) because taxable entities, as defined by that chapter, that are corporations are entitled to claim unused franchise tax credits after December 31, 2012, and during that state fiscal year.

(c) Provides that this section expires September 1, 2017.

SECTION 30.04. Provides that the change in law made by this article does not affect tax liability accruing before the effective date of this article. Provides that that liability continues in effect as if this article had not been enacted, and the former law is continued in effect for the collection of taxes due and for civil and criminal enforcement of the liability for those taxes.

SECTION 30.05. Effective date, this article: January 1, 2012.

ARTICLE 31. CARRYFORWARD OF CERTAIN FRANCHISE TAX CREDITS

SECTION 31.01. Amends Sections 18(e) and (f), Chapter 1 (H.B. 3), Acts of the 79th Legislature, 3rd Called Session, 2006, as follows:

(e) Authorizes a corporation that has any unused credits established before the effective date of this Act under Subchapter P, Chapter 171, Tax Code, to claim those unused credits on or with the tax report for the period in which the credit was established. Authorizes the corporation, however, if the corporation was allowed to carry forward unused credits under that subchapter, to continue to apply those credits on or with each consecutive report until the earlier of the date the credit would have expired under the terms of Subchapter P, Chapter 171, Tax Code, had it continued in existence, or December 31, 2016, rather than December 31 2012, and provides that the former law under which the corporation established the credits is continued in effect for purposes of determining the amount of the credits the corporation may claim and the manner in which the corporation may claim the credits.

(f) Authorizes a corporation that has any unused credits established before the effective date of this Act under Subchapter Q, Chapter 171, Tax Code, to claim those unused credits on or with the tax report for the period in which the credit was established. Authorizes the corporation, however, if the corporation was allowed to carry forward unused credits under that subchapter, to continue to apply those credits on or with each consecutive report until the earlier of the date the credit would have expired under the terms of Subchapter Q, Chapter 171, Tax Code, had it continued in existence, or December 31, 2016, and provides that the former law under which the corporation established the credits is continued in effect for purposes of determining the amount of the credits the corporation may claim and the manner in which the corporation may claim the credits. Makes a conforming change.

ARTICLE 32. STATE PURCHASING

SECTION 32.01. Amends Section 2155.082, Government Code, as follows:

Sec. 2155.082. New heading: PROVIDING CERTAIN PURCHASING SERVICES ON FEE-FOR-SERVICE BASIS OR THROUGH BENEFIT FUNDING. (a) Authorizes the comptroller, rather than TFC, to provide open market purchasing services on a fee-for-service basis for state agency purchases that are delegated to an agency under Section 2155.131 (Delegation of Authority to State Agencies), 2155.132 (Purchases Less Than Specified Monetary Amount), or 2157.121 (Acquisition Through Competitive Sealed Proposals) or that are exempted from the purchasing authority of the comptroller. Requires the comptroller to set the fees in an amount that recovers the comptroller's costs in providing the services. Deletes existing text relating to purchases from state agencies under Section 2155.133. Makes conforming changes.

(b) Requires the comptroller to publish a schedule of fees for services that are subject to this section. Requires that the schedule include the comptroller's fees for:

- (1) reviewing bid and contract documents for clarity, completeness, and compliance with laws and rules;
- (2) developing and transmitting invitations to bid;
- (3) receiving and tabulating bids;
- (4) evaluating and determining which bidder offers the best value to the state;
- (5) creating and transmitting purchase orders; and
- (6) participating in agencies' request for proposal processes.

Makes conforming changes.

(c) Authorizes the comptroller, if the state agency on behalf of which the procurement is to be made agrees, to engage a consultant to assist with a particular procurement on behalf of a state agency and pay the consultant from the cost savings realized by the state agency.

ARTICLE 33. PERIOD FOR SALES AND USE TAX HOLIDAY

SECTION 33.01. Amends Section 151.326(a), Tax Code, as follows:

(a) Provides that the sale of an article of clothing or footwear designed to be worn on or about the human body is exempted from the taxes imposed by this chapter if:

- (1) the sales price of the article is less than \$100; and
- (2) the sale takes place during a period beginning at 12:01 a.m. on the Friday before the eighth day preceding the earliest date on which any school district, other than a district operating a year-round system, may begin instruction for the school year as prescribed by Section 25.0811(a) (prohibiting a district from beginning instruction before the fourth Monday in August unless the district operates a year-round system), Education Code, and ending at 12 midnight on the following Sunday, rather than takes place during a period beginning at 12:01 a.m. on the third Friday in August and ending at 12 midnight on the following Sunday.

SECTION 33.02. Makes application of Section 151.326(a), Tax Code, prospective.

ARTICLE 34. LEGISLATIVE BUDGET BOARD MEETINGS

SECTION 34.01. Amends Section 322.003, Government Code, by adding Subsection (f), as follows:

(f) Requires LBB to hold a public hearing each state fiscal year to receive a report from the comptroller and receive invited testimony regarding the financial condition of this state. Requires that the report from the comptroller include, to the extent practicable:

(1) information on each revenue source included in determining the estimate of anticipated revenue for purposes of the most recent statement required by Section 49a (Financial Statement and Estimate by Comptroller of Public Accounts; Limitation of Appropriations), Article III, Texas Constitution, and the total net revenue actually collected from that source for the state fiscal year as of the end of the most recent state fiscal quarter;

(2) a comparison for the period described by Subdivision (1) of the total net revenue collected from each revenue source required to be specified under that subdivision with the anticipated revenue from that source that was included for purposes of determining the estimate of anticipated revenue in the statement required by Section 49a, Article III, Texas Constitution;

(3) information on state revenue sources resulting from a law taking effect after the comptroller submitted the most recent statement required by Section 49a, Article III, Texas Constitution, and the estimated total net revenue collected from that source for the state fiscal year as of the end of the most recent state fiscal quarter;

(4) a summary of the indicators of state economic trends experienced since the most recent statement required by Section 49a, Article III, Texas Constitution; and

(5) a summary of anticipated state economic trends and the anticipated effect of the trends on state revenue collections.

SECTION 34.02. Amends Chapter 322, Government Code, by adding Section 322.0081, as follows:

Sec. 322.0081. BUDGET DOCUMENTS ONLINE. (a) Requires LBB to post on the LBB's Internet website documents prepared by LBB that are provided to a committee, subcommittee, or conference committee of either house of the legislature in connection with an appropriations bill.

(b) Requires LBB to post a document to which this section applies as soon as practicable after the document is provided to a committee, subcommittee, or conference committee.

(c) Requires the document to be downloadable and provide data in a format that allows the public to search, extract, organize, and analyze the information in the document.

(d) Provides that the requirement under Subsection (a) does not supersede any exceptions provided under Chapter 552 (Public Information).

(e) Requires LBB to promulgate rules to implement the provisions of this section.

SECTION 34.03. Amends Chapter 322, Government Code, by adding Section 322.022, as follows:

Sec. 322.022. PUBLIC HEARING ON INTERIM BUDGET REDUCTION REQUEST.

(a) Defines, in this section, "interim budget reduction requires" and "state agency."

(b) Requires a state agency to provide to LBB a detailed report of any expenditure reduction plan that:

(1) the agency develops in response to an interim budget reduction request made by the governor, the lieutenant governor, or a member of the legislature, or any combination of those persons; and

(2) if implemented, would reduce the agency's total expenditures for the current state fiscal biennium to an amount less than the total amount that otherwise would be permissible based on the appropriations made to the agency in the state budget for the biennium.

(c) Requires LBB to hold a public hearing to solicit testimony on an expenditure reduction plan a state agency reports to LBB as required by Subsection (b) as soon as practicable after receiving the report. Prohibits the agency from implementing any element of the plan until the conclusion of the hearing.

(d) Provides that this section does not apply to an expenditure reduction a state agency desires to make that does not directly or indirectly result from an interim budget reduction request made by the governor, the lieutenant governor, or a member of the legislature, or any combination of those persons.

SECTION 34.04. Amends Subchapter B, Chapter 403, Government Code, by adding Section 403.0145, as follows:

Sec. 403.0145. PUBLICATION OF FEES SCHEDULE. Requires the comptroller, as soon as practicable after the end of each state fiscal year, to publish online a schedule of all revenue to the state from fees authorized by statute. Requires that for each fee, the schedule specify:

(1) the statutory authority for the fee;

(2) if the fee has been increased during the most recent legislative session, the amount of the increase;

(3) into which fund the fee revenue will be deposited; and

(4) the amount of the fee revenue that will be considered available for general governmental purposes and accordingly considered available for the purpose of certification under Section 403.121 (Contents of Estimate).

SECTION 34.05. Amends Section 404.124, Government Code, by amending Subsections (a) and (b) and adding Subsection (b-1), as follows:

(a) Requires the cash management committee (committee) to hold a public hearing to receive invited testimony on the forecast, including testimony on this state's overall economic condition, as soon as practicable after receiving the forecast.

(b) Authorizes the committee, based on the forecast and testimony provided at the hearing required by Subsection (a), to approve the issuance of notes, subject to Subsections (b-1) and (c) (relating to negotiated or competitive bids), and the maximum outstanding balance of notes in any fiscal year.

(b-1) Provides that the committee's approval of the issuance of notes granted under Subsection (b) expires on the 91st day after the date the hearing conducted under Subsection (a) concludes. Prohibits the comptroller from issuing notes on or after the 91st day unless the comptroller submits another general revenue cash flow shortfall

forecast to the committee and the committee subsequently grants approval for the issuance of the notes in accordance with the procedure required by Subsections (a) and (b). Provides that each subsequent approval expires on the 61st day after the date the hearing on which the approval was based concludes.

SECTION 34.06. Provides that it is the intent of the legislature that the LBB place information on its Internet website that provides additional program detail for items of appropriation in the General Appropriations Act. Requires the LBB to include as additional program detail the specific programs funded, the source of that funding, and the related statutory authorization.

ARTICLE 35. ECONOMIC AND WORKFORCE DEVELOPMENT PROGRAMS

SECTION 35.01. Amends Section 481.078, Government Code, by adding Subsection (m), to authorize the governor, notwithstanding Subsections (e) and (e-1), during the state fiscal biennium that begins on September 1, 2011, to transfer appropriated money from the Texas Enterprise Fund to the Texas Workforce Commission (TWC) to fund the Texas Back to Work Program (program) established under Chapter 314, Labor Code. Provides that this subsection expires September 1, 2013.

SECTION 35.02. Amends Subtitle B, Title 4, Labor Code, by adding Chapter 314, as follows:

CHAPTER 314. TEXAS BACK TO WORK PROGRAM

Sec. 314.001. DEFINITION. Defines, in this chapter, "qualified applicant."

Sec. 314.002. INITIATIVE ESTABLISHED. (a) Provides that the program is established within TWC.

(b) Provides that the purpose of the program is to establish public-private partnerships with employers to transition residents of this state from receiving unemployment compensation to becoming employed as members of the workforce.

(c) Authorizes an employer that participates in the initiative to receive a wage subsidy for hiring one or more qualified applicants who are unemployed at the time of hire.

(d) Authorizes TWC, for the purposes of this section, to use:

(1) money appropriated to TWC; and

(2) money that is transferred to TWC from trustee programs within the office of the governor, including:

(A) appropriated money from the Texas Enterprise Fund;

(B) available federal funds; and

(C) money from other appropriate, statutorily authorized funding sources.

Sec. 314.003. RULES. Authorizes TWC to adopt rules as necessary to implement this chapter.

ARTICLE 36. ELIGIBILITY OF SURVIVING SPOUSE OF DISABLED VETERAN TO PAY AD VALOREM TAXES ON RESIDENCE HOMESTEAD IN INSTALLMENTS

SECTION 36.01. Amends Section 31.031, Tax Code, by amending Subsection (a) and adding Subsection (a-1), as follows:

(a) Provides that this section applies only to:

(1) an individual who is disabled or at least 65 years of age, and qualified for an exemption under Section 11.13(c), rather than if before the delinquency date; or

(2) an individual who is the unmarried surviving spouse of a disabled veteran, and qualified for an exemption under Section 11.22 (Disabled Veterans).

(a-1) Authorizes a person, if before the delinquency date an individual to whom this section applies pays at least one-fourth of a taxing unit's taxes imposed on property that the person owns and occupies as a residence homestead, accompanied by notice to the taxing unit that the person will pay the remaining taxes in installments, to pay the remaining taxes without penalty or interest in three equal installments.

SECTION 36.02. Provides that this article applies only to an ad valorem tax year that begins on or after the effective date of this article.

SECTION 36.03. Effective date, this article: January 1, 2012.

ARTICLE 37. EXTENSION OF FRANCHISE TAX EXEMPTION

SECTION 37.01. Amends Section 1(c), Chapter 286 (H.B. 4765), Acts of the 81st Legislature, Regular Session, 2009, to provide that this section expires December 31, 2013, rather than providing that if this section takes effect, this section expires December 31, 2011.

SECTION 37.02. Amends Section 2(b), Chapter 286 (H.B. 4765), Acts of the 81st Legislature, Regular Session, 2009, as follows:

(b) Effective date, this section: January 1, 2014. Deletes existing text providing that this section takes effect January 1 2012, if H.B. No. 2154, Acts of the 81st Legislature, Regular Session, 2009, amends Section 155.0211 (Tax Imposed on Tobacco Products Other Than Cigars), Tax Code, in a manner that results in an increase in the revenue from the tax under that section during the state fiscal biennium beginning September 1, 2009, that is attributable to that change, and that Act is enacted and becomes law. Deletes existing text providing that, if H.B. No. 2154, Acts of the 81st Legislature, Regular Session, 2009, does not amend Section 155.0211, Tax Code, in that manner or is not enacted or does not become law, this section takes effect January 1, 2010.

SECTION 37.03. Amends Section 3(b), Chapter 286 (H.B. 4765), Acts of the 81st Legislature, Regular Session, 2009, to make conforming changes.

SECTION 37.04. Effective date, this article: upon passage or the 91st day after the last day of the legislative session.

ARTICLE 38. FISCAL MATTERS REGARDING ASSISTANT PROSECUTORS

SECTION 38.01. Amends Section 41.255(f), Government Code, as follows:

(f) Provides that a county is not required to pay longevity supplements if the county does not receive funds from the comptroller as provided by Subsection (d) (requiring the county to certify to the comptroller the total amount of longevity pay supplemental due to all assistant prosecutors by a certain date). Provides that if sufficient funds are not available to meet the requests made by counties for funds for payment of assistant prosecutors qualified for longevity supplements:

(1) the comptroller shall apportion the available funds to the eligible counties by reducing the amount payable to each county on an equal percentage basis;

(2) a county is not entitled to receive the balance of the funds at a later date; and

(3) the longevity pay program under this chapter is suspended to the extent of the insufficiency.

Deletes existing text requiring a county that receives from the comptroller an amount less than the amount certified by the county to the comptroller under Subsection (d) to apportion the funds received by reducing the amount payable to eligible assistant prosecutors on an equal percentage basis, but is not required to use county funds to make up any difference between the amount certified and the amount received.

SECTION 38.02. Repealer: Section 41.255(g) (requiring the comptroller to make a payment of the balance when funds are available or carry forward the balance owed to a county and pay that amount to the county when the next payment is required if previous payments under this chapter have been reduced for insufficient funds or if the county submits the required information but not in a timely manner), Government Code.

ARTICLE 39. FISCAL MATTERS REGARDING PROCESS SERVERS

SECTION 39.01. Amends Subchapter B, Chapter 72, Government Code, by adding Sections 72.013 and 72.014, as follows:

Sec. 72.013. PROCESS SERVER REVIEW BOARD. Provides that a person appointed to the process server review board established by supreme court order serves without compensation but is entitled to reimbursement for actual and necessary expenses incurred in traveling and performing official board duties.

Sec. 72.014. CERTIFICATION DIVISION. Requires OCA to establish a certification division to oversee the regulatory programs assigned to OCA by law or by the supreme court. Authorizes fees collected under Section 51.008 (Fees for Process Server Certification) to be appropriated to OCA to support the certification division.

ARTICLE 40. FISCAL MATTERS REGARDING REIMBURSEMENT OF JURORS

SECTION 40.01. Amends Section 61.001, Government Code, by adding Subsections (a-1) and (a-2), as follows:

(a-1) Provides that notwithstanding Subsection (a) (relating to reimbursements that persons responding to jury service are entitled to receive), and except as provided by Subsection (c) (providing that a person reporting for jury service in a municipal court is not entitled to reimbursement under this chapter, but authorizing the municipality to provide certain reimbursements), during the state fiscal biennium beginning September 1, 2011, a person who reports for jury service in response to the process of a court is entitled to receive as reimbursement for travel and other expenses an amount:

(1) not less than \$6 for the first day or fraction of the first day the person is in attendance in court in response to the process and discharges the person's duty for that day; and

(2) not less than the amount provided in the General Appropriations Act for each day or fraction of each day the person is in attendance in court in response to the process after the first day and discharges the person's duty for that day.

(a-2) Provides that this subsection and Subsection (a-1) expire September 1, 2013.

SECTION 40.02. Amends Section 61.0015, Government Code, by adding Subsections (a-1), (a-2), and (e-1), as follows:

(a-1) Requires the state, notwithstanding Subsection (a) (requiring the state to reimburse a county \$34 a day for certain reimbursements paid to a person who reports for jury service), during the state fiscal biennium beginning September 1, 2011, to reimburse a county the appropriate amount as provided in the General Appropriations Act for the

reimbursement paid under Section 61.001 (Reimbursement of Expenses of Jurors and Prospective Jurors) to a person who reports for jury service in response to the process of a court for each day or fraction of each day after the first day in attendance in court in response to the process.

(a-2) Provides that this subsection and Subsections (a-1) and (e-1) expire September 1, 2013.

(e-1) Authorizes the comptroller, notwithstanding Subsection (e) (requiring the comptroller to pay the balance owed to the county when sufficient money is available or carry forward the balance owed to the county and pay the balance when the next payment is required if a payment on a county's claim for reimbursement is reduced or if a county fails to file the claim in a timely manner), during the state fiscal biennium beginning September 1, 2011, if a payment on a county's claim for reimbursement is reduced under Subsection (d) (requiring the comptroller to apportion the available money among the counties in a certain manner if sufficient money is not available to satisfy the claims for reimbursement filed by counties under this section), or if a county fails to file the claim for reimbursement in a timely manner, to, as provided by rule, apportion the payment of the balance owed the county. Authorizes the comptroller's rules to permit a different rate of reimbursement for each quarterly payment under Subsection (c) (requiring the comptroller to pay claims for reimbursement under this section quarterly to the county treasury of each county that filed a claim from certain collections and deposited in the jury service fund).

ARTICLE 41. COLLECTION IMPROVEMENT PROGRAM

SECTION 41.01. Amends Subsections (b), (c), (e), (h), (i), and (j), Article 103.0033, Code of Criminal Procedure, as effective September 1, 2011, as follows:

(b) Provides that this article applies only to a county with a population of 50,000 or greater, and a municipality with a population of 100,000 or greater. Makes nonsubstantive changes.

(c) Requires each county and municipality to develop and implement a program that complies with the prioritized implementation schedule under Subsection (h), unless granted a waiver under Subsection (h). Deletes existing text authorizing a county to develop and implement a program that complies with the prioritized implementation schedule under Subsection (h).

(e) Requires OCA, not later than June 1 of each year, to identify those counties and municipalities that:

(1) Makes no changes to this subdivision; and

(2) are able to, rather than are planning to, implement a program before April 1 of the following year.

(h) Authorizes OCA to:

(1) Makes no changes to this subdivision; and

(2) determine whether it is not cost-effective to implement a program in a county or municipality and grant a waiver to the county or municipality.

(i) Requires each county and municipality, rather than each county that implements a program and each municipality, to at least annually submit to OCA a written report that includes updated information regarding the program, as determined by the office.

(j) Requires OCA to periodically audit counties and municipalities to verify information reported under Subsection (i) and confirm that the county or municipality is conforming with requirements relating to the program.

SECTION 41.02. Amends Section 133.058(e), Local Government Code, as effective September 1, 2011, as follows:

(e) Prohibits a municipality or county from retaining a service fee if, during an audit under Article 103.0033(j), Code of Criminal Procedure, OCA determines that the municipality or county is not in compliance with Article 103.0033 (Collection Improvement Program), Code of Criminal Procedure, and in the case of a municipality if the municipality is unable to reestablish compliance on or before the 180th day after the date the municipality receives written notice of noncompliance from OCA. Authorizes the municipality or county, after any period in which the municipality or county becomes unable to retain a service fee under this subsection, to begin once more to retain the fee only on receipt of a written confirmation from OCA that the municipality or county is in compliance with Article 103.0033, Code of Criminal Procedure.

SECTION 41.03. Amends Section 133.103(c-1), Local Government Code, as effective September 1, 2011, as follows:

(c-1) Requires the treasurer to send to the comptroller 100 percent of the fees collected under this section, rather than 100 percent of the fees collected under this section by a municipality, if, during an audit under Article 103.0033(j) (relating to periodic comptroller audits of counties and municipalities), Code of Criminal Procedure, OCA determines that the municipality or county is not in compliance with Article 103.0033, Code of Criminal Procedure, and in the case of a municipality if the municipality is unable to reestablish compliance on or before the 180th day after the date the municipality receives written notice of noncompliance from OCA. Requires the municipality or county, after any period in which the treasurer is required under this subsection to send 100 percent of the fees collected under this section to the comptroller, to begin once more to dispose of fees as otherwise provided by this section on receipt of a written confirmation from OCA that the municipality or county is in compliance with Article 103.0033, Code of Criminal Procedure.

SECTION 41.04. Makes application of the change in law made by this article in amending Sections 133.058(e) and 133.103(c-1), Local Government Code, prospective.

SECTION 41.05. Makes application of the change in law made by this article in amending Article 103.0033, Code of Criminal Procedure, prospective.

ARTICLE 42. CORRECTIONAL MANAGED HEALTH CARE

SECTION 42.01. Amends Section 501.133(a), Government Code, as follows:

(a) Provides that the Correctional Managed Health Care Committee (committee) consists of five voting members and one nonvoting member, rather than consists of nine members appointed, as follows:

(1) one member employed full-time by TDCJ, appointed by the executive of TDCJ director, rather than two members employed full-time by TDCJ, at least one of whom is a physician;

(2) one member who is a physician and employed full-time by The University of Texas Medical Branch at Galveston, appointed by the president of the medical branch;

(3) one member who is a physician and employed full-time by the Texas Tech University Health Sciences Center, appointed by the president of the university;

(4) two public members, rather than three, appointed by the governor who are not affiliated with TDCJ or with any entity with which the committee has contracted to provide health care services under this chapter, at least one, rather than two, of whom is licensed to practice medicine in this state; and

(5) the state Medicaid director, to serve ex officio as a nonvoting member.

SECTION 42.02. Amends Section 501.135(b), Government Code, to prohibit a person from being an appointed member of the committee and from being a committee employee employed in a "bona fide executive, administrative, or professional capacity," as that phrase is used for purposes of establishing an exemption to the overtime provisions of the federal Fair Labor Standards Act of 1938 (29 U.S.C. Section 201 et seq.) and its subsequent amendments if the person is an officer, employee, or paid consultant of a Texas trade association in the field of health care or health care services; or the person's spouse is an officer, manager, or paid consultant of a Texas trade association in the field of health care or health care services.

SECTION 42.03. Amends Section 501.136, Government Code, as follows:

Sec. 501.136. New heading: TERMS OF OFFICE FOR PUBLIC MEMBERS. Provides that committee members appointed by the governor serve staggered four-year terms, rather than six-year terms, with the term of one of those members expiring on February 1 of each odd-numbered year.

SECTION 42.04. Amends Section 501.147, Government Code, as follows:

Sec. 501.147. New heading: DEPARTMENT AUTHORITY TO CONTRACT. (a) Authorizes TDCJ to enter into a contract to fully implement the managed health care plan under this subchapter, rather than authorizes the committee to enter into a contract on behalf of TDCJ.

(b) Authorizes TDCJ to contract with other governmental entities for similar health care services and integrate those services into the managed health care provider network. Deletes existing text authorizing the committee, in addition to providing services to TDCJ, to contract with other governmental entities for similar health care services and integrate those services into the managed health care provider network.

(c) Requires TDCJ, to the extent possible, in contracting for implementation of the managed health care plan, to integrate the managed health care provider network with the public medical schools of this state and the component and affiliated hospitals of those medical schools. Makes a conforming change.

(d) Requires TDCJ, for services that the public medical schools and their components and affiliates cannot provide, to initiate a competitive bidding process for contracts with other providers for medical care to persons confined by TDCJ. Makes a conforming change.

(e) Authorizes TDCJ, in cooperation with the committee, to contract with an individual or firm for a biennial review of, and report concerning, expenditures under the managed health care plan. Requires that a review be conducted by an individual or firm experienced in auditing the state's Medicaid expenditures and other medical expenditures. Requires TDCJ, not later than September 1 of each even-numbered year, to submit a copy of a report under this section to the health care providers that are part of the managed health care provider network established under this subchapter, LBB, the governor, the lieutenant governor, and the speaker of the house of representatives.

SECTION 42.05. Amends Section 501.148(a), Government Code, as follows:

(a) Authorizes, rather than requires, the committee to:

- (1) develop statewide policies for the delivery of correctional health care;
- (2) communicate with TDCJ and the legislature regarding the financial needs of the correctional health care system, rather than maintain contracts for health care services in consultation with TDCJ and the health care providers;
- (3) in conjunction with TDCJ monitor the expenditures of The University of Texas Medical Branch at Galveston and the Texas Tech University Health Sciences Center to ensure that those expenditures comply with applicable statutory and contractual requirements, rather than allocate funding made available through legislative appropriations for correctional health care;
- (4) serve as a dispute resolution forum in the event of a disagreement relating to inmate health care services between TDCJ and the health care providers, or The University of Texas Medical Branch at Galveston and the Texas Tech University Health Sciences Center;
- (5) address problems found through monitoring activities by TDCJ and health care providers, including requiring corrective action if care does not meet expectations as determined by those monitoring activities;
- (6) identify and address long-term needs of the correctional health care system; and
- (7) report to the Texas Board of Criminal Justice at the board's regularly scheduled meeting each quarter on the committee's policy recommendations, rather than decisions, the financial status of the correctional health care system, and corrective actions taken by or required of TDCJ or the health care providers.

SECTION 42.06. (a) Abolishes the committee established under Section 501.133, Government Code, as that section existed before amendment by this article, effective November 30, 2011.

(b) Requires an appointing official under Section 501.133, Government Code, to appoint the members of the committee under Section 501.133, Government Code, as amended by this Act, not later than November 30, 2011. Requires the governor to appoint one public member to serve a term that expires February 1, 2013, and one public member to serve a term that expires February 1, 2015.

(c) Provides that the term of a person who is serving as a member of the committee immediately before the abolition of that committee under Subsection (a) of this section expires on November 30, 2011. Provides that such a person is eligible for appointment by an appointing official to the new committee under Section 501.133, Government Code, as amended by this article.

ARTICLE 43. GENERAL HOUSING MATTERS

SECTION 43.01. Amends Section 481.078, Government Code, by amending Subsection (c) and adding Subsection (d-1), as follows:

(c) Authorize the Texas Enterprise Fund (TEF), except as provided by Subsections (d) (authorizing TEF to be temporarily used by the comptroller for cash management purposes) and (d-1), to be used only for economic development, infrastructure development, community development, job training programs, and business incentives. Makes a nonsubstantive change.

(d-1) Authorizes TEF to be used for the Texas homeless housing and services program administered by the Texas Department of Housing and Community Affairs (TDHCA) under Section 2306.2585. Authorizes the governor to transfer appropriations from the TEF to TDHCA to fund the Texas homeless housing and services program. Provides that

Subsections (e-1) (relating to requirements for entity to become eligible), (f) (relating to written agreements between the governor and entities), (f-2) (relating to requirements of a grant agreement), (g) (relating to provision of grant agreements), (h) (relating to performance targets set by the governor), (h-1) (relating to requiring the governor to notify and provide a copy of the proposed amendment to a grant agreement to the speaker of the house of representatives and the lieutenant governor), (i) (relating to information submitted regarding the attainment of set performance targets), and (j) (relating to repayment of grant) and Section 481.080 (Economic and Fiscal Impact Statement for Certain Grant Proposals) do not apply to a grant awarded for a purpose specified by this subsection.

SECTION 43.02. Amends Section 481.079, Government Code, by adding Subsection (a-1), to require that a report, for grants awarded for a purpose specified by Section 481.078(d-1), include only the amount and purpose of each grant.

SECTION 43.03. Amends Subchapter K, Chapter 2306, Government Code, by adding Section 2306.2585, as follows:

Sec. 2306.2585. HOMELESS HOUSING AND SERVICES PROGRAM. (a) Authorizes TDHCA to administer a homeless housing and services program in each municipality in this state with a population of 285,500 or more to:

- (1) provide for the construction, development, or procurement of housing for homeless persons; and
- (2) provide local programs to prevent and eliminate homelessness.

(b) Authorizes TDHCA to adopt rules to govern the administration of the program, including rules that:

- (1) provide for the allocation of any available funding; and
- (2) provide detailed guidelines as to the scope of the local programs in the municipalities described by Subsection (a).

(c) Authorizes TDHCA to use any available revenue, including legislative appropriations, appropriation transfers from the trustee programs within the office of the governor, including authorized appropriations from TEF, available federal funds, and any other statutorily authorized and appropriate funding sources transferred from the trustee programs within the office of the governor, for the purposes of this section. Requires TDHCA to solicit and accept gifts and grants for the purposes of this section. Requires TDHCA to use gifts and grants received for the purposes of this section before using any other revenue.

SECTION 43.04. Effective date, this article: upon passage or on the 91st day after the last day of the legislative session.

ARTICLE 44. UNIFORM GRANT AND CONTRACT MANAGEMENT

SECTION 44.01. Amends Section 783.004, Government Code, as follows:

Sec. 783.004. New heading: OFFICE OF THE COMPTROLLER. Provides that the office of the comptroller, rather than the governor's office, is the state agency for uniform grant and contract management.

SECTION 44.02. Amends Sections 783.005(a) and (b), Government Code, to make conforming changes.

SECTION 44.03. Amends Section 783.006, Government Code, to make conforming changes.

SECTION 44.04. Amends Section 783.007(d), Government Code, to make a conforming change.

SECTION 44.05. Amends Section 783.008(b), Government Code, to make a conforming change.

ARTICLE 45. FRANCHISE TAX APPLICABILITY AND EXCLUSIONS

SECTION 45.01. Amends Section 171.0001, Tax Code, by adding Subdivisions (1-a), (10-a), (10-b), and (11-b), to define "artist," "live entertainment event," "live event promotion services," and "qualified live event promotion company."

SECTION 45.02. Amends Section 171.0002(c), Tax Code, to redefine "taxable entity."

SECTION 45.03. Amends Section 171.1011, Tax Code, by adding Subsections (g-5) and (g-7), as follows:

(g-5) Requires a taxable entity that is a qualified live event promotion company to exclude from its total revenue, to the extent included under Subsection (c)(1)(A) (relating to reportable income), (c)(2)(A) (relating to reportable income), or (c)(3) (relating to taxable entities), a payment made to an artist in connection with the provision of a live entertainment event or live event promotion services.

(g-7) Requires a taxable entity that is a qualified courier and logistics company to exclude from its total revenue, to the extent included under Subsection (c)(1)(A), (c)(2)(A), or (c)(3), subcontracting payments made by the taxable entity to nonemployee agents for the performance of delivery services on behalf of the taxable entity. Defines, for purposes of this subsection, "qualified courier and logistics company."

SECTION 45.04. Provides that this article applies only to a report originally due on or after January 1, 2012.

SECTION 45.05. Effective date, this article: January 1, 2012.

ARTICLE 46. AD VALOREM TAXATION OF LAND USED TO RAISE OR KEEP BEES

SECTION 46.01. Amends Section 23.51(2), Tax Code, to redefine "agricultural use" to include the use of the land to raise or keep bees for pollination or for the production of human food or other tangible products having a commercial value, provided that the land used is not less than 5 or more than 20 acres.

SECTION 46.02. Provides that this article applies only to the appraisal of land for ad valorem tax purposes for a tax year that begins on or after the effective date of this Act.

ARTICLE 47. QUINQUENNIAL REPORTING OF CERTAIN INFORMATION FOR UNCLAIMED PROPERTY

SECTION 47.01. Amends Section 411.0111(a), Government Code, to require DPS, not later than June 1 of every fifth year, rather than not later of June 1 of each year, to provide to the comptroller, for the purpose of assisting the comptroller in the identification of persons entitled to unclaimed property reported to the comptroller, the name, address, social security number, date of birth, and driver's license or state identification number of each person about whom DPS has such information in its records.

SECTION 47.02. Amends Section 821.010(a), Government Code, to require the Teacher Retirement System of Texas (TRS), not later than June 1 of every fifth year, rather than not later of June 1 of each year, to provide to the comptroller, for the purpose of assisting the comptroller in the identification of persons entitled to unclaimed property reported to the comptroller, the name, address, social security number, and date of birth of each member, retiree, and beneficiary from TRS's records.

SECTION 47.03. Amends Section 301.086(a), Labor Code, to require TWC, not later than June 1 of every fifth year, rather than not later of June 1 of each year, to provide to the comptroller, for the purpose of assisting the comptroller in the identification of persons entitled to unclaimed property reported to the comptroller, the name, address, social security number, and date of birth of each person about whom TWC has such information in its records.

SECTION 47.04. Requires DPS, ERS, TRS, and TWC to provide information to the comptroller as required by Sections 411.0111(a), 821.010(a), Government Code, and 301.086(a), Labor Code, as amended by this article, beginning in 2016.

ARTICLE 48. AD VALOREM TAXATION OF CERTAIN STORED PROPERTY

SECTION 48.01. Amends Section 11.253(a), Tax Code, by amending Subdivision (2) and adding Subdivisions (5) and (6), to redefine "goods-in-transit," and to define "bailee," "warehouse," and "public warehouse operator."

SECTION 48.02. Amends Section 11.253, Tax Code, by amending Subsections (e) and (h) and adding Subsections (j-1) and (j-2), as follows:

(e) Requires the chief appraiser, in determining the market value of goods-in-transit that in the preceding year were stored in this state, rather than in determining the market value of goods-in-transit that in the preceding year were assembled, stored, manufactured, processed, or fabricated in this state, to exclude the cost of equipment, machinery, or materials that entered into and became component parts of the goods-in-transit but were not themselves goods-in-transit or that were not transported to another location in this state or outside this state before the expiration of 175 days after the date they were brought into this state by the property owner or acquired by the property owner in this state.

(h) Authorizes the chief appraiser by written notice delivered to a property owner who claims an exemption under this section to require the property owner to provide copies of property records so the chief appraiser can determine the amount and value of goods-in-transit and that the location in this state where the goods-in-transit were detained for storage, rather than detained for storage assembling, storing, manufacturing, processing, or fabricating purposes, was not owned by or under the control of the owner of the goods-in-transit.

(j-1) Prohibits a taxing unit, notwithstanding Subsection (j) (relating to tangible personal property in transit) or official action that was taken under that subsection before October 1, 2011, to tax goods-in-transit exempt under Subsection (b) (relating to providing that a person is entitled to an exemption from taxation of the appraised value of that portion of the person's property that consists of goods-in-transit) and not exempt under other law, from taxing such goods-in-transit in a tax year that begins on or after January 1, 2012, unless the governing body of the taxing unit takes action on or after October 1, 2011, in the manner required for official action by the governing body, to provide for the taxation of the goods-in-transit. Requires that the official action to tax the goods-in-transit be taken before January 1 of the first tax year in which the governing body proposes to tax goods-in-transit. Requires the governing body of the taxing unit, before acting to tax the exempt property, to conduct a public hearing as required by Section 1-n(d) (relating to authorization to exempt from ad valorem taxation tangible personal property), Article VIII (Taxation and Revenue), Texas Constitution. Provides that if the governing body of a taxing unit provides for the taxation of the goods-in-transit as provided by this subsection, the exemption prescribed by Subsection (b) does not apply to that unit. Provides that the goods-in-transit remain subject to taxation by the taxing unit until the governing body of the taxing unit, in the manner required for official action, rescinds or repeals its previous action to tax goods-in-transit or otherwise determines that the exemption prescribed by Subsection (b) will apply to that taxing unit.

(j-2) Authorizes the tax officials of the taxing unit, notwithstanding Subsection (j-1) to continue to impose the taxes against the goods-in-transit until the debt is discharged, if under Subsection (j) the governing body of a taxing unit, before October 1, 2011, took action to provide for the taxation of goods-in-transit and pledged the taxes imposed on the goods-in-transit for the payment of a debt of the taxing unit, if cessation of the imposition would impair the obligation of the contract by which the debt was created.

SECTION 48.03. Provides that Section 11.253(a)(2), Tax Code, as amended by this article, applies only to an ad valorem tax year that begins on or after January 1, 2012.

SECTION 48.04. (a) Effective date, this article, except as provided by Subsection (b) of this section: January 1, 2012.

(b) Effective date, Section 48.02 of this article: October 1, 2011.

ARTICLE 49. FISCAL MATTERS CONCERNING ADVANCED PLACEMENT

SECTION 49.01. Amends Section 28.053(h), Education Code, as follows:

(h) Authorizes the commissioner of education to enter into agreements with the College Board and Educational Testing Service (college board) and the International Baccalaureate Organization to pay for all examinations taken by eligible public school students. Provides that an eligible student is a student who:

(1) takes a college advanced placement or international baccalaureate course at a public school or who is recommended by the student's principal or teacher to take the test; and

(2) demonstrates financial need as determined in accordance with guidelines adopted by the State Board of Education (SBOE) that are consistent with the definition of financial need adopted by the college board or the International Baccalaureate Organization.

Makes nonsubstantive changes.

ARTICLE 50. FISCAL MATTERS CONCERNING TUITION EXEMPTIONS

SECTION 50.01. Amends Section 54.214, Education Code, by amending Subsection (c) and adding Subsection (c-1), as follows:

(c) Requires a person, to be eligible for an exemption under this section, to:

(1)-(4) Makes no changes to these subdivisions;

(5) be enrolled at the institution of higher education granting the exemption in courses required for teacher certification in one or more subject areas determined by TEA to be experiencing a critical shortage of teachers at the public schools in this state; and

(6)-(7) Makes no changes to these subdivisions

Deletes existing text requiring a person to be enrolled in courses required for teacher certification at the institution of higher education granting the exemption, to be eligible for an exemption under this section.

(c-1) Provides that, notwithstanding Subsection (c)(5), a person who previously received a tuition exemption under this section remains eligible for an exemption if the person is enrolled at an institution of higher education granting the exemption in courses required for teacher certification, and meets the eligibility requirements in Subsection (c) other than Subsection (c)(5).

SECTION 50.02. Provides that the change in law made by this article applies beginning with tuition and fees charged for the 2012 fall semester. Provides that tuition and fees charged for a term or semester before the 2012 fall semester are covered by the law in effect during the term or semester for which the tuition and fees are charged, and the former law is continued in effect for that purpose.

ARTICLE 51. CLASSIFICATION OF ENTITIES AS ENGAGED IN RETAIL TRADE FOR PURPOSES OF THE FRANCHISE TAX

SECTION 51.01. Amends Section 171.0001(12), Tax Code, to redefine "retail trade."

SECTION 51.02. Provides that this article applies only to a report originally due on or after the effective date of this Act.

SECTION 51.03. Effective date, this article: January 1, 2012.

ARTICLE 52. RETENTION OF CERTAIN FOUNDATION SCHOOL FUND PAYMENTS

SECTION 52.01. Amends Subchapter E, Chapter 42, Education Code, by adding Section 42.2511, as follows:

Sec. 42.2511. AUTHORIZATION FOR CERTAIN DISTRICTS TO RETAIN ADDITIONAL STATE AID. (a) Provides that this section applies only to a school district that was provided with state aid under former Section 42.2516 (Additional State Aid for Tax Reduction) for the 2009-2010 or 2010-2011 school year based on the amount of aid to which the district would have been entitled under that section if Section 42.2516(g) (relating to authorizing the commissioner of education to adopt rules), as it existed on January 1, 2009, applied to determination of the amount to which the district was entitled for that school year.

(b) Authorizes a district to which this section applies to retain the state aid provided to the district as described by Subsection (a), notwithstanding any other law.

(c) Provides that this section expires September 1, 2013.

SECTION 52.02. Provides that it is the intent of the legislature that the authorization provided by Section 42.2511, Education Code, as added by this article, to retain state aid described by that section is not affected by the expiration of that provision on September 1, 2013.

ARTICLE 53. THE STATE COMPRESSION PERCENTAGE

SECTION 53.01. Amends Section 42.2516, Education Code, by adding Subsection (b-2), as follows:

(b-2) Requires the commissioner, if a school district adopts a maintenance and operations tax rate that is below the rate equal to the product of the state compression percentage multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year, to reduce the district's entitlement under this section in proportion to the amount by which the adopted rate is less than the rate equal to the product of the state compression percentage multiplied by the rate adopted by the district for the 2005 tax year. Provides that the reduction required by this subsection applies beginning with the maintenance and operations tax rate adopted for the 2009 tax year.

ARTICLE 54. TEXAS GUARANTEED STUDENT LOAN CORPORATION; BOARD OF DIRECTORS

SECTION 54.01. Amends Sections 57.13(a) and (b), Education Code, as follows:

(a) Provides that the Texas Guaranteed Student Loan Corporation is governed by a board of nine directors (TGSLC board), rather than 11 directors, in accordance with this section.

(b) Requires the governor, with the advice and consent of the senate, to appoint the members of the TGSLC board, rather than 10 members to the TGSLC board, as follows:

(1) four, rather than five, members who must have knowledge of or experience in finance, including management of funds or business operations;

(2) one member who must be a student enrolled at a postsecondary educational institution for the number of credit hours required by the institution to be classified as a full-time student of the institution; and

(3) four members who must be members of the faculty or administration of a postsecondary educational institution that is an eligible institution for purposes of the Higher Education Act of 1965, as amended, rather than four members who must be members the faculty or administration of an eligible postsecondary educational institution, as defined by Section 57.46 (Eligible Institutions).

SECTION 54.02. Amends Section 57.17, Education Code, as follows:

Sec. 57.17. OFFICERS. Requires the governor to designate the chairman from among the TGSLC board's membership. Requires the TGSLC board to elect from among its members a vice-chairman and other officers that the board considers necessary. Provides that the chairman and vice-chairman serve for a term of one year and are authorized to be redesignated or reelected, as applicable. Deletes existing text requiring the TGSLC board to elect a chairman from among its members. Makes nonsubstantive changes.

SECTION 54.03. Repealer: Section 57.13(d) (requiring the comptroller or the comptroller's designee to serve as an ex officio voting member of the board of directors of the Texas Guaranteed Student Loan Corporation), Education Code.

ARTICLE 55. FISCAL MATTERS CONCERNING LEASES OF PUBLIC LAND FOR MINERAL DEVELOPMENT

SECTION 55.01. Amends Sections 85.66(a) and (c), Education Code, as follows:

(a) Requires that the royalty or money as stipulated in the sale, if oil or other minerals are developed on any of the lands leased by the board of regents of The Texas A&M University System (TAMU board), be paid to the general land office (GLO) at Austin on or before the last day of each month for the preceding month during the life of the rights purchased, and be set aside as specified in Section 85.70, rather than being set aside in the state treasury as specified in Section 85.70 of this code.

(c) Requires the commissioner of GLO to tender to the TAMU board on or before the 10th day of each month a report of all receipts that are collected from the lease or sale of oil, gas, sulphur, mineral ore, and other minerals and that are deposited, as provided by Section 85.70 during the preceding month, rather than requiring the commissioner of GLO to tender to the TAMU board on or before the 10th day of each month a report of all receipts from the lease or sale of oil, gas, sulphur, mineral ore, and other minerals turned into the state treasury, as provided by Section 85.70 of this code, of the preceding month.

SECTION 55.02. Amends Section 85.69, Education Code, to require that payments under this subchapter be made to the commissioner of GLO, who is required to transmit to the TAMU board, rather than the comptroller, all royalties, lease fees, rentals for delay in drilling or mining, and all other payments, including all filing assignments and relinquishment fees, to be deposited as provided by Section 85.70.

SECTION 55.03. Amends Section 85.70, Education Code, as follows:

Sec. 85.70. CERTAIN MINERAL LEASES; DISPOSITION OF MONEY; SPECIAL FUNDS; INVESTMENT. (a) Requires that, except as provided by Subsection (c), all money received under and by virtue of this subchapter be deposited in a special fund managed by the TAMU board to be known as The Texas A&M University System special mineral investment fund, rather than requiring that except as provided by Subsection (c) of this section, all money received under and by virtue of this subchapter be deposited in the state treasury to the credit of a special fund to be known as The Texas A&M University System special mineral investment fund. Provides that money in the fund is considered to be institutional funds, as defined by Section 51.009 (Defining and Accounting for Certain Income), of the system and its component institutions. Authorizes the special fund to be invested so as to produce income which may be expended under the direction of the board for the general use of any component of The Texas A&M University System, including erecting permanent improvements and in payment of expenses incurred in connection with the administration of this subchapter. Authorizes the unexpended income likewise to be invested as provided by this section. Deletes existing text authorizing the board of regents of The Texas A&M University System, with the approval of the comptroller, to appoint one or more commercial banks, depository trust companies, or other entities to serve as custodian or custodians of the special mineral investment fund's securities with authority to hold the money realized from those securities pending completion of an investment transaction if the money held is reinvested within one business day of receipt in investments determined by the board of regents. Deletes existing text requiring that money not reinvested within one business day of receipt be deposited in the state treasury not later than the fifth day after the date of receipt. Makes nonsubstantive changes.

(b) Requires that the income from the investment of the special mineral investment fund created by Subsection (a) be deposited in a fund managed by the board to be known as The Texas A&M University System special mineral income fund, and is considered to be institutional funds, as defined by Section 51.009, of the system and its component institutions, rather than requiring that the income from the investment of the special mineral investment fund under Subsection (a) of this section be deposited to the credit of a fund to be known as The Texas A&M University System Special Mineral Income Fund, and be appropriated by the legislature exclusively for the university system for the purposes herein provided.

(c) Requires that any money received by the board concerning such land under this subchapter be deposited in a special fund managed by the TAMU board to be known as the Texas A&M University--Kingsville special mineral fund, rather than being deposited in the state treasury to the credit of a special fund to be known as the Texas A&M University--Kingsville special mineral fund. Provides that money in the fund is considered to be institutional funds, as defined by Section 51.009, of the university and is to be used exclusively for the university and its branches and divisions, rather than for Texas A&M University--Kingsville and its branches and divisions.

(d) Requires that all deposits in and investments of the fund under this section be made in accordance with Section 51.0031 (Deposits and Investments).

(e) Provides that Section 34.017 (Special Mineral Funds), Natural Resources Code, does not apply to funds created by this section. Deletes existing text prohibiting money from being expended from this fund except as authorized by the general appropriations act.

SECTION 55.04. Amends Section 95.36(b), Education Code, as follows:

(b) Requires that any money received by virtue of this section and the income from the investment of such money, except as provided in Subsection (c) (relating to management

and lease of land) of this section, be deposited in a special fund managed by the board of regents of the Texas State University System to be known as the Texas State University System special mineral fund, rather than being deposited in the State Treasury to the credit of a special fund to be known as the Texas State University System special mineral fund. Provides that money in the fund is considered to be institutional funds, as defined by Section 51.009, of the system and its component institutions and is to be used exclusively for those entities. Requires that all deposits in and investments of the fund be made in accordance with Section 51.0031. Provides that Section 34.017, Natural Resources Code, does not apply to the fund. Deletes existing text providing that Section 34.017, Natural Resources Code, does not apply to the university system and the universities in the system. Deletes existing text prohibiting any money from ever being expended from this fund except as authorized by the General Appropriations Act.

SECTION 55.05. Amends Section 109.61(b), Education Code, to require that any money received by virtue of this section be deposited in a special fund managed by the board of regents of the Texas Tech University System to be known as the Texas Tech University special mineral fund.

SECTION 55.06. Amends Sections 109.75(a) and (c), Education Code, as follows:

(a) Requires that the royalty payments be set aside as specified in Section 109.61 (Mineral Leases; Disposition of Proceeds) and used as provided in that section, rather than being set aside in the state treasury as specified in Section 109.61 of this code and used as provided in that section.

(c) Requires the commissioner of GLO to tender to the board of regents of the Texas Tech University System (TTU board) on or before the 10th day of each month a report of all receipts that are collected from the lease or sale of oil, gas, sulphur, or other minerals and that are deposited in the special fund as provided by Section 109.61 during the preceding month, rather than requiring the commissioner of GLO to tender to the TTU board on or before the 10th day of each month a report of all receipts from the lease or sale of oil, gas, sulphur, or other minerals turned into the special fund in the state treasury during the preceding month.

SECTION 55.07. Amends Section 109.78(b), Education Code, to require the commissioner of GLO to transmit all payments received to the TTU board, rather than to the comptroller, for deposit to the credit of the Texas Tech University special mineral fund as provided by Section 109.61.

SECTION 55.08. Repealer: Section 85.72 (Expenses of Executing this Subchapter), Education Code.

ARTICLE 56. FOUNDATION SCHOOL PROGRAM FINANCING; CERTAIN TAX INCREMENT FUND REPORTING MATTERS

SECTION 56.01. (a) Provides that this section applies only to a school district that, before May 1, 2011, received from the commissioner of education a notice of a reduction in state funding for the 2004-2005, 2005-2006, 2006-2007, 2007-2008, and 2008-2009 school years based on the district's reporting related to deposits of taxes into a tax increment fund under Chapter 311 (Tax Increment Financing Act), Tax Code.

(b) Requires the commissioner of education, notwithstanding any other law, including Section 42.302(b)(2) (relating to allotments) Education Code, to reduce by one-half the amounts of the reduction of entitlement amounts computed for purposes of adjusting entitlement amounts to account for taxes deposited into a tax increment fund for any of the school years described by Subsection (a) of this section.

(c) Provides that this section expires September 1, 2013.

ARTICLE 57. FISCAL MATTERS RELATING TO PUBLIC SCHOOL FINANCE

SECTION 57.01. Amends Section 11.158(a), Education Code, to authorize the board of trustees of an independent school district to require payment of certain fees, including a reasonable fee for the transportation of a student to and from the school the student attends if the district does not receive any funds under Section 42.155 (Transportation Allotment) and does not participate in a county transportation system for which an allotment is provided under Section 42.155(i) (relating to the transportation allotment). Makes nonsubstantive changes.

SECTION 57.02. Amends Section 12.106, Education Code, effective September 1, 2011, by amending Subsection (a) and adding Subsections (a-3) and (a-4), as follows:

(a) Entitles a charter holder to receive for the open-enrollment charter school funding under Chapter 42 (Foundation School Program) equal to the greater of:

(1) the percentage specified by Section 42.2516(i) (repealed) multiplied by the amount of funding per student in weighted average daily attendance, excluding enrichment funding under Sections 42.302(a-1)(2) (relating to funds for the district's maintenance and operations tax effort that exceeds a certain level) and (3), as they existed on January 1, 2009, that would have been received for the school during the 2009-2010 school year under Chapter 42 as it existed on January 1, 2009, and an additional amount of the percentage specified by Section 42.2516(i) multiplied by \$120 for each student in weighted average daily attendance; or

(2) the amount of funding per student in weighted average daily attendance, excluding enrichment funding under Section 42.302(a) (relating to allotment), to which the charter holder would be entitled for the school under Chapter 42 if the school were a school district without a tier one local share for purposes of Section 42.253 (Distribution of Foundation School Fund) and without any local revenue for purposes of Section 42.2516 (Additional State Aid for Tax Reduction).

(a-3) Requires the commissioner of education, in determining funding for an open-enrollment charter school under Subsection (a), to apply the regular program adjustment factor provided under Section 42.101 (Basic Allotment) to calculate the regular program allotment to which a charter school is entitled.

(a-4) Provides that Subsection (a-3) and this subsection expire September 1, 2015.

SECTION 57.03. Amends Section 12.106(a), Education Code, effective September 1, 2017, as follows:

(a) Entitles a charter holder to receive for the open-enrollment charter school funding under Chapter 42 equal to the amount of funding per student in weighted average daily attendance, excluding enrichment funding under Section 42.302(a), to which the charter holder would be entitled for the school under Chapter 42 if the school were a school district without a tier one local share for purposes of Section 42.253. Deletes existing text relating to the amount of funding per student in weighted average daily attendance, excluding enrichment funding under Sections 42.302(a-1)(2) and (3), as they existed on January 1, 2009, that would have been received for the school during the 2009-2010 school year under Chapter 42 as it existed on January 1, 2009, and an additional amount of \$120 for each student in weighted average daily attendance. Deletes existing text relating to the requirement to be without any local revenue for purposes of Section 42.2516.

SECTION 57.04. Amends Sections 21.402(a), (b), (c), and (c-1), and adding Subsection (i), Education Code, effective September 1, 2011, as follows:

(a) Requires a school district, except as provided by Subsection (d) (relating to entitling certain employees to a salary that is at least equal to the salary the employee received for the 2010-2011 school year) or (f) (relating to minimum salary levels for certain teachers

or librarians), rather than except as provided by Subsection (d), (e) (relating to minimum monthly salary levels), or (f), to pay each classroom teacher, full-time librarian, full-time counselor certified under Subchapter B (Certification of Educators), or full-time school nurse not less than the minimum monthly salary, based on the employee's level of experience in addition to other factors, as determined by commissioner rule, determined by the formula set forth under this subsection.

(b) Requires the commissioner of education, not later than June 1 of each year, to determine the basic allotment and resulting monthly salaries to be paid by school districts as provided by Subsection (a), rather than determining the amount of state and local funds per weighted student available, for purposes of Subsection (a), to a district described by that subsection for the following school year.

(c) Sets forth the salary factors per step.

(c-1) Requires each school district, notwithstanding Subsections (a) and (b), to pay a monthly salary to each classroom teacher, full-time speech pathologist, full-time librarian, full-time counselor certified under Subchapter B, and full-time school nurse, that is at least equal to the following monthly salary or the monthly salary determined by the commissioner under Subsections (a) and (b), rather than requiring each school district, notwithstanding Subsection (a), from the 2009-2010 and 2010-2011 school years, to increase the monthly salary of each classroom teacher, full-time speech pathologist, full-time librarian, full-time counselor certified under Subchapter B, and full time-school nurse. Sets forth the pay scale. Deletes existing text relating to \$80, or the maximum uniform amount that, when combined with any resulting increases in the amount of contributions made by the district for social security coverage for the specified employees or by the district on behalf of the specified employees under Section 825.405 (Contributions Based on Compensation Above Statutory Minimum), Government Code, may be provided using an amount equal to the product of \$60 multiplied by the number of students in weighted average daily attendance in the school during the 2009-2010 school year.

(i) Requires the commissioner of education, not later than January 1, 2013, to submit to the governor, the lieutenant governor, the speaker of the house of representatives, and the presiding officer of each legislative standing committee with primary jurisdiction over primary and secondary education a written report that evaluates and provides recommendations regarding the salary schedule. Provides that this subsection expires September 1, 2013.

SECTION 57.05. Amends Section 21.402, Education Code, by amending Subsection (a) and adding Subsection (e-1), effective September 1, 2017, as follows:

(a) Requires a school district, except as provided by Subsection (d), (e-1), or (f), rather than except as provided by Subsection (d), (e), or (f), to pay each classroom teacher, full-time librarian, full-time counselor certified under Subchapter B, or full-time school nurse not less than the minimum monthly salary, based on the employee's level of experience in addition to other factors, as determined by commissioner rule, determined by the formula set forth under this subsection.

(e-1) Provides that if the minimum monthly salary determined under Subsection (a) for a particular level of experience is less than the minimum monthly salary for that level of experience in the preceding year, the minimum monthly salary is the minimum monthly salary for the preceding year.

SECTION 57.06. Amends Section 41.002, Education Code, by amending Subsection (a) and adding Subsection (a-1), as follows:

(a) Prohibits a school district from having a wealth per student that exceeds certain amounts, including where the wealth per student that generates the amount of maintenance and operations tax revenue per weighted student available to a district with

maintenance and operations tax revenue per cent of tax effort equal to the maximum amount provided per cent under Section 42.101(a) or (b), rather than under Section 42.101, for the district's maintenance and operations tax effort equal to or less than the rate equal to the product of the state compression percentage, as determined under Section 42.2516, multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year.

(a-1) Prohibits a school district that imposed a maintenance and operations tax for the 2010 tax year at the maximum rate permitted under Section 45.003 (Bond and Tax Elections) from having a wealth per student that exceeds \$339,500 for the district's maintenance and operations tax effort described by Subsection (a)(3), notwithstanding Subsection (a). Provides that this subsection expires September 1, 2012.

SECTION 57.07. Amends the heading to Section 42.101, Education Code, effective September 1, 2011, to read as follows:

Sec. 42.101. BASIC AND REGULAR PROGRAM ALLOTMENTS.

SECTION 57.08. Amends Section 42.101, Education Code, effective September 1, 2011, by amending Subsections (a) and (b) and adding Subsections (c), (c-1), (c-2), and (c-3), as follows:

(a) Provides that the basic allotment is an amount equal to the lesser of \$4,765 or the amount that results from the formula set forth under this subsection. Deletes existing text entitling a district, for each student in average daily attendance, not including the time students spend each day in special education programs in an instructional arrangement other than mainstream or career and technology education programs, for which an additional allotment is made under Subchapter C (Special Allotments), to an allotment equal to the lesser of \$4,765 or the amount that results from the formula set forth under this subsection.

(b) Authorizes a greater amount for any school year for the basic allotment under Subsection (a) to be provided by appropriation.

(c) Entitles a school district to a regular program allotment equal to the amount that results from the formula set forth under this subsection.

(c-1) Provides that, except as provided by Subsection (c-2), the regular program adjustment factor ("RPAF") is 0.9239 for the 2011-2012 school year and 0.98 for the 2012-2013 school year.

(c-2) Authorizes the commissioner, for a school district that does not receive funding under Section 42.2516 (Additional State Aid for Tax Reduction) for the 2011-2012 school year, to set the regular program adjustment factor (RPAF) at 0.95195 for the 2011-2012 and 2012-2013 school years if the district demonstrates that funding reductions as a result of adjustments to the regular program allotment made by S.B. No. 1, Acts of the 82nd Legislature, 1st Called Session, 2011, will result in a hardship to the district in the 2011-2012 school year. Requires the commissioner, notwithstanding any other provision of this subsection, to adjust the regular program adjustment factor RPAF for the 2012-2013 school year for a school district whose regular program adjustment factor is set in accordance with this subsection to ensure that the total amount of state and local revenue in the combined 2011-2012 and 2012-2013 school years does not differ from the amount the district would have received if the district's regular program adjustment factor had not been set in accordance with this subsection. Provides that a determination by the commissioner under this subsection is final and may not be appealed.

(c-3) Provides that RPAF is 0.98 for the 2013-2014 and 2014-2015 school years or a greater amount established by appropriation, not to exceed 1.0. Provides that this subsection and Subsections (c), (c-1), and (c-2) expire September 1, 2015.

SECTION 57.09. Amends Section 42.101, Education Code, effective September 1, 2015, as follows:

Sec. 42.101. BASIC ALLOTMENT. (a) Entitles a district, for each student in average daily attendance, not including the time students spend each day in special education programs in an instructional arrangement other than mainstream or career and technology education programs, for which an additional allotment is made under Subchapter C (Special Allotments), to an allotment equal to the lesser of \$4,765 or the amount that results from the formula set forth under this subsection.

(b) Authorizes a greater amount for any school year to be provided by appropriation.

SECTION 57.10. Amends Section 42.105, Education Code, effective September 1, 2011, as follows:

Sec. 42.105. SPARSITY ADJUSTMENT. Replaces references to an adjusted basic allotment with references to a regular program allotment.

SECTION 57.11. Amends Section 42.105, Education Code, to be effective September 1, 2015.

SECTION 57.12. Amends Section 42.152(c), Education Code, as follows:

(c) Authorizes the funds, other than an indirect cost allotment established under SBOE Education rule, which are prohibited from exceeding 45 percent, to be used to meet the costs of providing a compensatory, intensive, or accelerated instruction program under Section 29.081 (Compensatory, Intensive, and Accelerated Instruction) or a disciplinary alternative education program established under Section 37.008 (Disciplinary Alternative Education Programs), to pay the costs associated with placing students in a juvenile justice alternative education program established under Section 37.011 (Juvenile Justice Alternative Education Program), or to support a program eligible under Title I of the Elementary and Secondary Education Act of 1965, as provided by Pub. L. No. 103-382 and its subsequent amendments, and by federal regulations implementing that Act, at a campus at which at least 40 percent of the students are educationally disadvantaged. Provides that, for purposes of this subsection, a program specifically designed to serve students at risk of dropping out of school, as defined by Section 29.081, is considered to be a program supplemental to the regular education program, and a district is authorized to use its compensatory education allotment for such a program. Deletes existing text providing that, notwithstanding any other provisions of this section, to ensure that a sufficient amount of the funds allotted under this section are available to supplement instructional programs and services, no more than 18 percent of the funds allotted under this section may be used to fund disciplinary alternative education programs established under Section 37.008; the commissioner is authorized to waive the limitations of Subdivision (1) upon an annual petition, by a district's board and a district's site-based decision making committee, presenting the reason for the need to spend supplemental compensatory education funds on disciplinary alternative education programs under Section 37.008, provided that the district in its petition reports the number of students in each grade level, by demographic subgroup, not making satisfactory progress under the state's assessment system, and the commissioner makes the waiver request information available annually to the public on the agency's website; and for purposes of this subsection, a program specifically designed to serve students at risk of dropping out of school, as defined by Section 29.081, is considered to be a program supplemental to the regular education program, and a district may use its compensatory education allotment for such a program.

SECTION 57.13. Amends Subchapter C, Chapter 42, Education Code, by adding Section 42.1541, as follows:

Sec. 42.1541. INDIRECT COST ALLOTMENTS. (a) Requires SBOE by rule to increase the indirect cost allotments established under Sections 42.151(h) (relating to

special education), 42.152(c), 42.153(b) (relating to bilingual education allotment), and 42.154(a-1) (relating to requiring the commissioner of education to develop and implement a pilot program of career and technology instruction in grade eight) and (c) (relating to career and technology education programs in grades nine through 12 and programs for certain students with disabilities) and in effect for the 2010-2011 school year in proportion to the average percentage reduction in total state and local maintenance and operations revenue provided under this chapter for the 2011-2012 school year as a result of S.B. Nos. 1 and 2, Acts of the 82nd Legislature, 1st Called Session, 2011.

(b) Provides that to the extent necessary to permit SBOE to comply with this section, the limitation on the percentage of the indirect cost allotment prescribed by Section 42.152(c) does not apply.

(c) Requires SBOE to take the action required by Subsection (a) not later than the date that permits the increased indirect cost allotments to apply beginning with the 2011-2012 school year.

SECTION 57.14. Amends Section 42.251(a), Education Code, effective September 1, 2011, to make a conforming change.

SECTION 57.15. Amends Section 42.251(a), Education Code, to be effective September 1, 2015.

SECTION 57.16. Amends Subchapter E, Chapter 42, Education Code, by adding Section 42.2514, as follows:

Sec. 42.2514. ADDITIONAL STATE AID FOR TAX INCREMENT FINANCING PAYMENTS. Entitles a school district, including a school district that is otherwise ineligible for state aid under this chapter, for each school year, to state aid in an amount equal to the amount the district is required to pay into the tax increment fund for a reinvestment zone under Section 311.013(n) (relating to collection and deposit of tax increments), Tax Code.

SECTION 57.17. Amends Section 42.2516, Education Code, by amending Subsections (a), (b), (d), and (f-2) and adding Subsection (i), effective September 1, 2011, as follows:

(a) Redefines, in this title, rather than in this section, "state compression percentage."

(b) Entitles a school district that imposes a maintenance and operations tax at a rate at least equal to the product of the state compression percentage multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year, notwithstanding any other provision of this title, to at least the amount of state revenue necessary to provide the district with the sum of:

(1) the percentage specified by Subsection (i) of the amount, rather than the amount, as calculated under Subsection (e), of state and local revenue per student in weighted average daily attendance for maintenance and operations that the district would have received during the 2009-2010 school year under Chapter 41 (Equalized Wealth Level) and this chapter, as those chapters existed on January 1, 2009, at a maintenance and operations tax rate equal to the product of the state compression percentage for that year multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year;

(2) the percentage specified by Subsection (i) of an amount equal to the product of \$120 multiplied by the number of students in weighted average daily attendance in the district; and

(3) any amount to which the district is entitled under Section 42.106.

Deletes existing text relating to an amount equal to the amount the district is required to pay into the tax increment fund for a reinvestment zone under Section 311.013(n), Tax Code, in the current tax year. Makes nonsubstantive changes.

(d) Requires the commissioner of education, in determining the amount to which a district is entitled under Subsection (b)(1), to include certain factors, including the percentage specified by Subsection (i) of any amounts received by the district during the 2008-2009 school year under Rider 86, page III-23, Chapter 1428 (H.B. 1), Acts of the 80th Legislature, Regular Session, 2007 (the General Appropriations Act).

(f-2) Requires that the rules adopted by the commissioner under Subsection (f-1):

(1) require the commissioner to determine, as if this section did not exist, the effect under Chapter 41 and this chapter of a school district's action described by Subsection (f-1)(1), (2), (3), or (4) on the total state revenue to which the district would be entitled or the cost to the district of purchasing sufficient attendance credits to reduce the district's wealth per student to the equalized wealth level; and

(2) require an increase or reduction in the amount of state revenue to which a school district is entitled under Subsection (b)(1), rather than under Subsection (b), that is substantially equivalent to any change in total state revenue or the cost of purchasing attendance credits that would apply to the district if this section did not exist.

(i) Provides that the percentage to be applied for purposes of Subsections (b)(1) and (2) and Subsection (d)(1) is 100.00 percent for the 2011-2012 school year and 92.35 percent for the 2012-2013 school year. Requires the legislature by appropriation, for the 2013-2014 school year and each subsequent school year, to establish the percentage reduction to be applied.

SECTION 57.18. Amends the heading to Section 42.2516, Education Code, effective September 1, 2017, to read as follows:

Sec. 42.2516. STATE COMPRESSION PERCENTAGE.

SECTION 57.19. Amends Section 42.2516(a), Education Code, effective September 1, 2017, to redefine, in this title, rather than in this section, "state compression percentage."

SECTION 57.20. Amends Section 42.25161(a), Education Code, effective September 1, 2011, to require the commissioner of education to provide South Texas Independent School District with the amount of state aid necessary to ensure that the district receives an amount of state and local revenue per student in weighted average daily attendance that is at least the percentage specified by Section 42.2516(i) of \$120 greater than the amount the district would have received per student in weighted average daily attendance during the 2009-2010 school year under this chapter, as it existed on January 1, 2009, at a maintenance and operations tax rate equal to the product of the state compression percentage multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year, provided that the district imposes a maintenance and operations tax at that rate.

SECTION 57.21. Amends Subchapter E, Chapter 42, Education Code, by adding Section 42.2525, as follows:

Sec. 42.2525. ADJUSTMENTS FOR CERTAIN DISTRICTS RECEIVING FEDERAL IMPACT AID. Provides that the commissioner of education is granted the authority to ensure that school districts receiving federal impact aid due to the presence of a military installation or significant concentrations of military students do not receive more than an eight percent reduction should the federal government reduce appropriations to those schools.

SECTION 57.22. Amends Section 42.253(h), Education Code, effective September 1, 2011, as follows:

(h) Requires the commissioner of education, if the amount appropriated for the Foundation School Program for the second year of a state fiscal biennium is less than the amount to which school districts and open-enrollment charter schools are entitled for that year, to certify the amount of the difference to the LBB not later than January 1 of the second year of the state fiscal biennium. Requires the commissioner of education, if the legislature fails during the regular session to enact the proposed transfer and appropriation and there are not funds available under Subsection (j) (relating to authorizing the legislature to appropriate funds necessary for increases under Subsection (i) from funds that the comptroller, at any time during the fiscal year, finds are available), to adjust the total amounts due to each school district and open-enrollment charter school under this chapter and the total amounts necessary for each school district to comply with the requirements of Chapter 41 by an amount determined by applying to each district and school, including a district receiving funds under Section 42.2516, the same percentage adjustment to the total amount of state and local revenue due to the district or school under this chapter and Chapter 41 so that the total amount of the adjustment to all districts and schools results in an amount equal to the total adjustment necessary, rather than requiring the commissioner of education, if the legislature fails during the regular session to enact the proposed transfer and appropriation and there are not funds available under Subsection (j), to reduce the total amount of state funds allocated to each district by an amount determined by a method under which the application of the same number of cents of increase in tax rate in all districts applied to the taxable value of property of each district, as determined under Subchapter M (Study of School District Property Values), Chapter 403 (Comptroller of Public Accounts), Government Code, results in a total levy equal to the total reduction. Provides that the following fiscal year a district's or school's entitlement under this section is increased by an amount equal to the adjustment made under this subsection, and the amount necessary for a district to comply with the requirements of Chapter 41 is reduced by an amount necessary to ensure the district's full recovery of the adjustment made under this subsection. Makes nonsubstantive and conforming changes.

SECTION 57.23. Amends Section 42.253(h), Education Code, effective September 1, 2017, as follows:

(h) Requires the commissioner of education, if the amount appropriated for the Foundation School Program for the second year of a state fiscal biennium is less than the amount to which school districts and open-enrollment charter schools are entitled for that year, to certify the amount of the difference to the LBB not later than January 1 of the second year of the state fiscal biennium. Requires the commissioner of education, if the legislature fails during the regular session to enact the proposed transfer and appropriation and there are not funds available under Subsection (j), to adjust the total amounts due to each school district and open-enrollment charter school under this chapter and the total amounts necessary for each school district to comply with the requirements of Chapter 41 by an amount determined by applying to each district and school the same percentage adjustment to the total amount of state and local revenue due to the district or school under this chapter and Chapter 41 so that the total amount of the adjustment to all districts and schools results in an amount equal to the total adjustment necessary, rather than requiring the commissioner of education, if the legislature fails during the regular session to enact the proposed transfer and appropriation and there are not funds available under Subsection (j), to reduce the total amount of state funds allocated to each district by an amount determined by a method under which the application of the same number of cents of increase in tax rate in all districts applied to the taxable value of property of each district, as determined under Subchapter M, Chapter 403, Government Code, results in a total levy equal to the total reduction. Provides that the following fiscal year a district's or school's entitlement under this section is increased by an amount equal to the adjustment made under this subsection, and the amount necessary for a district to comply with the requirements of Chapter 41 is reduced by an amount necessary to ensure the

district's full recovery of the adjustment made under this subsection. Makes nonsubstantive and conforming changes.

SECTION 57.24. Amends Section 42.258, Education Code, by amending Subsection (a) and adding Subsection (a-1), as follows:

(a) Requires TEA, if a school district has received an overallocation of state funds, to, by withholding from subsequent allocations of state funds for the current or subsequent school year or by requesting and obtaining a refund, recover from the district an amount equal to the overallocation.

(a-1) Authorizes TEA, notwithstanding Subsection (a), to recover an overallocation of state funds over a period not to exceed the subsequent five school years if the commissioner of education determines that the overallocation was the result of exceptional circumstances reasonably caused by statutory changes to Chapter 41 or 46 (Assistance with Instructional Facilities and Payment of Existing Debt) or this chapter and related reporting requirements.

SECTION 57.25. Amends Section 42.260(b), Education Code, as follows:

(b) Requires the commissioner of education, for each year, to certify to each school district or participating charter school the amount of additional funds to which the district or school is entitled due to the increase made by H.B. No. 3343, Acts of the 77th Legislature, Regular Session, 2001, to the equalized wealth level under Section 41.002 (Equalized Wealth Level), or the guaranteed level of state and local funds per weighted student per cent of tax effort under Section 42.302 (Allotment). Deletes existing text relating to additional state aid to which the district or school is entitled under Section 42.2513 (Additional State Aid for Staff Salary Increases). Makes nonsubstantive changes.

SECTION 57.26. Amends Section 42.302, Education Code, by adding Subsection (a-3), as follows:

(a-3) Provides that, notwithstanding Subsections (a) (relating to allotment) and (a-1) (relating to the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort), for a school district that imposed a maintenance and operations tax for the 2010 tax year at the maximum rate permitted under Section 45.003, the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort ("GL") for the district's maintenance and operations tax effort described by Subsection (a-1)(2) (relating to a district's maintenance and operation tax effort) is \$33.95. Provides that this subsection expires September 1, 2012.

SECTION 57.27. Amends Section 44.004, Education Code, by adding Subsection (g-1), to provide that if the rate calculated under Subsection (c)(5)(A)(ii)(b) (relating to notice of budget and tax rate meeting) decreases after the publication of the notice required by this section, the president of the school district board of trustees is not required to publish another notice or call another meeting to discuss and adopt the budget and the proposed lower tax rate.

SECTION 57.28. Amends Section 26.05(a), Tax Code, to provide that the components are: for a taxing unit other than a school district, the rate that, if applied to the total taxable value, will impose the total amount published under Section 26.04(e)(3)(C) (relating to requiring publication of a schedule of the unit's debt obligations), less any amount of additional sales and use tax revenue that will be used to pay debt service, or, for a school district, the rate calculated, rather than the rate published, under Section 44.004(c)(5)(A)(ii)(b), Education Code; and the rate that, if applied to the total taxable value, will impose the amount of taxes needed to fund maintenance and operation expenditures of the unit for the next year.

SECTION 57.29. Amends Section 26.08(i), Tax Code, effective September 1, 2017, as follows:

(i) Provides that, for purposes of this section, the effective maintenance and operations tax rate of a school district is the tax rate that, applied to the current total value for the district, would impose taxes in an amount that, when added to state funds that would be distributed to the district under Chapter 42, Education Code, for the school year beginning in the current tax year using that tax rate, would provide the same amount of state funds distributed under Chapter 42, Education Code, and maintenance and operations taxes of the district per student in weighted average daily attendance for that school year that would have been available to the district in the preceding year if the funding elements for Chapters 41 and 42, Education Code, for the current year had been in effect for the preceding year. Deletes existing text providing that for purposes of this section, the effective maintenance and operations tax rate of a school district is the tax rate that, applied to the current total value for the district, would impose taxes in an amount that, when added to state funds that would be distributed to the district under Chapter 42, Education Code, for the school year beginning in the current tax year using that tax rate, including state funds that will be distributed to the district in that school year under Section 42.2516, Education Code, would provide the same amount of state funds distributed under Chapter 42, Education Code, including state funds distributed under Section 42.2516, Education Code, and maintenance and operations taxes of the district per student in weighted average daily attendance for that school year that would have been available to the district in the preceding year if the funding elements for Chapters 41 and 42, Education Code, for the current year had been in effect for the preceding year.

SECTION 57.30. Amends Section 311.013(n), Tax Code, as follows:

(n) Provides that this subsection applies only to a school district whose taxable value computed under Section 403.302(d) (defining "taxable value"), Government Code, is reduced in accordance with Subdivision (4) (relating to the total dollar amount of any captured appraised value of property) of that subsection. Requires the district, in addition to the amount otherwise required to be paid into the tax increment fund, to pay into the fund an amount equal to the amount by which the amount of taxes the district would have been required to pay into the fund in the current year if the district levied taxes at the rate the district levied in 2005 exceeds the amount the district is otherwise required to pay into the fund in the year of the reduction. Prohibits this additional amount from exceeding the amount the school district receives in state aid for the current tax year under Section 42.2514, Education Code. Requires the school district to pay the additional amount after the district receives the state aid to which the district is entitled for the current tax year under Section 42.2514, Education Code.

SECTION 57.31. Repealers, effective September 1, 2011: (1) Sections 21.402(c-2) (providing that an increase in salary for certain teachers does not include any amount received under the district's salary schedule for the 2008-2009 school year under certain circumstances or any part of the salary to which an employee is entitled under a contract with the district), (c-3) (providing that Subsections (c-1) and (c-2) expire September 1, 2011), and (e) (relating to determining the minimum monthly salary), Education Code;

(2) Section 42.008 (Limitation on Revenue Increases), Education Code; and

(3) Sections 42.101(a-1) (setting forth the applicability of the basic allotment formula under this section to certain school years) and (a-2) (providing that this subsection and Subsection (a-1) expire September 1, 2013), Education Code.

SECTION 57.32. (a) Repealers, effective September 1, 2017: (1) Section 41.0041 (Effect of Additional State Aid for Tax Reduction), Education Code;

(2) Sections 42.2516(b) (amended in Section 72.11 of this Act), (b-1) (relating to reducing or increasing the amount that a district is entitled to by a certain amount), (b-2) (added in Section 68.01 of this Act), (c) (relating to excluding enrichment revenue from the amount to which the district is entitled under Section 42.302), (d) (amended in Section 72.11 of this Act), (e) (relating to the commissioner's determination of the total amount of state and local revenue to

which a district is entitled), (f) (relating to a district reducing its wealth per student under certain circumstances), (f-1) (relating to the commissioner adjusting the amount of state revenue to which a district is entitled based on the local revenue derived from maintenance and operations tax collections), (f-2) (amended in Section 72.11 of this Act), (f-3) (providing that a certain adjustment made by the commissioner is final and is prohibited from being appealed), and (i) (added in Section 72.11 of this Act), Education Code;

(3) Section 42.25161 (Additional State Aid for South Texas Independent School District), Education Code;

(4) Section 42.2523(c) (providing that additional funding provided by this section relating to adjustments made for property value affected by a state of disaster is in addition to the certain amount of revenue to which the district is entitled), Education Code;

(5) Section 42.2524(g) (providing that amounts provided in disaster remediation are in addition to the certain amount of revenue to which the district is entitled), Education Code;

(6) Section 42.253(c-1) (requiring certain amounts to be paid to the district at certain times), Education Code; and

(7) Section 42.261 (Certain Funds Appropriated for Purpose of Tax Reduction), Education Code.

(b) Repealers, effective September 1, 2017: Sections 26.08(i-1) (relating to consideration of changes in the amount of state funds from one school year to the next) and (j) (relating to computing the amount of state funds that would have been available to a district in the preceding year), Tax Code.

SECTION 57.33. (a) Requires the speaker of the house of representatives and the lieutenant governor to establish a joint legislative interim committee to conduct a comprehensive study of the public school finance system in this state.

(b) Requires the committee, not later than January 15, 2013, to make recommendations to the 83rd Legislature regarding changes to the public school finance system.

(c) Provides that the committee is dissolved on September 1, 2013.

SECTION 57.34. Provides that it is the intent of the legislature, between fiscal year 2014 and fiscal year 2018, to continue to reduce the amount of Additional State Aid For Tax Reduction (ASATR) to which a school district is entitled under Section 42.2516, Education Code, and to increase the basic allotment to which a school district is entitled under Section 42.101, Education Code.

SECTION 57.35. Provides that except as otherwise provided by this Act, the changes in law made by this Act to Chapter 42, Education Code, apply beginning with the 2011-2012 school year.

SECTION 57.36. Provides that the change in law made by Subsection (g-1), Section 44.004, Education Code, as added by this Act, applies beginning with adoption of a tax rate for the 2011 tax year.

ARTICLE 58. MIXED BEVERAGE TAX REIMBURSEMENTS

SECTION 58.01. Amends Section 183.051(b), Tax Code, effective September 1, 2013, to require the comptroller to issue to each county described in Subsection (a) (relating to calculating the total amount of taxes received within each county and within each incorporated municipality in each county) a warrant drawn on the general revenue fund in an amount appropriated by the

legislature that is prohibited from being less than, rather than being greater than, 10.7143 percent of receipts from permittees within the county during the quarter and to issue to each incorporated municipality described in Subsection (a) a warrant drawn on that fund in an amount appropriated by the legislature that is prohibited from being less than, rather than being greater than, 10.7143 percent of receipts from permittees within the incorporated municipality during the quarter.

ARTICLE 59. GUARANTEE OF OPEN-ENROLLMENT CHARTER SCHOOL BONDS BY PERMANENT SCHOOL FUND

SECTION 59.01. Amends Subchapter D, Chapter 12, Education Code, by adding Section 12.135, as follows:

Sec. 12.135. DESIGNATION AS CHARTER DISTRICT FOR PURPOSES OF BOND GUARANTEE. (a) Authorizes the commissioner of education, on the application of the charter holder, to grant designation as a charter district to an open-enrollment charter school that meets financial standards adopted by the commissioner of education. Requires that the financial standards require an open-enrollment charter school to have an investment grade credit rating as specified by Section 45.0541.

(b) Authorizes a charter district to apply for bonds issued under Chapter 53 (Higher Education Facility Authorities for Public Schools) for the open-enrollment charter school to be guaranteed by the permanent school fund as provided by Chapter 45 (School District Funds).

SECTION 59.02. Amends Section 45.051, Education Code, by adding Subdivision (1-a) and amending Subdivision (2), to define "charter district" and redefine "paying agent."

SECTION 59.03. Amends Section 45.052, Education Code, as follows:

Sec. 45.052. GUARANTEE. (a) Provides that, on approval by the commissioner of education, bonds issued under Subchapter A (Tax Bonds and Maintenance Taxes) by a school district or Chapter 53 for a charter district, including refunding bonds, are guaranteed by the corpus and income of the permanent school fund.

(b) Provides that, notwithstanding any amendment of this subchapter or other law, the guarantee under this subchapter of school district or charter district bonds remains in effect until the date those bonds mature or are defeased in accordance with state law.

SECTION 59.04. Amends Subchapter C, Chapter 45, Education Code, by adding Section 45.0532, as follows:

Sec. 45.0532. LIMITATION ON GUARANTEE OF CHARTER DISTRICT BONDS. (a) Prohibits the commissioner of education, in addition to the general limitation under Section 45.053 (Limitation; Value Estimates), from approving charter district bonds for guarantee under this subchapter in a total amount that exceeds the percentage of the total available capacity of the guaranteed bond program that is equal to the percentage of the number of students enrolled in open-enrollment charter schools in this state compared to the total number of students enrolled in all public schools in this state, as determined by the commissioner of education.

(b) Provides that, for purposes of Subsection (a), the total available capacity of the guaranteed bond program is the limit established by the school board under Sections 45.053(d) (relating to authorizing a school board by rule to increase bond limitations) and 45.0531 (Additional Limitation: Reservation of Percentage of Permanent School Fund Value) minus the total amount of outstanding guaranteed bonds. Provides that each time the board increases the limit under Section 45.053(d), the total amount of charter district bonds that may be guaranteed increases accordingly under Subsection (a).

(c) Prohibits the commissioner of education, notwithstanding Subsections (a) and (b), from approving charter district bonds for guarantee under this subchapter if the guarantee will result in lower bond ratings for school district bonds for which a guarantee is requested under this subchapter.

(d) Authorizes the commissioner of education to request that the comptroller place the portion of the permanent school fund committed to the guarantee of charter district bonds in a segregated account if the commissioner of education determines that a separate account is needed to avoid any negative impact on the bond ratings of school district bonds for which a guarantee is requested under this subchapter.

(e) Requires that a guarantee of charter district bonds be made in accordance with this chapter and any applicable federal law.

SECTION 59.05. Amends Section 45.054, Education Code, as follows:

Sec. 45.054. New heading: **ELIGIBILITY OF SCHOOL DISTRICT BONDS**. Requires that school district bonds be issued under Subchapter A of this chapter or under Subchapter A (General Provisions), Chapter 1207 (Refunding Bonds), Government Code, to make a deposit under Subchapter B (Advance Refunding Procedures) or C (Direct Deposit with Paying Agent) of that chapter, by an accredited school district, to be eligible for approval by the commissioner of education.

SECTION 59.06. Amends Subchapter C, Chapter 45, Education Code, by adding Section 45.0541, as follows:

Sec. 45.0541. **ELIGIBILITY OF CHARTER DISTRICT BONDS**. Requires that charter district bonds, to be eligible for approval by the commissioner of education, without the guarantee, be rated as investment grade by a nationally recognized investment rating firm, and be issued under Chapter 53.

SECTION 59.07. Amends Sections 45.055(a) and (b), Education Code, to make conforming and nonsubstantive changes.

SECTION 59.08. Amends Section 45.056, Education Code, as follows:

Sec. 45.056. **INVESTIGATION**. (a) Makes a conforming change.

(b) Requires the commissioner, if following the investigation the commissioner is satisfied that the school district's bonds should be guaranteed under this subchapter or provided credit enhancement under Subchapter I (Intercept Program to Provide Credit Enhancement for Bonds), as applicable, or the charter district's bonds should be guaranteed under this subchapter, to endorse the bonds.

SECTION 59.09. Amends Section 45.057(b), Education Code, to provide that the guarantee is not effective unless the attorney general approves the bonds under Section 45.005 (Examination of Bonds by Attorney General) or 53.40 (Approval of Bonds; Registration; Negotiability), as applicable.

SECTION 59.10. Amends Subchapter C, Chapter 45, Education Code, by adding Section 45.0571, as follows:

Sec. 45.0571. **CHARTER DISTRICT BOND GUARANTEE RESERVE FUND**. (a) Provides that the charter district bond guarantee reserve fund is a special fund in the state treasury outside the general revenue fund. Requires that the following amounts be deposited in the fund:

(1) money due from a charter district as provided by Subsection (b); and

(2) interest earned on balances in the fund.

(b) Requires a charter district that has a bond guaranteed as provided by this subchapter to annually remit to the commissioner of education, for deposit in the charter district bond guarantee reserve fund, an amount equal to 10 percent of the savings to the charter district that is a result of the lower interest rate on the bond due to the guarantee by the permanent school fund. Requires that the amount due under this section be amortized and paid over the duration of the bond. Provides that each payment is due on the anniversary of the date the bond was issued. Requires the commissioner of education to adopt rules to determine the total and annual amounts due under this section.

(c) Authorizes the commissioner of education to direct the comptroller to annually withhold the amount due to the charter district bond guarantee reserve fund under Subsection (b) for that year from the state funds otherwise payable to the charter district.

(d) Requires the commissioner of education, each year, to:

(1) review the condition of the bond guarantee program and the amount that must be deposited in the charter district bond guarantee reserve fund from charter districts; and

(2) determine if charter districts should be required to submit a greater percentage of the savings resulting from the guarantee.

(e) Requires the commissioner of education to make recommendations to the legislature based on the review under Subsection (d).

SECTION 59.11. Amends Section 45.058, Education Code, to make conforming changes.

SECTION 59.12. Amends the heading to Section 45.059, Education Code, to read as follows:

Sec. 45.059. PAYMENT OF SCHOOL DISTRICT BOND ON DEFAULT.

SECTION 59.13. Amends Section 45.059(a), Education Code, to require the commissioner of education, immediately following receipt of notice under Section 45.058 that a school district will be or is unable to pay maturing or matured principal or interest on a guaranteed bond, to instruct the comptroller to transfer from the appropriate account in the permanent school fund to the district's paying agent the amount necessary to pay the maturing or matured principal or interest.

SECTION 59.14. Amends Subchapter C, Chapter 45, Education Code, by adding Section 45.0591 as follows:

Sec. 45.0591. PAYMENT OF CHARTER DISTRICT BOND ON DEFAULT.

(a) Requires the commissioner of education, immediately following receipt of notice under Section 45.058 that a charter district will be or is unable to pay maturing or matured principal or interest on a guaranteed bond, to instruct the comptroller to transfer from the charter district bond guarantee reserve fund created under Section 45.0571 to the district's paying agent the amount necessary to pay the maturing or matured principal or interest.

(b) Requires the commissioner of education, if money in the charter district bond guarantee reserve fund is insufficient to pay the amount due on a bond under Subsection (a), to instruct the comptroller to transfer from the appropriate account in the permanent school fund to the district's paying agent the amount necessary to pay the balance of the unpaid maturing or matured principal or interest.

(c) Requires the paying agent, immediately following receipt of the funds for payment of the principal or interest, to pay the amount due and forward the canceled bond or coupon to the comptroller. Requires the comptroller to hold the canceled bond or coupon on behalf of the fund or funds from which payment was made.

(d) Requires the comptroller, following full reimbursement to the charter district bond guarantee reserve fund and the permanent school fund, if applicable, with interest, to further cancel the bond or coupon and forward it to the charter district for which payment was made.

SECTION 59.15. Amends Section 45.060, Education Code, to make conforming changes.

SECTION 59.16. Amends the heading to Section 45.061, Education Code, to read as follows:

Sec. 45.061. REIMBURSEMENT OF FUNDS.

SECTION 59.17. Amends Section 45.061, Education Code, by amending Subsections (a) and (b) and adding Subsection (a-1), as follows:

(a) Requires the commissioner of education, if the commissioner of education orders payment from the permanent school fund or the charter district bond guarantee reserve fund on behalf of a school district or charter district, to direct the comptroller to withhold the amount paid, plus interest, from the first state money payable to the school district or charter district. Requires that the amount withheld be deposited to the credit of the permanent school fund, except as provided by Subsection (a-1).

(a-1) Requires that any remaining amounts withheld under Subsection (a), after the permanent school fund has been reimbursed for all money paid from the fund as the result of a default of a charter district bond guaranteed under this subchapter, be deposited to the credit of the charter district bond guarantee reserve fund.

(b) Authorizes the commissioner of education, in accordance with the rules of the governing school board, to authorize reimbursement to the permanent school fund or charter district bond guarantee reserve fund with interest in a manner other than that provided by this section.

SECTION 59.18. Amends Section 45.062, Education Code, by adding Subsection (a-1), to authorize the commissioner of education, if a total of two or more payments are made under this subchapter on charter district bonds and the commissioner of education determines that the charter district is acting in bad faith under the guarantee program under this subchapter, to request the attorney general to institute appropriate legal action to compel the charter district and its officers, agents, and employees to comply with the duties required of them by law in regard to the bonds.

SECTION 59.19. Amends Section 53.02(10), Education Code, to redefine "authorized charter school."

SECTION 59.20. Amends Section 53.351, Education Code, by amending Subsection (f) and adding Subsection (f-1), as follows:

(f) Provides that, except as provided by Subsection (f-1), a revenue bond issued under this section is not a debt of the state or any state agency, political corporation, or political subdivision of the state and is not a pledge of the faith and credit of any of these entities.

(f-1) Provides that Subsection (f) does not apply to a revenue bond issued under this section for a charter district if the bond is approved for guarantee by the permanent school fund under Subchapter C (Guaranteed Bonds), Chapter 45.

SECTION 59.21. Provides that this article applies only to a bond issued or refunded on or after the effective date of this Act by an open-enrollment charter school designated as a charter district under Section 12.135, Education Code, as added by this article. Provides that a bond issued or refunded by an open-enrollment charter school before the effective date of this Act is governed by the law in effect immediately before that date, and that law is continued in effect for that purpose.

ARTICLE 60. AWARD OF SERVICE PROVIDER CONTRACTS FOR ADULT EDUCATION PROGRAMS

SECTION 60.01. Amends Subchapter H, Chapter 29, Education Code, by adding Section 29.2535, as follows:

Sec. 29.2535. SERVICE PROVIDER CONTRACTS: COMPETITIVE PROCUREMENT REQUIREMENT. (a) Requires TEA to use a competitive procurement process to award a contract to a service provider of an adult education program.

(b) Requires TEA to adopt rules to administer this section.

SECTION 60.02. (a) Makes application of the change in law made by Section 29.2535(a), Education Code, as added by this article, prospective.

(b) Requires TEA, not later than August 31, 2012, to adopt rules to provide for a competitive procurement process to award contracts to service providers of adult education programs as provided by Section 29.2535, Education Code, as added by this article.

SECTION 60.03. (a) Effective date, this article, except as provided by Subsection (b) of this section: September 1, 2012.

(b) Effective date, Section 29.2535(b), Education Code, as added by this article: the 91st day after the last day of the legislative session.

ARTICLE 61. STATE VIRTUAL SCHOOL NETWORK

SECTION 61.01. Amends Section 30A.002(a), Education Code, as follows:

(a) Provides that a student is eligible to enroll in a course provided through the state virtual school network only if the student:

(1) on September 1 of the school year:

(A) is younger than 21 years of age; or

(B) is younger than 26 years of age and entitled to the benefits of the Foundation School Program under Section 42.003 (Student Eligibility); and

(2)-(3) Makes no changes to these subdivisions.

SECTION 61.02. Amends Subchapter A, Chapter 30A, Education Code, by adding Section 30A.007, as follows:

Sec. 30A.007. LOCAL POLICY ON ELECTRONIC COURSES. (a) Requires a school district or open-enrollment charter school to adopt a policy that provides district or school students with the opportunity to enroll in electronic courses provided through the state virtual school network. Requires that the policy be consistent with the requirements imposed by Section 26.0031 (Rights Concerning State Virtual School Network).

(b) Requires that, for purposes of a policy adopted under Subsection (a), the determination of whether or not an electronic course will meet the needs of a student with a disability be made by the student's admission, review, and dismissal committee in a manner consistent with state and federal law, including the Individuals with Disabilities Education Act (20 U.S.C. Section 1400 et seq.) and Section 504, Rehabilitation Act of 1973 (29 U.S.C. Section 794).

SECTION 61.03. Amends Subchapter C, Chapter 30A, Education Code, by adding Section 30A.1021, as follows:

Sec. 30A.1021. PUBLIC ACCESS TO USER COMMENTS REGARDING ELECTRONIC COURSES. (a) Requires the administering authority to provide students who have completed or withdrawn from electronic courses offered through the virtual school network and their parents with a mechanism for providing comments regarding the courses.

(b) Requires that the mechanism required by Subsection (a) include a quantitative rating system and a list of verbal descriptors that a student or parent may select as appropriate.

(c) Requires the administering authority to provide public access to the comments submitted by students and parents under this section. Requires that the comments be in a format that permits a person to sort the comments by teacher, electronic course, and provider school district or school.

SECTION 61.04. Amends Section 30A.104, Education Code, as follows:

Sec. 30A.104. COURSE ELIGIBILITY IN GENERAL. (a) Creates this subsection from existing text. Makes no further changes.

(b) Requires that the provider school district or school be provided the same time period to revise the course to achieve alignment with the modified essential knowledge and skills as is provided for the modification of a course provided in a traditional classroom setting if the essential knowledge and skills with which an approved course is aligned in accordance with Subsection (a)(2) are modified.

SECTION 61.05. Amends Section 30A.105, Education Code, by adding Subsections (a-1) and (a-2) and amending Subsection (d), as follows:

(a-1) Requires the administering authority to publish the schedule established under Subsection (a)(1) (relating to requiring the administering authority to establish a schedule for annual submission and approval process for electronic courses), including any deadlines specified in that schedule, and any guidelines applicable to the submission and approval process for electronic courses.

(a-2) Requires that the evaluation required by Subsection (a)(2) (relating to requiring the administering authority to evaluate electronic courses to be offered through the state virtual school network) include review of each electronic course component, including off-line material proposed to be used in the course.

(d) Authorizes the school district, open-enrollment charter school, or public or private institution of higher education that submitted the course for evaluation and approval, if TEA determines that the costs of evaluating and approving a submitted electronic course will not be paid by TEA due to a shortage of funds available for that purpose, to a fee equal to the amount of the costs in order to ensure that evaluation of the course occurs. Requires TEA to establish and publish a fee schedule for purposes of this subsection.

SECTION 61.06. Amends Section 30A.107(a), Education Code, as follows:

(a) Authorizes a provider school district or school to offer electronic courses to:

- (1) students and adults who reside in this state; and
- (2) Makes no changes to this subdivision.

SECTION 61.07. Amends Subchapter D, Chapter 30A, Education Code, by adding Section 30A.153, as follows:

Sec. 30A.153. FOUNDATION SCHOOL PROGRAM FUNDING. (a) Entitles a school district or open-enrollment charter school in which a student is enrolled to funding under Chapter 42 (Foundation School Program) for the student's enrollment in an electronic course offered through the state virtual school network in the same manner that the district or school is entitled to funding for the student's enrollment in courses provided in a traditional classroom setting, provided that the student successfully completes the electronic course.

(b) Requires the commissioner of education, after considering comments from school district and open-enrollment charter school representatives, to adopt a standard agreement that governs payment of funds and other matters relating to a student's enrollment in an electronic course offered through the state virtual school network. Prohibits the agreement from requiring a school district or open-enrollment charter school to pay the provider the full amount until the student has successfully completed the electronic course.

(c) Requires a school district or open-enrollment charter school to use the standard agreement adopted under Subsection (b) unless:

- (1) the district or school requests from the commissioner of education permission to modify the standard agreement; and
- (2) the commissioner of education authorizes the modification.

(d) Requires the commissioner of education to adopt rules necessary to implement this section, including rules regarding attendance accounting.

SECTION 61.08. Amends Section 42.302(a), Education Code, to provide that the amount of state support, subject only to the maximum amount under Section 42.303 (Limitation on Enrichment Tax Rate), is determined by the formula set forth in this subsection.

SECTION 61.09. Repealer: Section 42.159 (State Virtual School Network Allotments), Education Code.

ARTICLE 62. TRANSFERRING TEXAS DEPARTMENT OF RURAL AFFAIRS TO OFFICE OF RURAL AFFAIRS WITHIN DEPARTMENT OF AGRICULTURE

SECTION 62.01. Amends the heading to Chapter 487, Government Code, to read as follows:

CHAPTER 487. OFFICE OF RURAL AFFAIRS IN DEPARTMENT OF AGRICULTURE

SECTION 62.02. Amends Section 487.001, Government Code, to define, in this chapter, "commissioner" and "office" and to redefine "board" and "department."

SECTION 62.03. Amends Subchapter A, Chapter 487, Government Code, by adding Section 487.003, as follows:

Sec. 487.003. REFERENCE IN LAW. (a) Provides that a reference in this chapter or other law to the Texas Department of Rural Affairs (TDRA) or the Office of Rural Community Affairs (ORCA) means the Office of Rural Affairs within the Department of Agriculture (ORA; TDA), and a reference in this chapter or other law to the board of TDRA means the commissioner of agriculture.

(b) Provides that a reference in law to the executive director of TDRA means the director of ORA appointed under Section 12.038 (Office of Rural Affairs), Agriculture Code.

SECTION 62.04. Amends Section 487.026, Government Code, as follows:

Sec. 487.026. New heading: DIRECTOR. (a) Provides that the director serves as the chief executive officer of ORA and performs the administrative duties of ORA. Deletes existing text authorizing the board of TDRA to hire an executive director to serve as the chief executive officer of TDRA and to perform the administrative duties of TDRA.

(b) Creates this subsection from existing text of existing Subsection (c). Authorizes the director of ORA to hire staff within guidelines established by the commissioner of agriculture. Deletes existing text providing that the executive director of TDRA serves at the will of the board of TDRA.

SECTION 62.05. Amends Section 487.051(a), Government Code, as follows:

(a) Requires ORA, rather than TDRA, to:

(1)-(8) Makes no changes to these subdivisions;

(9) Makes a conforming change;

(10)-(11) Makes no changes to these subdivisions;

(12) in conjunction with other offices and divisions of the Texas Department of Agriculture (TDA), regularly cross-train office employees, rather than TDRA employees, with other employees of TDA regarding the programs administered and services provided to rural communities; and

(13) Makes no changes to this subdivision.

SECTION 62.06. Amends Section 487.0541(c), Government Code, to require the work group to meet at the call of the director of ORA, rather than at the call of the executive director of TDRA.

SECTION 62.07. Amends Section 487.055, Government Code, as follows:

Sec. 487.055. ADVISORY COMMITTEES. (a) Creates this subsection from existing text. Makes conforming changes.

(b) Creates this subsection from existing text. Makes no further changes.

SECTION 62.08. Amends Section 487.351(d), Government Code, to make conforming changes.

SECTION 62.09. Amends Chapter 487, Government Code, by adding Subchapter R, as follows:

**SUBCHAPTER R. TEXAS RURAL HEALTH AND ECONOMIC DEVELOPMENT
ADVISORY COUNCIL**

Sec. 487.801. DEFINITION. Defines, in this subchapter, "advisory council."

Sec. 487.802. ESTABLISHMENT AND COMPOSITION OF ADVISORY COUNCIL; PRESIDING OFFICER. (a) Requires the commissioner of agriculture to establish the Texas Rural Health and Economic Development Advisory Council (advisory council), and sets forth the composition of the advisory council.

(b) Provides that the members of the advisory council serve staggered three-year terms. Provides that a member of the council appointed by the commissioner of agriculture serves at the pleasure of the commissioner of agriculture.

(c) Requires the commissioner of agriculture to serve as presiding officer of the advisory council and as a nonvoting member of the advisory council. Provides that the commissioner of agriculture is not counted as a member of the advisory council for purposes of establishing a quorum.

Sec. 487.803. DUTIES OF ADVISORY COUNCIL. Requires the advisory council to:

(1) advise the commissioner of agriculture, director, and office on rural policy priorities, including priorities for the use and allocation in this state of federal block grant money;

(2) review this state's existing rural policies and programs;

(3) meet with the representatives of state agencies that administer rural programs as necessary to conduct the review required under Subdivision (2);

(4) make recommendations to the office regarding the allocation in this state of federal block grant money; and

(5) establish a rural health task force composed of all or a portion of the members of the advisory council.

Sec. 487.804. RURAL POLICY PLAN. (a) Requires the advisory council, not later than December 1 of each even-numbered year, to develop a rural policy plan that includes:

(1) strategic initiatives for this state regarding economic development, community development, and rural health, including priorities for the use and allocation in this state of federal block grant money; and

(2) recommendations for legislation and program development or revision.

(b) Requires the commissioner of agriculture, not later than January 1 of each even-numbered year, to submit to the legislature a report of the findings of the advisory council.

Sec. 487.805. RURAL HEALTH TASK FORCE. Requires the rural health task force to:

(1) assist the advisory council in its efforts to expand and improve access to health care in rural areas of this state; and

(2) develop a statewide rural health plan for this state that includes:

(A) strategic initiatives for this state regarding rural health; and

(B) recommendations for legislation and program development or revision.

Sec. 487.806. REIMBURSEMENT OF EXPENSES. Prohibits a member of the advisory council from receiving compensation for service on the advisory council or rural health task force. Authorizes an advisory council member, subject to availability of funds, to receive reimbursement for actual and necessary expenses incurred while conducting advisory council or task force business, as appropriate.

SECTION 62.10. Amends Section 2306.1092(b), Government Code, to make a conforming change.

SECTION 62.11. Repealers: (1) Sections 487.002 (Sunset Provision), 487.021 (Board), 487.022 (Conflicts of Interest), 487.023 (Training for Members of Board), 487.024 (Removal), 487.025 (Division of Responsibility), 487.028 (Equal Employment Opportunity Policy Statement), and 487.029 (Standards of Conduct), Government Code;

(2) Section 487.051(b) (relating to powers and duties of TDRA), Government Code; and

(3) Sections 487.058 (Contract for Administrative Services) and 487.352 (Transfer of Federal Funds), Government Code.

SECTION 62.12. (a) Abolishes TDRA as an independent agency and transfers it as a program to the office. Abolishes the board of TDRA.

(b) Provides that the validity of an action taken by TDRA or its board before either is abolished under Subsection (a) of this section is not affected by the abolishment.

(c) Provides that all rules, policies, procedures, and decisions of TDRA are continued in effect as rules, policies, procedures, and decisions of the office until superseded by a rule, policy, procedure, or decision of the office.

(d) Provides that any pending action or proceeding before TDRA becomes an action or proceeding before the office.

SECTION 62.13. (a) Provides that on October 1, 2011:

(1) the position of executive director of TDRA is abolished, except that the director of ORA may hire the executive director for a position in ORA;

(2) an employee of TDRA becomes an employee of ORA;

(3) a reference in law to TDRA means the ORA;

(4) all money, contracts, leases, rights, and obligations of TDRA are transferred to ORA;

(5) all property, including records, in the custody of TDRA becomes the property of the office; and

(6) all funds appropriated by the legislature to TDRA are transferred to ORA.

(b) Provides that a function or activity performed by TDRA is transferred to ORA as provided by this article.

SECTION 62.14. Requires TDRA and TDA to establish a transition plan for the transfer described in Sections 62.12 and 62.13 of this article.

SECTION 62.15. Provides that, notwithstanding any other provision of this article, the governor retains the authority to designate an agency to administer federal disaster recovery funds and to transfer the federal funds to any state agency. Provides that on the date the governor designates a state agency, other than TDRA, to administer the federal community development block grant disaster recovery funds received for Hurricanes Rita, Dolly, and Ike:

(1) a reference in law to TDRA related to the disaster recovery funds means the agency designated by the governor to administer the disaster recovery funds;

(2) all money, contracts, leases, rights, and obligations of TDRA related to the disaster recovery funds are transferred to the designated agency; and

(3) all property, including records, in the custody of TDRA related to the disaster recovery funds becomes the property of the designated agency.

ARTICLE 63. SUITS AFFECTING THE PARENT-CHILD RELATIONSHIP

SECTION 63.01. Amends Section 263.601, Family Code, by amending Subdivision (1) and adding Subdivision (3-a) to redefine "foster care" and define "trial independence period."

SECTION 63.02. Amends Section 263.602, Family Code, as follows:

Sec. 263.602. EXTENDED JURISDICTION. (a) Provides that a court that had continuing, exclusive jurisdiction over a young adult on the day before the young adult's 18th birthday continues to have extended jurisdiction over the young adult and is required to retain the case on the court's docket while the young adult remains in extended foster care and during a trial independence period described by this section. Deletes existing text authorizing a court that had continuing, exclusive jurisdiction over a young adult to, at the young adult's request, render an order that extends the court's jurisdiction over the young adult as provided by this subchapter.

(b) Requires a court with extended jurisdiction over a young adult who remains in extended foster care to conduct extended foster care review hearings every six months for the purpose of reviewing and making findings regarding:

(1) whether the young adult's living arrangement is safe and appropriate and whether the Department of Family and Protective Services (DFPS) has made reasonable efforts to place the young adult in the least restrictive environment necessary to meet the young adult's needs;

(2) whether DFPS is making reasonable efforts to finalize the permanency plan that is in effect for the young adult, including a permanency plan for independent living;

(3) whether, for a young adult whose permanency plan is independent living:

(A) the young adult participated in the development of the plan of service;

(B) the young adult's plan of service reflects the independent living skills and appropriate services needed to achieve independence by the projected date; and

(C) the young adult continues to make reasonable progress in developing the skills needed to achieve independence by the projected date; and

(4) whether additional services that DFPS is authorized to provide are needed to meet the needs of the young adult.

Deletes existing text providing that the extended jurisdiction of the court terminates on the earlier of the young adult's 21st birthday, or the date the young adult withdraws consent to the extension of the court's jurisdiction in writing or in court.

(c) Requires DFPS, not later than the 10th day before the date set for a hearing under this section, to file with the court a copy of the young adult's plan of service and a report that addresses the issues described by Subsection (b).

(d) Requires that notice of an extended foster care review hearing be given as provided by Rule 21a (Methods of Service), Texas Rules of Civil Procedure, to the following persons, each of whom has a right to present evidence and be heard at the hearing:

- (1) the young adult who is the subject of the suit;
- (2) DFPS;
- (3) the foster parent with whom the young adult is placed and the administrator of a child-placing agency responsible for placing the young adult, if applicable;
- (4) the director of the residential child-care facility or other approved provider with whom the young adult is placed, if applicable;
- (5) each parent of the young adult whose parental rights have not been terminated and who is still actively involved in the life of the young adult;
- (6) a legal guardian of the young adult, if applicable; and
- (7) the young adult's attorney ad litem, guardian ad litem, and volunteer advocate, the appointment of which has not been previously dismissed by the court.

(e) Authorizes the court, if, after reviewing the young adult's plan of service and the report filed under Subsection (c), and any additional testimony and evidence presented at the review hearing, the court determines that the young adult is entitled to additional services, to order DFPS to take appropriate action to ensure that the young adult receives those services.

(f) Requires a court with extended jurisdiction over a young adult as described in Subsection (a) to continue to have jurisdiction over the young adult and to retain the case on the court's docket until the earlier of:

- (1) the last day of the:
 - (A) sixth month after the date the young adult leaves foster care; or
 - (B) 12th month after the date the young adult leaves foster care if specified in a court order, for the purpose of allowing the young adult to pursue a trial independence period; or
- (2) the young adult's 21st birthday.

(g) Provides that a court with extended jurisdiction described by this section is not required to conduct periodic hearings for a young adult during a trial independence period and is prohibited from compelling a young adult who has exited foster care to attend a court hearing.

SECTION 63.03. Amends Subchapter G, Chapter 263, Family Code, by adding Section 263.6021, as follows:

Sec. 263.6021. VOLUNTARY EXTENDED JURISDICTION FOR YOUNG ADULT RECEIVING TRANSITIONAL LIVING SERVICES. (a) Authorizes a court that had continuing, exclusive jurisdiction over a young adult on the day before the young adult's 18th birthday, notwithstanding Section 263.602, to, at the young adult's request, render an order that extends the court's jurisdiction beyond the end of a trial independence period if the young adult receives transitional living services from DFPS.

(b) Provides that the extended jurisdiction of the court under this section terminates on the earlier of:

(1) the young adult's 21st birthday; or

(2) the date the young adult withdraws consent to the extension of the court's jurisdiction in writing or in court.

(c) Authorizes the court, at the request of a young adult who is receiving transitional living services from DFPS and who consents to voluntary extension of the court's jurisdiction under this section, to hold a hearing to review the services the young adult is receiving.

(d) Requires DFPS, before a review hearing scheduled under this section, to file with the court a report summarizing the young adult's transitional living services plan, services being provided to the young adult under that plan, and the young adult's progress in achieving independence.

(e) Authorizes the court, if, after reviewing the report and any additional testimony and evidence presented at the hearing, the court determines that the young adult is entitled to additional services, to order DFPS to take appropriate action to ensure that the young adult receives those services.

SECTION 63.04. Amends Sections 263.603(a) and (c), Family Code, as follows:

(a) Authorizes the court, notwithstanding Section 263.6021, rather than notwithstanding Section 263.602, if the court believes that a young adult may be incapacitated as defined by Section 601(14)(B) (defining "incapacitated person"), Texas Probate Code, to extend its jurisdiction on its own motion without the young adult's consent to allow DFPS to refer the young adult to the Department of Aging and Disability Services (DADS) for guardianship services as required by Section 48.209 (Referral for Guardianship Services), Human Resources Code.

(c) Authorizes the court under Subsection (a), if DADS determines a guardianship is not appropriate, or the court with probate jurisdiction denies the application to appoint a guardian, to continue to extend its jurisdiction over the young adult only as provided by Section 263.602 or 263.6021.

SECTION 63.05. Repealer: Section 263.609 (Service Review Hearings), Family Code.

SECTION 63.06. Effective date, this article: upon passage or the 91st day after the last day of the legislative session.

ARTICLE 64. TEXAS COMMISSION ON FIRE PROTECTION FEES

SECTION 64.01. Amends Section 419.026(d), Government Code, as follows:

(d) Requires the comptroller to deposit a portion of the fees collected into a special account in the general revenue fund dedicated for use by the Texas Commission on Fire Protection (TCFP). Prohibits the comptroller, in any state fiscal biennium, from depositing into the account fees in an amount that exceeds the amount appropriated to TCFP for that biennium, less any other amount appropriated to TCFP from a source other than the fees. Provides that the account is exempt from the application of Section 403.095 (Use of Dedicated Revenue). Requires the comptroller to deposit the remainder of the fees in the general revenue fund. Deletes existing text requiring TCFP to send the fees authorized by Subsection (a) (relating to fees for certificates) and Section 419.033(b) (relating to certificate expiration) to the comptroller, who is required to deposit 50 percent of the fees collected annually into the general revenue fund and 50 percent of the fees collected annually into a special account in the general revenue fund dedicated for

use by TCFP. Deletes existing text authorizing 50 percent of the special fund created under this subsection to be used only to defray TCFP's costs in performing inspections under Section 419.027 (Biennial Inspections) and the other 50 percent to be used only to provide training assistance under Section 419.031 (Training Assistance), except as otherwise provided by this chapter.

SECTION 64.02. Provides that the dedication of certain fees to a special account in the general revenue fund dedicated for use by TCFP under Section 419.026(d), Government Code, was abolished effective August 31, 1995, under former Section 403.094(h), Government Code, as enacted by Section 11.04, Chapter 4 (S.B. 3), Acts of the 72nd Legislature, 1st Called Session, 1991. Provides that those fees are rededicated to that fund by this article.

SECTION 64.03. Effective date, this article: upon passage or October 1, 2011.

ARTICLE 65. PROVISIONS RELATING TO CORRECTIONAL HEALTH CARE

SECTION 65.01. Amends Subchapter C, Chapter 499, Government Code, by adding Section 499.055, as follows:

Sec. 499.055. POPULATION MANAGEMENT BASED ON INMATE HEALTH. Requires TDCJ to adopt policies designed to manage inmate population based on similar health conditions suffered by inmates. Requires that the policies adopted under this section maximize organizational efficiencies and reduce health care costs to TDCJ by housing inmates with similar health conditions in the same unit or units that are, if possible, served by or located near one or more specialty health care providers most likely to be needed for the treatment of the health condition.

SECTION 65.02. Amends Section 501.063, Government Code, as follows:

Sec. 501.063. New heading: INMATE FEE FOR HEALTH CARE. (a) (1) Requires an inmate confined in a facility operated by or under contract with TDCJ, other than a halfway house, who initiates a visit to a health care provider to pay a health care services fee to TDCJ in the amount of \$100, rather than requires an inmate confined in a facility operated by or under contract with TDCJ, other than a halfway house, who initiates a visit to a health care provider to make a copayment to TDCJ in the amount of \$3.

(2) Provides that the fee imposed under Subdivision (1) covers all visits to a health care provider that the inmate initiates until the first anniversary of the imposition of the fee.

(3) Requires the inmate to pay the fee out of the inmate's trust fund. Requires that 50 percent of each deposit to the fund be applied toward the balance owed until the total amount owed is paid if the balance in the fund is insufficient to cover the fee.

Makes nonsubstantive and conforming changes.

(b) Redesignates existing Subsection (c) as Subsection (b). Requires TDCJ to adopt policies to ensure that before any deductions are made from an inmate's trust fund under this section, the inmate is informed that the health care services fee will be deducted from the inmate's trust fund as required by Subsection (a). Deletes existing text of Subsection (b) prohibiting TDCJ from charging a copayment for health care provided in response to a life-threatening or emergency situation affecting the inmate's health, initiated by TDCJ, initiated by the health care provider or consisting of routine follow-up, prenatal, or chronic care, or provided under a contractual obligation that is established under the Interstate Corrections Compact or under an agreement with another state that precludes assessing a copayment.

(c) Redesignates existing Subsection (d) as Subsection (c). Prohibits TDCJ from denying an inmate access to health care as a result of the inmate's failure or inability to pay a fee under this section, rather than as a result of the inmate's failure to make a copayment.

(d) Redesignates existing Subsection (e) as Subsection (d). Requires TDCJ to deposit money received under this section in an account in the general revenue fund that may be used only to pay the cost of correctional health care, rather than only to pay the cost of administering this section.

SECTION 65.03. Amends Subchapter B, Chapter 501, Government Code, by adding Section 501.067, as follows:

Sec. 501.067. AVAILABILITY OF CERTAIN MEDICATION. (a) Defines, in this section, "over-the-counter medication."

(b) Requires TDCJ to make over-the-counter medication available for purchase by inmates in each inmate commissary operated by or under contract with TDCJ.

(c) Prohibits TDCJ from denying an inmate access to over-the-counter medications as a result of the inmate's inability to pay for the medication. Requires TDCJ to pay for the cost of over-the-counter medication for inmates who are unable to pay for the medication out of the profits of inmate commissaries operated by or under contract with TDCJ.

(d) Authorizes TDCJ to adopt policies concerning the sale and purchase of over-the-counter medication under this section as necessary to ensure the safety and security of inmates in the custody of, and employees of, TDCJ, including policies concerning the quantities and types of over-the-counter medication that may be sold and purchased under this section.

SECTION 65.04. Amends Subchapter E, Chapter 501, Government Code, by adding Section 501.1485, as follows:

Sec. 501.1485. CORRECTIONS MEDICATION AIDES. (a) Requires TDCJ, in cooperation with The University of Texas Medical Branch at Galveston (UTMB-Galveston) and the Texas Tech University Health Sciences Center (TTUHSC), to develop and implement a training program for corrections medication aides that uses a curriculum specific to administering medication in a correctional setting.

(b) Requires TDCJ, UTMB-Galveston, and TTUHSC, in developing the curriculum for the training program, to:

(1) consider the content of the curriculum developed by the American Correctional Association for certified corrections nurses; and

(2) modify as appropriate the content of the curriculum developed under Chapter 242 (Convalescent and Nursing Homes and Related Institutions), Health and Safety Code, for medication aides administering medication in convalescent and nursing homes and related institutions to produce content suitable for administering medication in a correctional setting.

(c) Requires TDCJ to submit an application for the approval of a training program developed under this section, including the curriculum, to DADS in the manner established by the executive commissioner of the Health and Human Services Commission (HHSC) under Section 161.083, Human Resources Code.

SECTION 65.05. Amends Section 251.012, Health and Safety Code, as effective September 1, 2011, as follows:

Sec. 251.012. EXEMPTIONS FROM LICENSING REQUIREMENT. Provides that the following facilities are not required to be licensed under this chapter:

- (1) Makes no changes to this subdivision;
- (2) Makes nonsubstantive changes;
- (3) a hospital operated by or on behalf of the state as part of the managed health care provider network established under Chapter 501 (Inmate Welfare), Government Code, that provides dialysis only to individuals receiving:
 - (A) inpatient services from the hospital; or
 - (B) outpatient services while serving a term of confinement in a facility operated by or under contract with TDCJ;
- (4) an end stage renal disease facility operated by or on behalf of the state as part of the managed health care provider network established under Chapter 501, Government Code, that provides dialysis only to individuals receiving those services while serving a term of confinement in a facility operated by or under contract with TDCJ; or
- (5) the office of a physician unless the office is used primarily as an end stage renal disease facility.

SECTION 65.06. Amends Subchapter D, Chapter 161, Human Resources Code, by adding Section 161.083, as follows:

Sec. 161.083. CORRECTIONS MEDICATION AIDES. (a) Requires the executive commissioner of HHSC to establish:

- (1) minimum standards and procedures for the approval of corrections medication aide training programs, including curricula, developed under Section 501.1485, Government Code;
 - (2) minimum requirements for the issuance, denial, renewal, suspension, and revocation of a permit to a corrections medication aide, including the payment of an application or renewal fee in an amount necessary to cover the costs incurred by the Department of Aging and Disability Services (DADS) in administering this section; and
 - (3) the acts and practices that are within and outside the scope of a permit issued under this section.
- (b) Requires DADS, not later than the 90th day after receipt of an application for approval of a corrections medication aide training program developed under Section 501.1485, Government Code, to:
- (1) approve the program, if the program meets the minimum standards and procedures established under Subsection (a)(1); or
 - (2) provide notice to TDCJ that the program is not approved and include in the notice a description of the actions that are required for the program to be approved.
- (c) Requires DADS to issue a permit to or renew the permit of an applicant who meets the minimum requirements established under Subsection (a)(2). Requires DADS to coordinate with TDCJ in the performance of DADS's duties and functions under this subsection.

SECTION 65.07. (a) Requires TDCJ, in cooperation with UTMB-Galveston, TTUHSC, or a successor correctional managed health care provider, to develop the training program required by Section 501.1485, Government Code, as added by this article, and requires TDCJ to submit an application for approval of that program, as required by Subsection (c) of that section, not later than January 1, 2012. Requires the executive director of TDCJ, if after the effective date of this Act and before the date TDCJ develops the training program described by this subsection UTMB-Galveston and TTUHSC are no longer represented on the Correctional Managed Health Care Committee, or no longer serve as correctional managed health care providers, to request and receive the cooperation of any other state agency determined by the executive director of TDCJ to be an appropriate resource in the development of the program.

(b) Provides that the change in law made by this article in amending Section 251.012, Health and Safety Code, applies only to dialysis services provided on or after the effective date of this Act. Provides that dialysis services provided before the effective date of this Act are covered by the law in effect immediately before that date, and the former law is continued in effect for that purpose.

(c) Requires the executive commissioner of HHSC to establish the minimum standards and requirements and the acts and practices allowed or prohibited, as required by Section 161.083, Human Resources Code, as added by this article, not later than January 1, 2012.

ARTICLE 66. GUARDIANSHIP MATTERS AND PROCEEDINGS: AMENDMENTS TO TEXAS PROBATE CODE

SECTION 66.01. Amends Section 612, Texas Probate Code, requiring a guardian or any other person, when the person desires to transfer the transaction of the business of the guardianship from one county to another, to file a written application in the court in which the guardianship is pending stating the reason for the transfer, rather than requiring a guardian or any other person, when the person desires to remove the transaction of the business of the guardianship from one county to another, to file a written application in the court in which the guardianship is pending stating the reason for moving the transaction of business.

SECTION 66.02. Amends Section 613(a), Texas Probate Code, to make a conforming change.

SECTION 66.03. Amends Sections 614, 615, 616, 617, and 618, Texas Probate Code, as follows:

Sec. 614. COURT ACTION. (a) Creates this subsection from existing text. Makes conforming changes.

(b) Requires the court, in an order entered under Subsection (a) of this section, to require the guardian, not later than the 20th day after the date the order is entered, to:

(1) give a new bond payable to the judge of the court to which the guardianship is transferred; or

(2) file a rider to an existing bond noting the court to which the guardianship is transferred.

Sec. 615. TRANSFER OF RECORD. Makes conforming changes.

Sec. 616. New heading: TRANSFER EFFECTIVE. Makes conforming changes.

Sec. 617. CONTINUATION OF GUARDIANSHIP. Makes conforming changes.

Sec. 618. New heading: NEW GUARDIAN APPOINTED ON TRANSFER. Authorizes the court, if it appears to the court that transfer of the guardianship is in the best interests of the ward, but that because of the transfer it is not in the best interests of the ward for the guardian of the estate to continue to serve in that capacity, to in its order of transfer

revoke the letters of guardianship and appoint a new guardian, and requires the former guardian to account for and deliver the estate as provided by this chapter in a case in which a guardian resigns. Deletes existing text authorizing the court, if it appears to the court that removal of the guardianship is in the best interests of the ward, but that because of the removal it will be unduly expensive or unduly inconvenient to the estate for the guardian of the estate to continue to serve in that capacity, to in its order of removal revoke the letters of guardianship and appoint a new guardian, and the former guardian shall account for and deliver the estate as provided by this chapter in a case in which a guardian resigns.

SECTION 66.04. Amends Subpart B, Part 2, Chapter XIII, Texas Probate Code, by adding Section 619, as follows:

Sec. 619. REVIEW OF TRANSFERRED GUARDIANSHIP. Requires the court to which the guardianship was transferred, not later than the 90th day after the date the transfer of the guardianship takes effect under Section 616 of this code, to hold a hearing to consider modifying the rights, duties, and powers of the guardian or any other provisions of the transferred guardianship.

SECTION 66.05. Amends Section 892, Texas Probate Code, by amending Subsections (a) and (e) and adding Subsection (f-1), as follows:

(a) Requires that the application have attached a certified copy of all papers of the guardianship filed and recorded in the foreign court.

(e) Requires the court to hold a hearing to:

(1) consider the application for receipt and acceptance of a foreign guardianship; and

(2) consider modifying the administrative procedures or requirements of the proposed transferred guardianship in accordance with local and state law.

Deletes existing text requiring the court, on the court's own motion or on the motion of the ward or any interested person, to hold a hearing to consider the application for receipt and acceptance of a foreign guardianship.

(f-1) Authorizes the court, at the time of granting an application for receipt and acceptance of a foreign guardianship, to also modify the administrative procedures or requirements of the transferred guardianship in accordance with local and state law.

SECTION 66.06. Amends Section 894(b), Texas Probate Code, to authorize the court in making the determination of whether venue of the proceeding is more suitable in that court or in the foreign court, to consider certain matters, including the preference of the ward or proposed ward, if the ward or proposed ward is 12 years of age or older. Makes nonsubstantive changes.

SECTION 66.07. Amends Subpart G, Part 5, Chapter XIII, Texas Probate Code, by adding Section 895, as follows:

Sec. 895. DETERMINATION OF MOST APPROPRIATE FORUM FOR CERTAIN GUARDIANSHIP PROCEEDINGS. (a) Authorizes a court, if at any time a court of this state determines that it acquired jurisdiction of a proceeding for the appointment of a guardian of the person or estate, or both, of a ward or proposed ward because of unjustifiable conduct, to:

(1) decline to exercise jurisdiction;

(2) exercise jurisdiction for the limited purpose of fashioning an appropriate remedy to ensure the health, safety, and welfare of the ward or proposed ward or the protection of the ward's or proposed ward's property

or prevent a repetition of the unjustifiable conduct, including staying the proceeding until a petition for the appointment of a guardian or issuance of a protective order is filed in a court of another state having jurisdiction; or

(3) continue to exercise jurisdiction after considering:

(A) the extent to which the ward or proposed ward and all persons required to be notified of the proceedings have acquiesced in the exercise of the court's jurisdiction;

(B) whether the court of this state is a more appropriate forum than the court of any other state after considering the factors described by Section 894(b) of this code; and

(C) whether the court of any other state would have jurisdiction under the factual circumstances of the matter.

(b) Authorizes a court, if a court of this state determines that it acquired jurisdiction of a proceeding for the appointment of a guardian of the person or estate, or both, of a ward or proposed ward because a party seeking to invoke the court's jurisdiction engaged in unjustifiable conduct, to assess against that party necessary and reasonable expenses, including attorney's fees, investigative fees, court costs, communication expenses, witness fees and expenses, and travel expenses. Prohibits the court from assessing fees, costs, or expenses of any kind against this state or a governmental subdivision, agency, or instrumentality of this state unless authorized by other law.

SECTION 66.08. Repealer: Section 893 (Review of Transferred Guardianship), Texas Probate Code.

SECTION 66.09. Makes application of Sections 612, 613, 614, 615, 616, 617, and 618, Texas Probate Code, as amended by this article, and Section 619, Texas Probate Code, as added by this article, prospective.

SECTION 66.10. Makes application of the changes in law made by this article to Sections 892 and 893, Texas Probate Code, prospective.

SECTION 66.11. Makes application of Section 894, Texas Probate Code, as amended by this article, and Section 895, Texas Probate Code, as added by this article, prospective.

ARTICLE 66A. GUARDIANSHIP MATTERS AND PROCEEDINGS: AMENDMENTS TO ESTATES CODE

SECTION 66A.01. Amends Subpart B, Part 2, Subtitle Y, Title 3, Estates Code, as effective January 1, 2014, by adding Section 619, as follows:

Sec. 619. REVIEW OF TRANSFERRED GUARDIANSHIP. Requires the court to which the guardianship was transferred, not later than the 90th day after the date the transfer of the guardianship takes effect under Section 616, to hold a hearing to consider modifying the rights, duties, and powers of the guardian or any other provisions of the transferred guardianship.

SECTION 66A.02. Amends Section 1253.051, Estates Code, as effective January 1, 2014, to require that the application have attached a certified copy of all papers of the guardianship filed and recorded in the foreign court.

SECTION 66A.03. Amends Section 1253.053, Estates Code, as effective January 1, 2014, by amending Subsection (a) and adding Subsection (f), as follows:

(a) Requires the court to hold a hearing to:

(1) consider an application for receipt and acceptance of a foreign guardianship under this subchapter; and

(2) consider modifying the administrative procedures or requirements of the proposed transferred guardianship in accordance with local and state law.

Deletes existing text requiring the court, on the court's own motion or on the motion of the ward or any interested person, to hold a hearing to consider an application for receipt and acceptance of a foreign guardianship under this subchapter. Makes nonsubstantive changes.

(f) Authorizes the court, at the time of granting an application for receipt and acceptance of a foreign guardianship, to also modify the administrative procedures or requirements of the transferred guardianship in accordance with local and state law.

SECTION 66A.04. Amends Section 1253.102(b), Estates Code, as effective January 1, 2014, to authorize the court, in making a determination under Subsection (a) (relating to determination of venue and action following the determination), to consider certain matters, including the preference of the ward or proposed ward, if the ward or proposed ward is 12 years of age or older. Makes nonsubstantive changes.

SECTION 66A.05. Amends Chapter 1253, Estates Code, as effective January 1, 2014, by adding Subchapter D, as follows:

SUBCHAPTER D. DETERMINATION OF MOST APPROPRIATE FORUM FOR CERTAIN GUARDIANSHIP PROCEEDINGS

Sec. 1253.151. DETERMINATION OF ACQUISITION OF JURISDICTION IN THIS STATE DUE TO UNJUSTIFIABLE CONDUCT. Authorizes a court of this state, if at any time the court determines that it acquired jurisdiction of a proceeding for the appointment of a guardian of the person or estate, or both, of a ward or proposed ward because of unjustifiable conduct, to:

(1) decline to exercise jurisdiction;

(2) exercise jurisdiction for the limited purpose of fashioning an appropriate remedy to ensure the health, safety, and welfare of the ward or proposed ward or the protection of the ward's or proposed ward's property or prevent a repetition of the unjustifiable conduct, including staying the proceeding until a petition for the appointment of a guardian or issuance of a protective order is filed in a court of another state having jurisdiction; or

(3) continue to exercise jurisdiction after considering:

(A) the extent to which the ward or proposed ward and all persons required to be notified of the proceedings have acquiesced in the exercise of the court's jurisdiction;

(B) whether the court of this state is a more appropriate forum than the court of any other state after considering the factors described by Section 1253.102(b); and

(C) whether the court of any other state would have jurisdiction under the factual circumstances of the matter.

Sec. 1253.152. ASSESSMENT OF EXPENSES AGAINST PARTY. (a) Authorizes a court of this state, if the court determines that it acquired jurisdiction of a proceeding for the appointment of a guardian of the person or estate, or both, of a ward or proposed ward because a party seeking to invoke the court's jurisdiction engaged in unjustifiable

conduct, to assess against that party necessary and reasonable expenses, including attorney's fees, investigative fees, court costs, communication expenses, witness fees and expenses, and travel expenses.

(b) Prohibits the court from assessing fees, costs, or expenses of any kind against this state or a governmental subdivision, agency, or instrumentality of this state unless authorized by other law.

SECTION 66A.06. Repealers: (1) Section 1253.054 (Hearing to Consider Modification), Estates Code, as effective January 1, 2014;

(2) the changes in law made by Sections 66.05 and 66.06 of this Act to Sections 892 and 894, Texas Probate Code; and

(3) Section 895, Texas Probate Code, as added by Section 66.07 of this Act.

SECTION 66A.07. Effective date, this article: January 1, 2014.

ARTICLE 67. SUPPORT FOR HABITAT PROTECTION MEASURES

SECTION 67.01. Amends Chapter 403, Government Code, by adding Subchapter Q, as follows:

SUBCHAPTER Q. SUPPORT FOR HABITAT PROTECTION MEASURES

Sec. 403.451. DEFINITIONS. Defines, in this subchapter, "candidate conservation plan," "candidate species," "endangered species," "federal permit," "habitat conservation plan," and "mitigation fee."

Sec. 403.452. COMPTROLLER POWERS AND DUTIES. (a) Authorizes the comptroller, to promote compliance with federal law protecting endangered species and candidate species in a manner consistent with this state's economic development and fiscal stability, to:

(1) develop or coordinate the development of a habitat conservation plan or candidate conservation plan;

(2) apply for and hold a federal permit issued in connection with a habitat conservation plan or candidate conservation plan developed by the comptroller or the development of which is coordinated by the comptroller;

(3) enter into an agreement for the implementation of a candidate conservation plan with the United States Department of the Interior or assist another entity in entering into such an agreement;

(4) establish the habitat protection fund, to be held by the comptroller outside the treasury, to be used to support the development or coordination of the development of a habitat conservation plan or a candidate conservation plan, or to pay the costs of monitoring or administering the implementation of such a plan;

(5) impose or provide for the imposition of a mitigation fee in connection with a habitat conservation plan or such fees as are necessary or advisable for a candidate conservation plan developed by the comptroller or the development of which is coordinated by the comptroller; and

(6) implement, monitor, or support the implementation of a habitat conservation plan or candidate conservation plan developed by the comptroller or the development of which is coordinated by the comptroller.

(b) Authorizes the comptroller to solicit and accept appropriations, fees under this subchapter, gifts, or grants from any public or private source, including the federal government, this state, a public agency, or a political subdivision of this state, for deposit to the credit of the fund established under this section.

(c) Provides that the legislature finds that expenditures described by Subsection (a)(4) serve public purposes, including economic development in this state.

(d) Authorizes the comptroller to establish a nonprofit corporation or contract with a third party to perform one or more of the comptroller's functions under this section.

Sec. 403.453. STATE AGENCY POWERS AND DUTIES. (a) Authorizes the comptroller, upon consideration of the factors identified in Subsection (b), to designate one of the following agencies to undertake the functions identified in Section 403.452(a)(1), (2), (3), (5), or (6):

(1) the Department of Agriculture;

(2) the Parks and Wildlife Department;

(3) the Texas Department of Transportation;

(4) the State Soil and Water Conservation Board; or

(5) any agency receiving funds through Article VI (Natural Resources) of the 2012-2013 appropriations bill.

(b) Requires the comptroller, in designating an agency pursuant to Subsection (a), to consider the following factors:

(1) the economic sectors impacted by the species of interest that will be included in the habitat conservation plan or candidate conservation plan;

(2) the identified threats to the species of interest; and

(3) the location of the species of interest.

(c) Authorizes the comptroller to enter into a memorandum of understanding or an interagency contract with any of the agencies listed in this section to implement this subchapter and to provide for the use of the habitat protection fund.

Sec. 403.454. CONFIDENTIAL INFORMATION. Provides that information collected under this subchapter by an agency, or an entity acting on the agency's behalf, from a private landowner or other participant or potential participant in a habitat conservation plan, proposed habitat conservation plan, candidate conservation plan, or proposed candidate conservation plan is not subject to Chapter 552 and is prohibited from being disclosed to any person, including a state or federal agency, if the information relates to the specific location, species identification, or quantity of any animal or plant life for which a plan is under consideration or development or has been established under this subchapter. Authorizes the agency to disclose information described by this section only to the person who provided the information unless the person consents in writing to full or specified partial disclosure of the information.

Sec. 403.455. RULES. Authorizes the comptroller or agencies identified in Section 403.453 to adopt rules as necessary for the administration of this subchapter.

ARTICLE 68. LICENSE PLATES ISSUED FOR CERTAIN GOLF CARTS

SECTION 68.01. Amends Section 504.510(d), Transportation Code, as effective September 1, 2011, as follows:

(d) Provides that this section applies only to an owner of a golf cart who resides on real property that is owned or under the control of the United States Corps of Engineers and is required by that agency to register the owner's golf cart under this chapter. Deletes existing text providing that provides that this section applies only to an owner of a golf cart who resides on real property that is owned or under the control of the United States Corps of Engineers and is required by that agency to register the owner's golf cart under this chapter and in a county that borders another state and has a population of more than 120,750 but less than 121,000. Makes a nonsubstantive change.

ARTICLE 69. CERTAIN COURT COSTS ASSOCIATED WITH THE OFFENSE OF FAILING TO SECURE A CHILD PASSENGER IN A MOTOR VEHICLE

SECTION 69.01. Repealers: (1) Section 545.412(b-1) (relating to a convicted person paying a 15 cent court cost in addition to all other fees), Transportation Code;

(2) Section 102.104 (Additional Court Costs on Conviction in Justice Courts: Transportation Code), Government Code; and

(3) Section 102.122 (Additional Court Costs on Conviction in Municipal Court: Transportation Code), Government Code.

SECTION 69.02. Makes application of the change in law made by this article prospective.

ARTICLE 70. JUVENILE JUSTICE ALTERNATIVE EDUCATION PROGRAMS

SECTION 70.01. Amends Section 37.011, Education Code, by adding Subsections (a-3), (a-4), and (a-5), as follows:

(a-3) Provides that, for purposes of this section and Section 37.010(a) (relating to delivery of court order), a county with a population greater than 125,000 is considered to be a county with a population of 125,000 or less if the county:

(1) has a population of more than 200,000 and less than 220,000;

(2) has five or more school districts located wholly within the county's boundaries; and

(3) has located in the county a juvenile justice alternative education program that, on May 1, 2011, served fewer than 15 students.

(a-4) Requires a school district located in a county considered to be a county with a population of 125,000 or less under Subsection (a-3) to provide educational services to a student who is expelled from school under this chapter. Entitles the district to count the student in the district's average daily attendance for purposes of receipt of state funds under the Foundation School Program. Authorizes an educational placement under this section to include:

(1) the district's disciplinary alternative education program; or

(2) a contracted placement with:

(A) another school district;

(B) an open-enrollment charter school;

(C) an institution of higher education;

(D) an adult literacy council; or

(E) a community organization that can provide an educational program that allows the student to complete the credits required for high school graduation.

(a-5) Provides that, for purposes of Subsection (a-4), an educational placement other than a school district's disciplinary alternative education program is subject to the educational and certification requirements applicable to an open-enrollment charter school under Subchapter D (Open-Enrollment Charter School), Chapter 12 (Charters).

ARTICLE 71. CHRONIC HEALTH CONDITIONS SERVICES MEDICAID WAIVER PROGRAM

SECTION 71.01. Amends Subchapter B, Chapter 531, Government Code, by adding Section 531.0226, as follows:

Sec. 531.0226. CHRONIC HEALTH CONDITIONS SERVICES MEDICAID WAIVER PROGRAM. (a) Authorizes HHSC to apply for a waiver from the federal Centers for Medicare and Medicaid Services or another appropriate federal agency, if feasible and cost-effective, to more efficiently leverage the use of state and local funds in order to maximize the receipt of federal Medicaid matching funds by providing benefits under the Medicaid program to individuals who:

(1) meet established income and other eligibility criteria; and

(2) are eligible to receive services through the county for chronic health conditions.

(b) Requires HHSC, in establishing the waiver program under this section, to:

(1) ensure that the state is a prudent purchaser of the health care services that are needed for the individuals described by Subsection (a);

(2) solicit broad-based input from interested persons;

(3) ensure that the benefits received by an individual through the county are not reduced once the individual is enrolled in the waiver program; and

(4) employ the use of intergovernmental transfers and other procedures to maximize the receipt of federal Medicaid matching funds.

ARTICLE 72. DRIVER'S LICENSES AND PERSONAL IDENTIFICATION CERTIFICATES

SECTION 72.01. Amends Subchapter A, Chapter 521, Transportation Code, by adding Section 521.007, as follows:

Sec. 521.007. TEMPORARY VISITOR STATIONS. (a) Requires DPS to designate as temporary visitor stations certain driver's license offices.

(b) Requires that a driver's license office designated as a temporary visitor station under this section have at least two staff members who have completed specialized training on the temporary visitor issuance guide published by DPS.

(c) Requires that a driver's license office designated as a temporary visitor station provide information and assistance to other driver's license offices in the state.

SECTION 72.02. Amends Section 521.041(b), Transportation Code, to require DPS to maintain suitable indexes, in alphabetical or numerical order, that contain certain information, including the citizenship status of each holder of a license or personal identification certificate.

SECTION 72.03. Amends Section 521.101, Transportation Code, by adding Subsections (d-1), (f-2), (f-3), (f-4), and (k) and amending Subsection (f), as follows:

(d-1) Requires DPS to require each applicant for an original, renewal, or duplicate personal identification certificate to furnish to DPS, unless the information has been previously provided to DPS:

- (1) proof of the applicant's United States citizenship; or
- (2) documentation described by Subsection (f-2).

(f) Provides that a personal identification certificate:

(1) for an applicant who is a citizen, national, or legal permanent resident of the United States or a refugee or asylee lawfully admitted into the United States:

(A) expires on a date specified by DPS if the applicant is younger than 60 years of age; or

(B) does not expire if the applicant is 60 years of age or older; or

(2) for an applicant not described by Subdivision (1), expires on:

(A) the earlier of:

(i) a date specified by DPS; or

(ii) the expiration date of the applicant's authorized stay in the United States; or

(B) the first anniversary of the date of issuance, if there is no definite expiration date for the applicant's authorized stay in the United States.

Deletes existing text providing that a certificate expires on a date specified by DPS, except that a certificate issued to a person 60 years of age or older does not expire.

(f-2) Requires an applicant who is not a citizen of the United States to present to DPS documentation issued by the appropriate United States agency that authorizes the applicant to be in the United States.

(f-3) Prohibits DPS from issuing a personal identification certificate to an applicant who fails or refuses to comply with Subsection (f-2).

(f-4) Prohibits DPS from denying a personal identification certificate to an applicant who complies with Subsection (f-2) based on the duration of the person's authorized stay in the United States, as indicated by the documentation presented under Subsection (f-2).

(k) Provides that, except as provided by this section, a personal identification certificate issued under this chapter:

(1) is required to:

(A) be in the same format;

(B) have the same appearance and orientation; and

(C) contain the same type of information; and

(2) is prohibited from including any information that this chapter does not reference or require.

SECTION 72.04. Amends Section 521.103, Transportation Code, by adding Subsection (c), to provide that Sections 521.101(f-2), (f-3), and (f-4) apply to a personal identification certificate for which application is made under this section.

SECTION 72.05. Amends Section 521.121, Transportation Code, by adding Subsection (e), to provide that, except as provided by this section, a driver's license issued under this chapter must be in the same format, have the same appearance and orientation, and contain the same type of information, and may not include any information that this chapter does not reference or require.

SECTION 72.06. Amends Sections 521.142(a) and (e), Transportation Code, as follows:

(a) Requires an applicant who is not a citizen of the United States to present to DPS documentation issued by the appropriate United States agency that authorizes the applicant to be in the United States before the applicant may be issued a driver's license.

(e) Requires that the application include any other information DPS requires to determine the applicant's identity, residency, competency, and eligibility as required by DPS or state law.

SECTION 72.07. Amends Section 521.1425, Transportation Code, by amending Subsection (a) and adding Subsections (c) and (d), as follows:

(a) Authorizes DPS, except as provided by Subsections (b) (relating to information required to be furnished to DPS) and (c), rather than except as provided by Subsection (b), to require each applicant for an original, renewal, or duplicate driver's license to furnish to DPS the information required by Section 521.142 (Application for Original License).

(c) Requires DPS to require each applicant for an original, renewal, or duplicate driver's license to furnish to DPS, unless the information has been previously provided to DPS, proof of the applicant's United States citizenship or documentation described by Section 521.142(a).

(d) Prohibits DPS from denying a driver's license to an applicant who provides documentation described by Section 521.142(a) based on the duration of the person's authorized stay in the United States, as indicated by the documentation presented under Section 521.142(a).

SECTION 72.08. Amends Section 521.271, Transportation Code, by amending Subsections (a) and (b) and adding Subsections (a-2), (a-3), and (a-4), as follows:

(a) Provides that each original driver's license, provisional license, instruction permit, or occupational driver's license issued to an applicant who is a citizen, national, or legal permanent resident of the United States or a refugee or asylee lawfully admitted into the United States expires on a certain date. Makes a nonsubstantive change.

(a-2) Provides that each original driver's license issued to an applicant who is not a citizen, national, or legal permanent resident of the United States or a refugee or asylee lawfully admitted into the United States expires on the earlier of the first birthday of the license holder occurring after the sixth anniversary of the date of the application; or the expiration date of the license holder's lawful presence in the United States as determined by the appropriate United States agency in compliance with federal law; or the first anniversary of the date of issuance, if there is no definite expiration date for the applicant's authorized stay in the United States.

(a-3) Provides that each original provisional license or instruction permit issued to an applicant who is not a citizen, national, or legal permanent resident of the United States or a refugee or asylee lawfully admitted into the United States expires on the earliest of the 18th birthday of the license holder, the first birthday of the license holder occurring after the date of the application, or the expiration of the license holder's lawful presence in the United States as determined by the United States agency responsible for citizenship and immigration in compliance with federal law.

(a-4) Provides that each original occupational driver's license issued to an applicant who is not a citizen, national, or legal permanent resident of the United States or a refugee or asylee lawfully admitted into the United States expires on the earlier of the first anniversary of the date of issuance, or the expiration of the license holder's lawful presence in the United States as determined by the appropriate United States agency in compliance with federal law.

(b) Provides that except as provided by Section 521.2711 (License Expiration: Person at Least 85 Years of Age), a driver's license that is renewed expires on the earlier of:

(1) the sixth anniversary of the expiration date before renewal if the applicant is a citizen, national, or legal permanent resident of the United States or a refugee or asylee lawfully admitted into the United States;

(1-a) for an applicant not described by Subdivision (1), the earlier of the sixth anniversary of the expiration date before renewal, or the expiration date of the applicant's authorized stay in the United States; or the first anniversary of the date of issuance, if there is no definite expiration date for the applicant's authorized stay in the United States; or

(2) for a renewal driver's license issued to a person whose residence or domicile is a correctional facility or a parole facility, the first birthday of the license holder occurring after the first anniversary of the date of issuance unless an earlier date is otherwise provided.

SECTION 72.09. Amends Section 521.2711, Transportation Code, by adding Subsection (c), to provide that, notwithstanding Subsections (a) (relating to the expiration of a driver's license of a person 85 years of age or older) and (b) (relating to the expiration of a renewed driver's license of a person 85 years of age or older), an original or renewal driver's license issued to an applicant who is 85 years of age or older and not a citizen, national, or legal permanent resident of the United States or a refugee or asylee lawfully admitted into the United States expires on the earlier of the second anniversary of the expiration date before renewal, or the expiration date of the applicant's authorized stay in the United States; or the first anniversary of the date of issuance if there is no definite expiration date for the applicant's authorized stay in the United States.

SECTION 72.10. Amends Section 521.272, Transportation Code, by amending Subsection (c) and adding Subsection (d), as follows:

(c) Provides that, notwithstanding Sections 521.271 (License Expiration) and 521.2711, a driver's license issued under this section, including a renewal, duplicate, or corrected license, expires:

(1) if the license holder is a citizen, national, or legal permanent resident of the United States or a refugee or asylee lawfully admitted into the United States, on the first birthday of the license holder occurring after the date of application, except that the initial license issued under this section expires on the second birthday of the license holder occurring after the date of application; or

(2) if the applicant is not described by Subdivision (1), on the earlier of the expiration date of the applicant's authorized stay in the United States, or the first birthday of the license holder occurring after the date of application, except that

the initial license issued under this section expires on the second birthday of the license holder occurring after the date of application.

(d) Creates this subsection from existing text. Provides that Subsection (c) does not apply to a provisional license, an instruction permit issued under Section 521.222 (Instruction Permit), or a hardship license issued under Section 521.223 (Hardship License).

SECTION 72.11. Amends Section 521.421, Transportation Code, by adding Subsection (a-3) to provide that, except as provided by Subsections (a-1) (relating to the amount of the fee for a personal identification certificate) and (a-2) (relating to the fee for a personal identification certificate for certain persons), the fee for a driver's license or personal identification certificate that is issued to a person who is not a citizen, national, or legal permanent resident of the United States or a refugee or asylee lawfully admitted into the United States and that is valid for not more than one year is \$24.

SECTION 72.12. Amends Section 522.005, Transportation Code, to authorize DPS to adopt rules necessary to carry out this chapter and the federal act and to maintain compliance with 49 C.F.R. Parts 383 and 384.

SECTION 72.13. Amends Section 522.030, Transportation Code, as follows:

Sec. 522.030. CONTENT OF LICENSE. (a) Creates this subsection from existing text. Makes no further changes.

(b) Provides that, except as provided by this section, a commercial driver's license issued under this chapter is required to be in the same format, have the same appearance and orientation, and contain the same type of information, and is prohibited from including any information that this chapter does not reference or require.

(c) Provides that, to the extent of a conflict or inconsistency between this section and Section 522.013 (Nonresident License) or 522.051 (Expiration of License or Permit), Section 522.013 or 522.051 controls.

SECTION 72.14. Amends Section 522.033(b), Transportation Code, as follows:

(b) Provides that, notwithstanding Section 522.051, a commercial driver's license or commercial driver learner's permit issued under this section, including a renewal, duplicate, or corrected license, expires:

(1) if the license or permit holder is a citizen, national, or legal permanent resident of the United States or a refugee or asylee lawfully admitted into the United States, on the first birthday of the license holder occurring after the date of application, except that the initial license issued under this section expires on the second birthday of the license holder occurring after the date of application; or

(2) if the applicant is not described by Subdivision (1), on the earlier of the expiration date of the applicant's authorized stay in the United States, or the first birthday of the license holder occurring after the date of application, except that the initial license issued under this section expires on the second birthday of the license holder occurring after the date of application.

SECTION 72.15. Amends Section 522.052, Transportation Code, by adding Subsections (i) and (j), as follows:

(i) Requires DPS, unless the information has been previously provided to DPS, to require each applicant for a renewal or duplicate commercial driver's license to furnish to DPS proof of the applicant's United States citizenship, or documentation described by Section 521.142(a).

(j) Prohibits DPS from denying a renewal or duplicate commercial driver's license to an applicant who provides documentation described by Section 521.142(a) based on the duration of the person's authorized stay in the United States, as indicated by the documentation presented under Section 521.142(a).

SECTION 72.16. Requires DPS, not later than January 1, 2013, to submit to the legislature a report evaluating the effectiveness of the temporary visitor stations established under Section 521.007, Transportation Code, as added by this article.

SECTION 72.17. Makes application of the changes in law made by this article to Chapters 521 (Driver's Licenses and Certificates) and 522 (Commercial Driver's Licenses), Transportation Code, prospective.

ARTICLE 73. FEES FOR 9-1-1 SERVICES

SECTION 73.01. Repealer: Section 771.001(4) (defining "intrastate long distance service provider"), Health and Safety Code.

SECTION 73.02. Amends Section 771.001, Health and Safety Code, by amending Subdivision (13) and adding Subdivision (14) to redefine "wireless telecommunications connection" and to define "service provider."

SECTION 73.03. Amends Section 771.071(e), Health and Safety Code, by replacing references to "local exchange service provider" with "service provider."

SECTION 73.04. Amends Sections 771.072(a)-(e), Health and Safety Code, as follows:

(a) Requires SEC, in addition to the fees imposed under Sections 771.071 and 771.0711, to impose a 9-1-1 equalization surcharge on each local exchange access line or equivalent local exchange access line and each wireless telecommunications connection. Prohibits the surcharge from being imposed on:

- (1) a line to coin-operated public telephone equipment or to public telephone equipment operated by coin or by card reader;
- (2) any line that SEC excluded from the definition of a local exchange access line or an equivalent local exchange access line under Section 771.063 (Definition of Local Exchange Access Line and Equivalent Local Exchange Access Line); or
- (3) any wireless telecommunications connection that constitutes prepaid wireless telecommunications service subject to Section 771.0712 (Prepaid 9-1-1 Emergency Service Fee).

Deletes existing text requiring SEC, in addition to the fee imposed under Section 771.071, to impose a 9-1-1 equalization surcharge on each customer receiving intrastate long-distance service, including customers in an area served by an emergency communication district, even if the district is not participating in the regional plan.

(b) Requires that the surcharge be a fixed amount, not to exceed 10 cents per month for each local exchange access line, equivalent local exchange access line, or wireless telecommunications connection. Deletes existing text prohibiting the amount of the surcharge from exceeding one and three-tenths of one percent of the charges for intrastate long-distance service, as defined by SEC.

(c) Requires each service provider, rather than requires an intrastate long distance service provider, to collect the surcharge imposed on its customers under this section and to deliver the surcharges to the comptroller not later than the date specified by the comptroller, provided that the required payment date be no earlier than the 30th day after

the last day of the reporting period in which the surcharge is collected, except as provided by Section 771.073(f) (relating to authorizing SEC to establish payment schedules and minimum payment thresholds for fees and surcharges imposed under this subchapter).

(d) Requires that, from the revenue received from the surcharge imposed under this section, not more than 40 percent of the amount derived from the application of the surcharge be allocated to regional planning commissions or other public agencies designated by the regional planning commissions for use in carrying out the regional plans provided for by this chapter. Deletes existing text requiring that, from the revenue received from the surcharge imposed under this section, the amount derived from the application of the surcharge at a rate of not more than .5 percent be allocated to regional planning commissions or other public agencies designated by the regional planning commissions for use in carrying out the regional plans provided for by this chapter.

(e) Requires that, from the revenue received from the surcharge imposed by this section, not more than 60 percent of the amount derived from the application of the surcharge be periodically allocated to fund grants awarded under Section 777.009 (Funding) and other activities related to the poison control centers as required by Chapter 777 (Regional Poison Control Centers). Deletes existing text requiring that, from the revenue received from the surcharge imposed by this section, the amount derived from the application of the surcharge at a rate of not more than .8 percent be periodically allocated to fund grants awarded under Section 777.009 and other activities related to the poison control centers as required by Chapter 777.

SECTION 73.05. Amends Section 771.0725, Health and Safety Code, by adding Subsection (e), as follows:

(e) Requires SEC to establish the rate for the equalization surcharge imposed under Section 771.072 (Equalization Surcharge) for each state fiscal biennium in an amount that ensures the aggregate of the anticipated surcharges collected from all customers for the following 12 months does not exceed the aggregate of the surcharges collected from all customers during the preceding 12 months. Prohibits any change in the equalization surcharge rate from becoming effective before the 90th day after the date notice of the change is provided by SEC to the service providers.

SECTION 73.06. Amends Section 771.073(a), Health and Safety Code, as follows:

(a) Requires that a fee or surcharge imposed under this subchapter, other than the fee imposed under Section 771.0712, be either stated separately on the customer's bill or combined in an appropriately labeled single line item on the customer's bill with all other fees and surcharges that are imposed under this subchapter or that are imposed for 9-1-1 emergency service by a political subdivision. Requires a service provider that combines the fees and surcharges into a single line item for billing purposes to maintain books and records reflecting the collection of each separate fee and surcharge.

SECTION 73.07. Amends Section 771.0735, Health and Safety Code, as follows:

Sec. 771.0735. SOURCING OF CHARGES FOR MOBILE TELECOMMUNICATIONS SERVICES. Provides that, in accordance with the federal Mobile Telecommunications Sourcing Act (4 U.S.C. Sections 116-126):

(1)-(2) Makes no changes to these subdivisions; and

(3) the fee and the surcharge imposed on wireless telecommunications bills shall be administered in accordance with Section 151.061 (Sourcing of Charges for Mobile Telecommunications Services), Tax Code.

SECTION 73.08. Provides that the changes in law made by this article apply only to a fee or surcharge imposed on or after the later of the effective date of this article or September 1, 2011.

Provides that a fee or surcharge imposed before that date is governed by the law as it existed immediately before that date, and that law is continued in effect for that purpose.

SECTION 73.09. Effective date, this article: upon passage or on the 91st day after the last day of the legislative session.

ARTICLE 74. OPERATION AND ADMINISTRATION OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

SECTION 74.01. Amends Section 2306.022, Government Code, to provide that, unless continued in existence as provided by Chapter 325 (Texas Sunset Act), the Texas Department of Housing and Community Affairs (TDHCA) is abolished and this chapter expires September 1, 2013, rather than September 1, 2011.

SECTION 74.02. Amends Sections 2306.111(d-1) and (d-2), Government Code, as follows:

(d-1) Provides that funds or credits are not required to be allocated according to the regional allocation formula under Subsection (d) (relating to housing funds) if:

(1)-(2) Makes no changes to these subdivisions; or

(3) the funds are housing trust funds administered by TDHCA under Sections 2306.201 (Housing Trust Fund), 2306.202 (Use of Housing Trust Fund), 2306.203 (Rules Regarding Administration of Housing Trust Fund), 2306.204 (Independent Audit of Housing Trust Fund), 2306.205 (Transfer of Money to Housing Trust Fund), and 2306.206 (Housing Trust Fund Not Subject to Texas Trust Code) that are not otherwise required to be set aside under state or federal law and do not exceed \$3 million for each programmed activity during each application cycle.

(d-2) Provides that this subsection does not apply to a development financed wholly or partly under Section 538 of the Housing Act of 1949 (42 U.S.C. Section 1490p-2) unless the development involves the rehabilitation of an existing property that has received and will continue to receive as part of the financing of the development federal financial assistance provided under Section 515 of the Housing Act of 1949 (42 U.S.C. Section 1485).

SECTION 74.03. Amends Section 2306.67022, Government Code, as follows:

Sec. 2306.67022. QUALIFIED ALLOCATION PLAN; MANUAL. Requires the governing board of TDHCA (TDHCA board), at least biennially, rather than annually, to adopt a qualified allocation plan and a corresponding manual to provide information regarding the administration of and eligibility for the low income housing tax credit program. Authorizes the TDHCA board to adopt the plan and manual annually, as considered appropriate by the TDHCA board.

SECTION 74.04. Amends Sections 2306.6711(b) and (f), Government Code, as follows:

(b) Prohibits the TDHCA board from allocating to an applicant housing tax credits in any unnecessary amount, as determined by TDHCA's underwriting policy and by federal law, and in any event may not allocate to the applicant housing tax credits in an amount greater than \$3 million in a single application round or to an individual development more than \$2 million in a single application round, rather than in an amount greater than \$2 million in a single application round.

(f) Authorizes the TDHCA board to allocate housing tax credits to more than one development in a single community, as defined by TDHCA rule, in the same calendar year only if the developments are or will be located more than two linear miles apart, rather than more than one linear mile apart.

SECTION 74.05. Amends Sections 2306.6724(a), (b), and (c), Government Code, as follows:

(a) Requires TDHCA, regardless of whether the TDHCA board will adopt the plan annually or biennially, not later than September 30 of the year preceding the year in which the new plan is proposed for use, to prepare and submit to the TDHCA board for adoption any proposed qualified allocation plan required by federal law for use by TDHCA in setting criteria and priorities for the allocation of tax credits under the low income housing tax credit program. Deletes existing text requiring TDHCA, not later than September 30 of each year, to prepare and submit to the TDHCA board for adoption the qualified allocation plan required by federal law for use by TDHCA in setting criteria and priorities for the allocation of tax credits under the low income housing tax credit program.

(b) Requires the TDHCA board, regardless of whether the TDHCA board has adopted the plan annually or biennially, to submit to the governor any proposed qualified allocation plan not later than November 15 of the year preceding the year in which the new plan is proposed for use. Requires the governor to approve, reject, or modify and approve the proposed qualified allocation plan not later than December 1. Deletes existing text requiring the TDHCA board to adopt and submit to the governor the qualified allocation plan not later than November 15. Deletes Subsection "(c)" designation.

SECTION 74.06. Amends Section 1201.104, Occupations Code, by amending Subsections (a), (g), and (h) and adding Subsections (a-1), (a-2), (a-3), and (a-4) as follows:

(a) Requires a person who was not licensed or registered with TDHCA operating through its manufactured housing division or a predecessor agency on September 1, 1987, as a requirement for a manufacturer's, retailer's, broker's, installer's, salvage rebuilder's, or salesperson's license, to, not more than 12 months before applying for the person's first license under this chapter, attend and successfully complete eight hours, rather than 20 hours, of instruction in the law, including instruction in consumer protection regulations, except as provided by Subsection (g), rather than except as provided by Subsection (e) (relating to requiring the Manufactured Housing Board within THDCA to adopt rules relating to course content and approval).

(a-1) Creates this subsection from existing text. Requires an applicant, if the applicant is not an individual, to have at least one related person who satisfies the requirements of Subsection (a). Requires the related person to be a management official who satisfies the requirements of Subsections (a) and (a-2) at each retail location operated by the applicant, if that applicant is applying for a retailer's license.

(a-2) Requires an applicant for a retailer's license to complete four hours of specialized instruction relevant to the sale, exchange, and lease-purchase of manufactured homes. Provides that the instruction under this subsection is in addition to the instruction required under Subsection (a).

(a-3) Requires an applicant for an installer's license to complete four hours of specialized instruction relevant to the installation of manufactured homes. Provides that the instruction under this subsection is in addition to the instruction required under Subsection (a).

(a-4) Requires an applicant for a joint installer-retailer license to comply with Subsections (a-2) and (a-3), for a total of eight hours of specialized instruction. Provides that the instruction under this subsection is in addition to the instruction required under Subsection (a).

(g) Provides that Subsections (a), (a-2), (a-3), and (a-4), rather than Subsection (a), do not apply to a license holder who applies for a license for an additional business location, or to renew or reinstate a license.

(h) Prohibits the period needed to complete an examination under this subsection from being used to satisfy the minimum education requirements under Subsection (a), (a-2), (a-3), or (a-4).

SECTION 74.07. Amends Section 1201.303, Occupations Code, by amending Subsection (b) and adding Subsections (c) through (g), as follows:

(b) Requires TDHCA to establish an installation inspection program in which at least 75 percent, rather than at least 25 percent, of installed manufactured homes are inspected on a sample basis for compliance with the standards and rules adopted and orders issued by the director (executive director of TDHCA).

(c) Requires the executive director of TDHCA by rule, on or after January 1, 2015, to establish a third-party installation inspection program to supplement the inspections of TDHCA if TDHCA is not able to inspect at least 75 percent of manufactured homes installed in each of the calendar years 2012, 2013, and 2014.

(d) Requires that the third-party installation inspection program established under Subsection (c):

(1) establish qualifications for third-party inspectors to participate in the program;

(2) require third-party inspectors to register with TDHCA before participating in the program;

(3) establish a biennial registration and renewal process for third-party inspectors;

(4) require the list of registered third-party inspectors to be posted on TDHCA's Internet website;

(5) establish clear processes governing inspection fees and payment to third-party inspectors;

(6) establish the maximum inspection fee that may be charged to a consumer;

(7) require a third-party inspection to occur not later than the 14th day after the date of installation of the manufactured home;

(8) establish a process for a retailer or broker to contract, as part of the sale of a new or used manufactured home, with an independent third-party inspector to inspect the installation of the home;

(9) establish a process for an installer to schedule an inspection for each consumer-to-consumer sale where a home is reinstalled;

(10) if a violation is noted in an inspection, require the installer to:

(A) remedy the violations noted;

(B) have the home reinspected at the installer's expense; and

(C) certify to TDHCA that all violations have been corrected;

(11) require an inspector to report inspection results to the retailer, installer, and TDHCA;

(12) require all persons receiving inspection results under Subdivision (11) to maintain a record of the results at least until the end of the installation warranty period;

(13) authorize TDHCA to charge a filing fee and an inspection fee for third-party inspections;

(14) authorize TDHCA to continue to conduct no-charge complaint inspections under Section 1201.355 (Consumer Complaint Home Inspection) on request, but only after an initial installation inspection is completed;

(15) establish procedures to revoke the registration of inspectors who fail to comply with rules adopted under this section; and

(16) require TDHCA to notify the relevant state agency if TDHCA revokes an inspector registration based on a violation that is relevant to a license issued to the applicable person by another state agency.

(e) Requires TDHCA, not later than January 1, 2015, to submit to the LBB, the Governor's Office of Budget, Planning, and Policy, and the standing committee of each house of the legislature having primary jurisdiction over housing a report concerning whether TDHCA inspected at least 75 percent of manufactured homes installed in each of the calendar years 2012, 2013, and 2014.

(f) Requires the executive director of TDHCA not later than December 1, 2015, to adopt rules as necessary to implement Subsections (c) and (d) if TDHCA did not inspect at least 75 percent of manufactured homes installed in each of the calendar years 2012, 2013, and 2014. Requires TDHCA, not later than January 1, 2016, to begin registering third-party inspectors under Subsections (c) and (d) if TDHCA inspections did not occur as described by this subsection.

(g) Provides that, if TDHCA is not required to establish a third-party installation inspection program as provided by Subsection (c), Subsections (c), (d), (e), and (f) and this subsection expire September 1, 2016.

SECTION 74.08. Provides that the changes in law made by this article to Section 2306.6711, Government Code, apply only to an application for low income housing tax credits that is submitted to TDHCA during an application cycle that begins on or after the effective date of this Act. Provides that an application that is submitted during an application cycle that began before the effective date of this Act is governed by the law in effect at the time the application cycle began, and the former law is continued in effect for that purpose.

SECTION 74.09. Provides that the change in law made by this article in amending Section 1201.104, Occupations Code, applies only to an application for a license filed with the executive director of the manufactured housing division of TDHCA on or after the effective date of this article. Provides that an application for a license filed before that date is governed by the law in effect on the date the application was filed, and the former law is continued in effect for that purpose.

ARTICLE 75. FEDERAL FUNDS DESIGNATION

SECTION 75.01. Amends Subchapter F, Chapter 401, Government Code, by adding Section 401.105, as follows:

Sec. 401.105. FEDERAL FUNDS DESIGNATION. (a) Authorizes the governor, notwithstanding Section 487.051 (Powers and Duties) or 487.351 (Administration of Community Development Block Grant Program; Allocation of Funds), on the written request of the commissioner of agriculture or the administrative head of a state agency designated under this subsection, to designate one or more state agencies, under the Omnibus Budget Reconciliation Act of 1981 (Pub. L. No. 97-35) and 24 C.F.R. Part 570,

Subpart I, to administer the state's allocation of federal funds provided under the community development block grant nonentitlement program authorized by Title I of the Housing and Community Development Act of 1974 (42 U.S.C. Section 5301 et seq.).

(b) Authorizes the governor, notwithstanding Subsection (a) or any other law, to designate any agency to administer all federal community development block grant disaster recovery funds and to transfer such federal funds to any agency.

ARTICLE 76. REGULATION OF POLITICAL CONTRIBUTIONS AND EXPENDITURES,
REPORTING OF PERSONAL FINANCIAL INFORMATION, AND COMPLAINTS FILED
WITH THE TEXAS ETHICS COMMISSION

SECTION 76.01. Amends Section 253.0351, Election Code, by adding Subsection (c), as follows:

(c) Requires a candidate or officeholder who deposits personal funds in an account in which political contributions are held to report the amount of personal funds deposited as a loan and authorizes the candidate or officeholder to reimburse the amount deposited as a loan from political contributions or unexpended personal funds deposited in the account. Prohibits the reimbursement from exceeding the amount reported as a loan. Provides that personal funds deposited in an account in which political contributions are held are subject to Section 253.035 (Restrictions on Personal Use of Contributions) and are required to be included in the reports of the total amount of political contributions maintained required by Sections 254.031(a)(8) and 254.0611(a) (relating to additional contents of reports by certain judicial candidates).

SECTION 76.02. Amends Section 253.040(a), Election Code, to require each candidate or officeholder to keep the person's campaign and officeholder contributions in one or more accounts that are separate from any other account maintained by the person, except as provided by Section 253.0351(c).

SECTION 76.03. Amends Section 254.031(a), Election Code, as follows:

(a) Requires that, except as otherwise provided by this chapter, each report filed under this chapter include:

(1)-(2) Makes no changes to these subdivisions;

(3) the amount of political expenditures that in the aggregate exceed \$100, rather than that in the aggregate exceed \$50, and that are made during the reporting period, the full name and address of the persons to whom the expenditures are made, and the dates and purposes of the expenditures;

(4) Makes no changes to this subdivision;

(5) the total amount or a specific listing of the political contributions of \$50 or less accepted and the total amount or a specific listing of the political expenditures of \$100 or less, rather than the total amount or a specific listing of the political expenditures of \$50 or less, made during the reporting period;

(6)-(8) Makes no changes to these subdivisions;

(9) any credit, interest, rebate, refund, reimbursement, or return of a deposit fee resulting from the use of a political contribution or an asset purchased with a political contribution that is received during the reporting period and the amount of which exceeds \$100;

(10) any proceeds of the sale of an asset purchased with a political contribution that is received during the reporting period and the amount of which exceeds \$100;

(11) any investment purchased with a political contribution that is received during the reporting period and the amount of which exceeds \$100;

(12) any other gain from a political contribution that is received during the reporting period and the amount of which exceeds \$100; and

(13) the full name and address of each person from whom an amount described by Subdivision (9), (10), (11), or (12) is received, the date the amount is received, and the purpose for which the amount is received.

SECTION 76.04. Amends Section 571.122, Government Code, by adding Subsection (e), to provide that it is not a valid basis of a complaint to allege that a report required under Chapter 254 (Political Reporting), Election Code, contains the improper name or address of a person from whom a political contribution was received if the name or address in the report is the same as the name or address that appears on the check for the political contribution.

SECTION 76.05. Amends Subchapter E, Chapter 571, Government Code, by adding Section 571.1222, as follows:

Sec. 571.1222. DISMISSAL OF COMPLAINT CHALLENGING CERTAIN INFORMATION IN POLITICAL REPORT. Requires the Texas Ethics Commission (TEC), at any stage of a proceeding under this subchapter, to dismiss a complaint to the extent the complaint alleges that a report required under Chapter 254, Election Code, contains the improper name or address of a person from whom a political contribution was received if the name or address in the report is the same as the name or address that appears on the check for the political contribution.

SECTION 76.06. Amends Section 571.123(b), Government Code, to require that the written notice to the complainant and the respondent include certain informing, including, if the respondent is a candidate or officeholder, state the procedure by which the respondent may designate an agent with whom TEC staff may discuss the complaint. Makes nonsubstantive changes.

SECTION 76.07. Amends Subchapter E, Chapter 571, Government Code, by adding Section 571.1231, as follows:

Sec. 571.1231. DESIGNATION OF AGENT BY CERTAIN RESPONDENTS.

(a) Provides that this section applies only to a respondent who is a candidate or officeholder.

(b) Authorizes a respondent to a complaint filed against the respondent to by writing submitted to TEC designate an agent with whom TEC staff may communicate regarding the complaint.

(c) Provides that, for purposes of this subchapter, including Section 571.140 (Confidentiality; Offense), communications with the respondent's agent designated under this section are considered communications with the respondent.

SECTION 76.08. Amends Section 159.003(b), Local Government Code, as follows:

(b) Requires that the statement:

(1) Makes no changes to this subdivision; and

(2) comply with Sections 572.022 (Reporting Categories; Required Descriptions) and 572.023 (Contents of Financial Statement in General), Government Code, and with any order of the commissioners court of the county requiring additional disclosures.

SECTION 76.09. Makes application of Section 254.031(a), Election Code, as amended by this Act, prospective.

ARTICLE 77. FISCAL MATTERS RELATING TO CERTAIN GROUNDWATER CONSERVATION DISTRICTS

SECTION 77.01. Amends Section 36.0151, Water Code, by adding Subsections (f), (g), and (h), as follows:

(f) Prohibits the Texas Natural Resource Conservation Commission (TNRCC), before September 1, 2015, from creating a groundwater conservation district under this section in a county:

- (1) in which the annual amount of surface water used is more than 50 times the annual amount of groundwater produced;
- (2) that is located in a priority groundwater management area; and
- (3) that has a population greater than 2.3 million.

(g) Provides that, to the extent of a conflict between Subsection (f) and Section 35.012 (Creation of District in Priority Groundwater Management Area), Subsection (f) prevails.

(h) Authorizes TNRCC to charge an annual fee not to exceed \$500 to a county described by Subsection (f) for the purpose of studying compliance with that subsection in that county and the overall groundwater consumption in that county.

[Reserves ARTICLE 78.]

ARTICLE 79. EDUCATION JOBS FUND

SECTION 79.01. Prohibits the Teacher Retirement System of Texas from considering salaries of personnel paid wholly or partly from the Education Jobs Fund distributed to school districts under Title I of Pub. L. No. 111-226 as being paid from federal funds for purposes of interpreting and implementing Section 825.406 (Collection of Contributions from Federal or Private Sources; Offense; Penalty), Government Code.

ARTICLE 79A. CONFIDENTIALITY OF CERTAIN PEACE OFFICER VOUCHERS

SECTION 79A.01. Amends Subchapter H, Chapter 660, Government Code, by adding Section 660.2035, as follows:

Sec. 660.2035. CONFIDENTIALITY OF CERTAIN PEACE OFFICER VOUCHERS; QUARTERLY SUMMARIES. (a) Provides that a voucher or other expense reimbursement form, and any receipt or other document supporting that voucher or other expense reimbursement form, that is submitted or to be submitted under Section 660.027 (Vouchers) is confidential under Chapter 552 for a period of 18 months following the date of travel if the voucher or other expense reimbursement form is submitted or is to be submitted for payment or reimbursement of a travel expense incurred by a peace officer while assigned to provide protection for an elected official of this state or a member of the elected official's family.

(b) Provides that, at the expiration of the period provided by Subsection (a), the voucher or other expense reimbursement form and any supporting documents become subject to disclosure under Chapter 552 and are not excepted from public disclosure or confidential under that chapter or other law, except that the following provisions of that chapter apply to the information in the voucher, reimbursement form, or supporting documents:

- (1) Section 552.117 (Exception: Certain Addresses, Telephone Numbers, Social Security Numbers, and Personal Family Information);
- (2) Section 552.1175 (Confidentiality of Addresses, Telephone Numbers, Social Security Numbers, and Personal Family Information of Peace Officers, County Jailers, Security Officers, and Employees of the Texas Department of Criminal Justice or a Prosecutor's Office);
- (3) Section 552.119 (Exception: Photograph of Peace Officer);
- (4) Section 552.136 (Confidentiality of Credit Card, Debit Card, Charge Card, and Access Device Numbers);
- (5) Section 552.137 (Confidentiality of Certain E-mail Addresses);
- (6) Section 552.147 (Social Security Numbers); and
- (7) Section 552.152.

(c) Requires a state agency that submits vouchers or other expense reimbursement forms described by Subsection (a) to prepare quarterly a summary of the amounts paid or reimbursed by the comptroller based on those vouchers or other expense reimbursement forms. Requires that each summary:

- (1) list separately for each elected official the final travel destinations and the total amounts paid or reimbursed in connection with protection provided to each elected official and that elected official's family members; and
- (2) itemize the amounts listed under Subdivision (1) by the categories of travel, fuel, food, lodging or rent, and other operating expenses.

(d) Requires that the itemized amounts under Subsection (c)(2) equal the total amount listed under Subsection (c)(1) for each elected official for the applicable quarter.

(e) Prohibits a summary prepared under Subsection (c) from including:

- (1) the number or names of the peace officers or elected official's family members identified in the vouchers, expense reimbursement forms, or supporting documents;
- (2) the name of any business or vendor identified in the vouchers, expense reimbursement forms, or supporting documents; or
- (3) the locations in which expenses were incurred, other than the city, state, and country in which incurred.

(f) Provides that a summary prepared under Subsection (c) is subject to disclosure under Chapter 552, except as otherwise excepted from disclosure under that chapter.

(g) Authorizes a state agency that receives a request for information described by Subsection (a) during the period provided by that subsection to withhold that information without the necessity of requesting a decision from the attorney general under Subchapter G (Attorney General Decisions), Chapter 552. Provides that the Supreme Court of Texas has original and exclusive mandamus jurisdiction over any dispute regarding the construction, applicability, or constitutionality of Subsection (a). Authorizes the supreme court to appoint a master to assist in the resolution of any such dispute as provided by Rule 171

(Master in Chancery), Texas Rules of Civil Procedure, and to adopt additional rules as necessary to govern the procedures for the resolution of any such dispute.

SECTION 79A.02. Provides that Section 660.2035, Government Code, as added by this article, applies according to its terms in relation to travel vouchers or other reimbursement form and any supporting documents that pertain to expenses incurred or paid on or after the effective date of this article.

ARTICLE 80. EFFECTIVE DATE

SECTION 80.01. Effective date, except as otherwise provided by this Act: September 1, 2011, or the 91st day after the last day of the legislative session.