

BILL ANALYSIS

Senate Research Center
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S.B. 1811
By: Duncan
Finance
4/18/2011
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

As proposed, S.B. 1811 amends current law relating to state fiscal matters.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the comptroller of public accounts (comptroller) in SECTION 6.02 (Section 61.0015, Government Code), SECTION 7.07 (Section 162.114, Tax Code), SECTION 7.08 (Section 162.215, Tax Code), and SECTION 7.12 (Section 171.153, Tax Code) of this bill.

Rulemaking authority is expressly granted to the State Bar of Texas in SECTION 9.01 (Section 81.054, Government Code) of this bill.

Rulemaking authority previously granted to the comptroller is modified in SECTION 14.01 (Section 403.016, Government Code) of this bill.

Rulemaking authority is expressly granted to the attorney general in SECTION 16.03 (Section 402.0212, Government Code) and SECTION 16.04 (Section 371.051, Transportation Code) of this bill.

Rulemaking authority is expressly granted to the commissioner of insurance in SECTION 21.01 (Section 41.053, Insurance Code) of this bill.

Rulemaking authority previously granted to the commissioner of education is rescinded in SECTION 22.03 (Section 21.402, Education Code) of this bill.

Rulemaking authority is expressly granted to the commissioner of education in SECTION 22.03 (Section 21.402, Education Code), SECTION 22.04 (Section 21.403, Education Code), and SECTION 22.06 (Section 42.2518, Education Code) of this bill.

Rulemaking authority is expressly granted to the executive commissioner of the Health and Human Services Commission in SECTION 25.01 (Section 531.02176, Government Code) and SECTION 25.03 (531.0861, Government Code) of this bill.

SECTION BY SECTION ANALYSIS

ARTICLE 1. REDUCTION OF EXPENDITURES AND IMPOSITION OF CHARGES GENERALLY

SECTION 1.01. Provides that this article applies to each state agency, as that term is defined by Section 317.001, Government Code.

SECTION 1.02. Provides that, notwithstanding any other statute of this state, each state agency to which this article applies is authorized to reduce or recover expenditures by:

- (1) consolidating any reports or publications the agency is required to make and filing or delivering any of those reports or publications exclusively by electronic means;

- (2) extending the effective period of any license, permit, or registration the agency grants or administers;
- (3) entering into a contract with another governmental entity or with a private vendor to carry out any of the agency's duties;
- (4) modifying eligibility requirements for, the processes used to determine eligibility for, and the services provided to persons who receive benefits under any law the agency administers, including benefits and services required by federal law, to ensure that those benefits are received by the most deserving persons consistent with the purposes for which the benefits are provided;
- (5) providing that any communication between the agency and another person and any document required to be delivered to or by the agency, including any application, notice, billing statement, receipt, or certificate, may be made or delivered by e-mail or through the Internet; and
- (6) adopting and collecting fees or charges to cover any costs the agency incurs in performing its lawful functions.

ARTICLE 2. REDUCTION IN GENERAL APPROPRIATIONS ACT

SECTION 2.01. Provides that a state employee is not entitled to an amount from the state for expenses, per diem, travel, or salary that exceeds the amount authorized for those purposes by the General Appropriations Act.

SECTION 2.02. Provides that an active, former, or retired visiting judge or justice is not entitled to an amount from the state for expenses, per diem, travel, or salary that exceeds the amount authorized for those purposes by the General Appropriations Act.

SECTION 2.03. Provides that a local administrative district judge is not entitled to a salary from the state under Section 659.012(d) (relating to an increased salary for certain judges in certain counties), Government Code, that exceeds the amount authorized for that salary by the General Appropriations Act.

SECTION 2.04. Provides that an active district judge is not entitled to travel expenses under Section 24.019 (Expenses of District Judges), Government Code, in an amount that exceeds the amount authorized for those expenses by the General Appropriations Act.

SECTION 2.05. Provides that a judge, justice, or prosecuting attorney is not entitled to an amount from the state for a salary, a salary supplement, office expenses or reimbursement of office expenses, or travel that exceeds the amount authorized for those purposes by the General Appropriations Act.

SECTION 2.06. (a) Provides that a county is not entitled to receive from the state supplemental salary compensation for county prosecutors under Section 46.0031 (Compensation of County Prosecutors), Government Code, or longevity pay supplements reimbursement under Section 41.255 (Funding), Government Code, or any other supplements for prosecutors, in an amount that exceeds the amount appropriated for those purposes by the General Appropriations Act.

(b) Provides that a county is not entitled to state contributions for salaries or supplements under Chapter 25 (Statutory County Courts) or 26 (Constitutional County Courts), Government Code, in an amount that exceeds the amounts appropriated for those purposes in the General Appropriations Act.

(c) Provides that a county is not entitled to reimbursement under Article 11.071 (Procedure in Death Penalty Case), Code of Criminal Procedure, for reimbursement for compensation of counsel under that article in an amount that exceeds the amount appropriated for that purpose in the General Appropriations Act.

SECTION 2.07. Provides that a person reimbursed by the state for travel and expenses for attendance as a witness as provided by Article 35.27 (Reimbursement of Nonresident Witnesses), Code of Criminal Procedure, is not entitled to an amount that exceeds the amount appropriated for that purpose by the General Appropriations Act.

ARTICLE 3. FISCAL MATTERS REGARDING ASSISTANT PROSECUTORS

SECTION 3.01. Amends Section 41.255(f), Government Code, as follows:

(f) 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 of public accounts (comptroller) is required to 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) (relating to the total amount of longevity pay supplement due to assistant prosecutors) to apportion the funds received by reducing the amount payable to eligible assistant prosecutors on an equal percentage basis, but to provide that the county is not required to use county funds to make up any difference between the amount certified and the amount received.

SECTION 3.02. Repealer: Section 41.255(g) (relating to actions required if previous payments have been reduced for insufficient funds), Government Code.

ARTICLE 4. FISCAL MATTERS REGARDING PROCESS SERVERS

SECTION 4.01. Amends Subchapter A, Chapter 51, Government Code, by adding Section 51.008, as follows:

Sec. 51.008. FEES FOR PROCESS SERVER CERTIFICATION. (a) Authorizes the process server review board established by Supreme Court of Texas (supreme court) order to recommend to the supreme court the fees to be charged for process server certification and renewal of certification. Requires the supreme court to approve the fees recommended by the process server review board before the fees are authorized to be collected.

(b) Requires the fee for a certification, if the certification is issued or renewed for a term that is less than the certification period provided by supreme court rule, to be prorated so that the process server pays only that portion of the fee that is allocable to the period during which the certification is valid. Requires the process server, on renewal of the certification on the new expiration date, to pay the entire certification renewal fee.

(c) Authorizes the Office of Court Administration of the Texas Judicial System (OCA) to collect the fees recommended by the process server review board and approved by the supreme court. Requires that fees collected under this section be sent to the comptroller for deposit to the credit of the general revenue fund.

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

SECTION 4.02. 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.

SECTION 4.03. (a) Provides that the fees recommended and approved under Section 51.008, Government Code, as added by this article, apply to:

(1) each person who holds a process server certification on the effective date of this Act; and

(2) each person who applies for process server certification on or after the effective date of this Act.

(b) Requires OCA to prorate the process server certification fee so that a person who holds a process server certification on the effective date of this Act pays only that portion of the fee that is allocable to the period during which the certification is valid. Provides that on renewal of the certification on the new expiration date, the entire certification renewal fee is payable.

ARTICLE 5. FISCAL MATTERS REGARDING JUDICIAL AND COURT PERSONNEL TRAINING FUND

SECTION 5.01. 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 money in the judicial and court personnel training fund to 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 any unexpended balance in the fund in excess of \$500,000, at the end of each state fiscal year, be transferred to the general revenue fund.

ARTICLE 6. FISCAL MATTERS REGARDING PAYMENT OF JURORS

SECTION 6.01. Amends Section 61.001(a), Government Code, as follows:

(a) Provides that except as provided by Subsection (c) (relating to reimbursement for a person who reports to jury service in a municipality), 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, rather than not less than \$40, 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.

SECTION 6.02. Amends Sections 61.0015(a) and (e), Government Code, as follows:

(a) Requires the state to reimburse a county the appropriate amount as provided in the General Appropriations Act, rather than \$34 a day, 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.

(e) Authorizes the comptroller, if a payment on a county's claim for reimbursement is reduced under Subsection (d) (relating to money apportioned by the comptroller for certain claims), or if a county fails to file the claim for reimbursement in a timely manner, 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) (relating to certain claims for reimbursement paid by the comptroller). Deletes existing text requiring the comptroller, if a payment on a county's claim for reimbursement is reduced under Subsection (d), or if a county fails to file the claim for reimbursement in a timely manner, to pay the balance owed to the county when sufficient money described by Subsection (c) is available, or carry forward the balance owed to the county and pay the balance to the county when the next payment is required.

ARTICLE 7. STATE TAXES AND FEES

SECTION 7.01. Amends Section 34.04, Alcoholic Beverage Code, by amending Subsection (b) and adding Subsections (c), (d), and (e), as follows:

(b) Provides that the preparation and service of alcoholic beverages by the holder of an airline beverage permit is exempt from the tax imposed by Chapter 151 (Limited Sales, Excise, and Use Tax), Tax Code, rather than by the Limited Sales, Excise and Use Tax Act. Requires the permittee, subject to Subsections (c) and (e), to remit the fees to the Texas Alcoholic Beverage Commission (TABC) each month under a reporting system prescribed by TABC.

(c) Requires a permittee to remit not later than the last workday of August of each odd-numbered year the portion prescribed by this subsection of the fees and taxes described by this section that accrue during that month and that would otherwise have been due in September under the reporting system in effect on January 1, 2011. Requires that the remittance be accompanied by a report containing estimates for the month of August of the information ordinarily required on the report if it were filed in September. Requires that a remittance under this subsection be equal to one of the following amounts, at the permittee's election:

(1) 90 percent of the estimated amount of the taxes and fees the permittee is required to collect and remit for the August reporting period; or

(2) the amount of taxes and fees the permittee actually collected and remitted in August of the preceding year.

(d) Authorizes the report and payment required by Subsection (c) to be made in conjunction with the report and payment ordinarily required during August under the reporting system prescribed by TABC.

(e) Requires a permittee who files a report required by Subsection (c) to file a supplemental report not later than September 15 of each odd-numbered year that reports the total amount of taxes and fees collected for the month of August of that year and the amount required to be remitted. Requires that the supplemental report, if the payment made under Subsection (c) is less than the amount required to be remitted, be accompanied by a payment for the difference between the amount required to be remitted and the amount of the payment made under Subsection (c). Requires that the supplemental report, if the payment made under Subsection (c) exceeds the amount required to be remitted, state the amount of the overpayment. Authorizes the permittee

filing the supplemental report to take a credit in the amount of the overpayment against the next payment due under the reporting system prescribed by TABC.

SECTION 7.02. Amends Section 48.04, Alcoholic Beverage Code, by amending Subsection (b) and adding Subsections (c), (d), and (e), as follows:

(b) Provides that the preparation and service of alcoholic beverages by the holder of a passenger train beverage permit is exempt from the tax imposed by Chapter 151, Tax Code, rather than the Limited Sales, Excise, and Use Tax Act (Section 151.001 et seq., Tax Code). Requires the permittee, subject to Subsections (c) and (e), to remit the fees to TABC each month under a reporting system prescribed by TABC.

(c) Requires a permittee to remit not later than the last workday of August of each odd-numbered year the portion prescribed by this subsection of the fees and taxes described by this section that accrue during that month and that would otherwise have been due in September under the reporting system in effect on January 1, 2011. Requires that the remittance be accompanied by a report containing estimates for the month of August of the information ordinarily required on the report if it were filed in September. Requires that a remittance under this subsection be equal to one of the following amounts, at the permittee's election:

(1) 90 percent of the estimated amount of the taxes and fees the permittee is required to collect and remit for the August reporting period; or

(2) the amount of taxes and fees the permittee actually collected and remitted in August of the preceding year.

(d) Authorizes the report and payment required by Subsection (c) to be made in conjunction with the report and payment ordinarily required during August under the reporting system prescribed by TABC.

(e) Requires a permittee who files a report required by Subsection (c) to file a supplemental report not later than September 15 of each odd-numbered year that reports the total amount of taxes and fees collected for the month of August of that year and the amount required to be remitted. Requires that the supplemental report, if the payment made under Subsection (c) is less than the amount required to be remitted, be accompanied by a payment for the difference between the amount required to be remitted and the amount of the payment made under Subsection (c). Requires that the supplemental report, if the payment made under Subsection (c) exceeds the amount required to be remitted, state the amount of the overpayment. Authorizes the permittee filing the supplemental report to take a credit in the amount of the overpayment against the next payment due under the reporting system prescribed by TABC.

SECTION 7.03. Amends Section 201.07, Alcoholic Beverage Code, as follows:

Sec. 201.07. DUE DATE. (a) Creates this subsection from existing text. Provides that subject to Subsections (b) and (d), 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 to file not later than the last workday of August of each odd-numbered year the report that would otherwise have been due on or before September 15 of that year under Subsection (a) without accounting for any credit or discount to which the permittee is entitled. Requires that the report contain estimates for the month of August of the information ordinarily required on the report if it were filed in September, other than information relating to any credit or discount to which the permittee is entitled. Requires the permittee to remit with the report a payment equal to one of the following amounts, at the permittee's election:

(1) 90 percent of the estimated amount of tax for which the permittee is liable for the month of August without accounting for any credit or discount to which the permittee is entitled; or

(2) the amount of tax the permittee actually collected and remitted in August of the preceding year.

(c) Authorizes the report and payment required by Subsection (b) to be filed in conjunction with the report and payment required by Subsection (a) that is due on or before August 15 of an odd-numbered year.

(d) Requires a permittee who files a report required by Subsection (b) to file a supplemental report not later than September 15 of each odd-numbered year that reports the total amount of tax for which the permittee is liable for the month of August of that year and the amount required to be remitted, after accounting for any credit or discount to which the permittee is entitled. Requires that the supplemental report, if the payment made under Subsection (b) is less than the amount required to be remitted, be accompanied by a payment for the difference between the amount required to be remitted and the amount of the payment made under Subsection (b). Requires that the supplemental report, if the payment made under Subsection (b) exceeds the amount required to be remitted, state the amount of the overpayment. Authorizes the permittee filing the supplemental report to take a credit in the amount of the overpayment against the next payment due under Subsection (a).

SECTION 7.04. Amends Section 201.43, Alcoholic Beverage Code, by amending Subsection (b) and adding Subsections (c), (d), and (e), as follows:

(b) Provides that subject to Subsections (c) and (e), 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 to file not later than the last workday of August of each odd-numbered year the report that would otherwise have been due on or before September 15 of that year under Subsection (b) without accounting for any credit or discount to which the permittee is entitled. Requires that the report contain estimates for the month of August of the information ordinarily required on the report if it were filed in September, other than information relating to any credit or discount to which the permittee is entitled. Requires the permittee to remit with the report a payment equal to one of the following amounts, at the permittee's election:

(1) 90 percent of the estimated amount of tax the permittee is required to collect and remit during August without accounting for any credit or discount to which the permittee is entitled; or

(2) the amount of tax the permittee actually collected and remitted in August of the preceding year.

(d) Authorizes the report and payment required by Subsection (c) to be filed in conjunction with the report and payment required by Subsection (b) that is due on or before August 15 of an odd-numbered year.

(e) Requires a permittee who files a report required by Subsection (c) to file a supplemental report not later than September 15 of each odd-numbered year that reports the total amount of tax for which the permittee is liable for the month of August of that year and the amount required to be remitted, after accounting for any credit or discount to which the permittee is entitled. Requires that the supplemental report, if the payment made under Subsection (c) is less than the amount required to be remitted, be accompanied by a payment for the difference between the amount required to be remitted

and the amount of the payment made under Subsection (c). Requires that the supplemental report, if the payment made under Subsection (c) exceeds the amount required to be remitted, state the amount of the overpayment. Authorizes the permittee filing the supplemental report to take a credit in the amount of the overpayment against the next payment due under Subsection (b).

SECTION 7.05. Amends Section 203.03, Alcoholic Beverage Code, by amending Subsection (b) and adding Subsections (c), (d), and (e), as follows:

(b) Provides that subject to Subsections (c) and (e), 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 file not later than the last workday of August of each odd-numbered year the report that would otherwise have been due on or before September 15 of that year under Subsection (b) without accounting for any credit or discount to which the licensee is entitled. Requires that the report contain estimates for the month of August of the information ordinarily required on the report if it were filed in September, other than information relating to any credit or discount to which the licensee is entitled. Requires the licensee to remit with the report a payment equal to one of the following amounts, at the licensee's election:

(1) 90 percent of the estimated amount of tax for which the licensee is liable for the month of August without accounting for any credit or discount to which the licensee is entitled; or

(2) the amount of tax the licensee actually collected and remitted in August of the preceding year.

(d) Authorizes the report and payment required by Subsection (c) to be filed in conjunction with the report and payment required by Subsection (b) that is due on or before August 15 of an odd-numbered year.

(e) Requires a licensee who files a report required by Subsection (c) to file a supplemental report not later than September 15 of each odd-numbered year that reports the total amount of tax for which the licensee is liable for the month of August of that year and the amount required to be remitted, after accounting for any credit or discount to which the licensee is entitled. Requires that the supplemental report, if the payment made under Subsection (c) is less than the amount required to be remitted, be accompanied by a payment for the difference between the amount required to be remitted and the amount of the payment made under Subsection (c). Requires that the supplemental report, if the payment made under Subsection (c) exceeds the amount required to be remitted, state the amount of the overpayment. Authorizes the licensee filing the supplemental report to take a credit in the amount of the overpayment against the next payment due under Subsection (b).

SECTION 7.06. Amends Section 154.021(b), Tax Code, to provide that the tax rates are \$70.51, rather than \$70.50, per thousand on cigarettes weighing three pounds or less per thousand, and the rate provided by Subdivision (1) plus \$2.10 per thousand on cigarettes weighing more than three pounds per thousand.

SECTION 7.07. Amends Section 162.114, Tax Code, by amending Subsections (a) and (c) and adding Subsections (e), (f), (g), and (h), as follows:

(a) Requires each person who is liable for the tax imposed by this subchapter, a terminal operator, and a licensed distributor, except as provided by Subsections (b) (relating to filing a return by a motor fuel transporter and an interstate trucker), (e), and (g), rather than by Subsection (b), to file a return on or before the 25th day of the month following the end of each calendar month.

(c) Requires that the return required by this section be accompanied by a payment for the amount of tax reported due, subject to Subsections (e) and (g).

(e) Requires each person who is liable for collecting and remitting the tax imposed by this subchapter on a monthly basis to file not later than the last workday of August of each odd-numbered year the return that would otherwise have been due on or before September 25 of that year under Subsection (a) without accounting for any credit or allowance to which the person is entitled. Requires that the return contain estimates for the month of August of the information ordinarily required on the return if it were filed in September, other than information relating to any credit or allowance to which the person is entitled. Requires the person to remit with the return a payment equal to one of the following amounts, at the person's election:

(1) 90 percent of the estimated amount of tax the person is required to collect and remit during August without accounting for any credit or allowance to which the person is entitled; or

(2) the amount of tax the person actually collected and remitted in August of the preceding year.

(f) Authorizes the return and payment required by Subsection (e) to be filed in conjunction with the return and payment required by Subsection (a) that is due on or before August 25 of an odd-numbered year.

(g) Requires a person who files a return required by Subsection (e) to file a supplemental return not later than September 25 of each odd-numbered year that reports the total amount of tax collected for the month of August of that year and the amount required to be remitted, after accounting for any credit or allowance to which the person is entitled. Requires that the supplemental return, if the payment made under Subsection (e) is less than the amount required to be remitted, be accompanied by a payment for the difference between the amount required to be remitted and the amount of the payment made under Subsection (e). Requires that the supplemental return, if the payment made under Subsection (e) exceeds the amount required to be remitted, state the amount of the overpayment. Authorizes the person filing the supplemental return to take a credit in the amount of the overpayment against the next payment due under Subsection (c).

(h) Authorizes the comptroller to adopt rules prescribing the information required on a return filed under Subsection (e) or a supplemental return filed under Subsection (g).

SECTION 7.08. Amends Section 162.215, Tax Code, by amending Subsections (a) and (c) and adding Subsections (e), (f), (g), and (h), as follows:

(a) Requires each person who is liable for the tax imposed by this subchapter, a terminal operator, and a licensed distributor, except as provided by Subsections (b) (relating to a return filed by a motor fuel transporter, interstate trucker, and dyed diesel fuel bonded user), (e), and (g), to file a return on or before the 25th day of the month following the end of each calendar month.

(c) Requires that the return required by this section be accompanied by a payment for the amount of tax reported due, subject to Subsections (e) and (g).

(e) Requires each person who is liable for collecting and remitting the tax imposed by this subchapter on a monthly basis to file not later than the last workday of August of each odd-numbered year the return that would otherwise have been due on or before September 25 of that year under Subsection (a) without accounting for any credit or allowance to which the person is entitled. Requires that the return contain estimates for the month of August of the information ordinarily required on the return if it were filed in September, other than information relating to any credit or allowance to which the person is entitled. Requires the person to remit with the return a payment equal to one of the following amounts, at the person's election:

(1) 90 percent of the estimated amount of tax the person is required to collect and remit during August without accounting for any credit or allowance to which the person is entitled; or

(2) the amount of tax the person actually collected and remitted in August of the preceding year.

(f) Authorizes the return and payment required by Subsection (e) to be filed in conjunction with the return and payment required by Subsection (a) that is due on or before August 25 of an odd-numbered year.

(g) Requires a person who files a return required by Subsection (e) to file a supplemental return not later than September 25 of each odd-numbered year that reports the total amount of tax collected for the month of August of that year and the amount required to be remitted, after accounting for any credit or allowance to which the person is entitled. Requires that the supplemental return, if the payment made under Subsection (e) is less than the amount required to be remitted, be accompanied by a payment for the difference between the amount required to be remitted and the amount of the payment made under Subsection (e). Requires that the supplemental return, if the payment made under Subsection (e) exceeds the amount required to be remitted, state the amount of the overpayment. Authorizes the person filing the supplemental return to take a credit in the amount of the overpayment against the next payment due under Subsection (c).

(h) Authorizes the comptroller to adopt rules prescribing the information required on a return filed under Subsection (e) or a supplemental return filed under Subsection (g).

SECTION 7.09. Amends Section 162.503, Tax Code, as follows:

Sec. 162.503. ALLOCATION OF GASOLINE TAX. (a) Creates this subsection from existing text. Requires the comptroller, except as provided by Subsection (b), on or before the fifth workday after the end of each month, after making all deductions for refund purposes and for the amounts allocated under Sections 162.502 (Allocation of Unclaimed Refundable Gasoline Taxes) and 162.5025 (Allocation of Other Unclaimed Refundable Nondedicated Taxes), to allocate the net remainder of the taxes collected under Subchapter B as follows:

(1) one-fourth of the tax is required to be deposited to the credit of the available school fund;

(2) one-half of the tax is required to be deposited to the credit of the state highway fund for the construction and maintenance of the state road system under existing law; and

(3) from the remaining one-fourth of the tax the comptroller is required to:

(A) deposit to the credit of the county and road district highway fund all the remaining tax receipts until a total of \$7,300,000 has been credited to the fund each fiscal year; and

(B) after the amount required to be deposited to the county and road district highway fund has been deposited, deposit to the credit of the state highway fund the remainder of the one-fourth of the tax, the amount to be provided on the basis of allocations made each month of the fiscal year, which sum is required to be used by the Texas Department of Transportation (TxDOT) for the construction, improvement, and maintenance of farm-to-market roads.

(b) Prohibits the comptroller from allocating revenue remitted to the comptroller during July and August of each odd-numbered year before the first workday of September. Requires that the revenue be allocated as otherwise provided by Subsection (a) not later than the fifth workday of September.

SECTION 7.10. Amends Section 162.504, Tax Code, as follows:

Sec. 162.504. ALLOCATION OF DIESEL FUEL TAX. (a) Requires the comptroller, except as provided by Subsection (b), on or before the fifth workday after the end of each month, after making deductions for refund purposes, for the administration and enforcement of this chapter, and for the amounts allocated under Section 162.5025, to allocate the remainder of the taxes collected under Subchapter C (Diesel Fuel Tax) as follows:

(1) one-fourth of the taxes shall be deposited to the credit of the available school fund; and

(2) three-fourths of the taxes shall be deposited to the credit of the state highway fund.

(b) Prohibits the comptroller from allocating revenue remitted to the comptroller during July and August of each odd-numbered year before the first workday of September. Requires that the revenue be allocated as otherwise provided by Subsection (a) not later than the fifth workday of September.

SECTION 7.11. Amends Section 171.152(c), Tax Code, as follows:

(c) Provides that except as provided by Section 171.153, payment of the tax covering the regular annual period is due May 15 of each year after the beginning of the regular annual period.

SECTION 7.12. Amends Subchapter D, Chapter 171, Tax Code, by adding Section 171.153, as follows:

Sec. 171.153. DATES ON WHICH PAYMENTS FROM CERTAIN LARGE TAXABLE ENTITIES ARE DUE. (a) Defines, for purposes of this section, a "large taxable entity." Prohibits a taxable entity from being considered a large taxable entity before the regular annual period following the taxable entity's first regular annual period. Requires the comptroller, not later than June 1 of each year, to:

(1) compute the median tax liability under this chapter of all taxable entities for the preceding regular annual period; and

(2) post the information on the comptroller's Internet website for a taxable entity's use in determining whether the entity is a large taxable entity.

(b) Requires a large taxable entity to pay the tax covering the regular annual period in five payments. Provides that the first four payments are due July 15, October 15, January 15, and April 15, and each is required to be in an amount equal to one-fourth of 90 percent of the large taxable entity's total tax owed for the preceding regular annual period. Requires the large taxable entity to make a final payment equal to the total tax for the regular annual period, minus the sum of the amounts of the first four payments. Provides that the final payment is due May 15. Authorizes the large taxable entity, if the sum of the amounts of the first four payments exceeds the total tax for the regular annual period, to deduct the amount of the overpayment from the next payment required to be made under this chapter or request a refund of that amount.

(c) Authorizes a large taxable entity that is authorized to request an extension under Section 171.202 (Annual Report) to request an extension for making a tax

payment required under this section. Requires that a request for an extension under this section be made in accordance with procedures adopted by the comptroller by rule that are comparable to the procedures applicable to a request for an extension under Section 171.202, including the requirements for remitting a portion of the amount due with the request.

(d) Requires the comptroller to adopt rules as necessary prescribing:

(1) the manner in which payments are made under this section and any information that must accompany the payments; and

(2) procedures for the making and granting of a request for an extension under this section that are comparable to the procedures under Section 171.202 to the extent practicable.

(e) Provides that, notwithstanding the payment schedule required by this section, a large taxable entity's annual report is due on the date prescribed by Section 171.202, and a reference in this chapter to the date the report is originally due means the date prescribed by that section.

SECTION 7.13. Amends Subchapter B, Chapter 183, Tax Code, by adding Section 183.024, as follows:

Sec. 183.024. DUE DATES OF CERTAIN RETURNS AND PAYMENTS. (a) Provides that this section applies to the reporting and remittance of taxes imposed under this subchapter during August of each odd-numbered year and prevails to the extent of a conflict with Section 183.022 (Tax Return Due Date) or 183.023 (Payment).

(b) Requires a permittee to file with the comptroller not later than the last workday of August of each odd-numbered year the tax return that would otherwise have been due on or before September 20 of that year under Section 183.022 without accounting for any credit or allowance to which the permittee is entitled. Requires that the return contain estimates for the month of August of the information ordinarily required on the return if it were filed in September, other than information relating to any credit or allowance to which the permittee is entitled. Requires the permittee to remit with the return a payment equal to one of the following amounts, at the permittee's election:

(1) 90 percent of the estimated amount of tax imposed on the permittee during August without accounting for any credit or allowance to which the permittee is entitled; or

(2) the amount of tax actually imposed on the permittee and remitted in August of the preceding year.

(c) Authorizes the return and payment required by Subsection (b) to be filed in conjunction with the return and payment required by Sections 183.022 and 183.023 that is due on or before August 20 of an odd-numbered year.

(d) Requires a permittee who files a return required by Subsection (b) to file a supplemental return not later than September 20 of each odd-numbered year that reports the total amount of tax collected for the month of August of that year and the amount required to be remitted, after accounting for any credit or allowance to which the permittee is entitled. Requires that the supplemental return, if the payment made under Subsection (b) is less than the amount required to be remitted, be accompanied by a payment for the difference between the amount required to be remitted and the amount of the payment made under Subsection (b). Requires that the supplemental return, if the payment made under Subsection (b) exceeds the amount required to be remitted, state the amount of the overpayment. Authorizes the permittee filing the supplemental return to take a

credit in the amount of the overpayment against the next payment due under Section 183.023.

SECTION 7.14. Amends Section 181.002, Tax Code, to provide that the rate of the tax imposed by this chapter is \$0.0274, rather than \$0.0275, for each 100 pounds or fraction of 100 pounds of taxable cement.

SECTION 7.15. (a) Requires the comptroller, notwithstanding Section 171.153(a), Tax Code, as added by this article, to make the initial computation of median tax liability and post the information on the comptroller's Internet website as required by that subsection not later than June 15 of the year in which Section 171.153, Tax Code, as added by this article, takes effect.

(b) Provides that the initial payment from a large taxpayer under Section 171.153(b), Tax Code, as added by this article, is due July 15 of the year in which Section 171.153, Tax Code, as added by this article, takes effect.

SECTION 7.16. (a) Provides that except as provided by Subsection (b) of this section, this article takes effect immediately if this Act receives a vote of two-thirds of all the members elected to each house, as provided by Section 39 (Time of Taking Effect of Laws; Emergencies; Entry on Journal), Article III, Texas Constitution. Provides that if this Act does not receive the vote necessary for immediate effect:

(1) except as provided by Subdivision (2) of this subsection, this article takes effect September 1, 2011; and

(2) Section 171.152(c), Tax Code, as amended by this article, and Section 171.153, Tax Code, as added by this article, take effect June 1, 2012.

(b) Provides that the changes in law made by this article to Sections 154.021(b) and 181.002, Tax Code, take effect September 1, 2011.

ARTICLE 8. STATE PENSION REVIEW BOARD

SECTION 8.01. Amends Sections 801.113(c) and (e), Government Code, as follows:

(c) Requires the governing board of a public retirement system to make, rather than authorizes the governing board of any public retirement system to vote to make, an annual contribution to the State Pension Review Board in an amount equal to 50 cents, rather than not to exceed 50 cents, for each active member and annuitant of the retirement system as of September 1 of the year for which the contribution is made.

(e) Deletes existing text authorizing the fees to be based on whether or not the trustees, administrators, or systems contribute to the State Pension Review Board fund under Subsection (c) of this section.

SECTION 8.02. Requires the governing board of a public retirement system to make the initial contribution required under Section 801.113(c), Government Code, as amended by this article, to the State Pension Review Board fund as required by that section on or before September 1, 2011.

SECTION 8.03. Effective date, this article: upon passage or on the 91st day after the last day of the legislative session.

ARTICLE 9. STATE BAR OF TEXAS

SECTION 9.01. Amends Section 81.054, Government Code, by adding Subsections (m) and (n), as follows:

(m) Provides that a member is not required to pay a membership fee for a year in which the member is employed as a full-time attorney by the office of the attorney general (OAG).

(n) Requires the State Bar of Texas (state bar) to adopt rules governing the proration of a membership fee paid by an attorney who is not employed by OAG for an entire year.

SECTION 9.02. Makes application of Sections 81.054(m) and (n), Government Code, as added by this article, prospective.

SECTION 9.03. Effective date, this article: January 1, 2012.

ARTICLE 10. COMPTROLLER: UNCLAIMED PROPERTY

SECTION 10.01. Amends Section 74.509, Property Code, as follows:

Sec. 74.509. HANDLING FEE FOR PROCESSING UNCLAIMED PROPERTY. (a) Creates this subsection from existing text. Requires the comptroller to deduct from each approved claim a handling fee of 10 percent of the amount of the claim and retain the fee in the general revenue fund if the approved claim is at least \$100. Deletes existing text authorizing a handling fee to be deducted from the amount of the claim payment if the payment is at least \$100.

(b) Authorizes the comptroller, subject to legislative appropriation, to use the retained handling fees to pay the costs to process unclaimed property claims.

SECTION 10.02. Effective date, this article: September 1, 2011.

ARTICLE 11. TEXAS ETHICS COMMISSION

SECTION 11.01. Amends Section 305.005(c), Government Code, as follows:

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

(1) an amount prescribed by the General Appropriations Act of not more than \$200 and not less 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) an amount prescribed by the General Appropriations Act of not more than \$100 and not less than \$50 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); or

(3) an amount prescribed by the General Appropriations Act of not more than \$1,000 and not less than \$500 for any other registrant.

SECTION 11.02. Effective date, this article: September 1, 2011.

ARTICLE 12. FISCAL MATTERS REGARDING LEASING CERTAIN STATE FACILITIES

SECTION 12.01. Amends the heading to Section 2165.2035, Government Code, to read as follows:

Sec. 2165.2035. LEASE OF SPACE IN STATE-OWNED PARKING LOTS AND GARAGES; USE AFTER HOURS.

SECTION 12.02. Amends Subchapter E, Chapter 2165, Government Code, by adding Sections 2165.204, 2165.2045, and 2165.2046, as follows:

Sec. 2165.204. LEASE OF SPACE IN STATE-OWNED PARKING LOTS AND GARAGES; EXCESS INDIVIDUAL PARKING SPACES. (a) Authorizes the Texas Facilities Commission (TFC) to lease to a private individual an individual parking space

in a state-owned parking lot or garage located in the city of Austin that TFC determines is not needed to accommodate the regular parking requirements of state employees who work near the lot or garage and visitors to nearby state government offices.

(b) Requires that money received from a lease under this section be deposited to the credit of the general revenue fund.

Sec. 2165.2045. LEASE OF SPACE IN STATE-OWNED PARKING LOTS AND GARAGES; EXCESS BLOCKS OF PARKING SPACE. (a) Authorizes TFC to lease to an institution of higher education or a local government all or a significant block of a state-owned parking lot or garage located in the city of Austin that TFC determines is not needed to accommodate the regular parking requirements of state employees who work near the lot or garage and visitors to nearby state government offices.

(b) Requires that money received from a lease under this section be deposited to the credit of the general revenue fund.

Sec. 2165.2046. REPORTS ON PARKING PROGRAMS. Requires TFC, on or before October 1 of each even-numbered year, to submit a report to the Legislative Budget Board (LBB) describing the effectiveness of parking programs developed by the commission under this subchapter. Requires that the report, at a minimum, include:

- (1) the yearly revenue generated by the programs;
- (2) the yearly administrative and enforcement costs of each program;
- (3) yearly usage statistics for each program; and
- (4) initiatives and suggestions by the commission to modify administration of the programs, and increase revenue generated by the programs.

SECTION 12.03. Effective date, this article: upon passage or September 1, 2011.

ARTICLE 13. STATE DEBT

SECTION 13.01. Amends Chapter 1231, Government Code, by adding Subchapter G, as follows:

SUBCHAPTER G. LIMIT ON STATE DEBT PAYABLE FROM GENERAL REVENUE FUND

Sec. 1231.151. DEFINITIONS. Defines, in this subchapter, “maximum annual debt service,” “state debt payable from the general revenue fund,” and “unissued debt.”

Sec. 1231.152. COMPUTATION OF DEBT LIMIT. Authorizes the Texas Bond Review Board (BRB), in computing the annual debt service in a state fiscal year on state debt payable from the general revenue fund for purposes of determining whether additional state debt is authorized to be authorized without exceeding the maximum annual debt service, to employ any assumptions related to unissued debt that the board determines are necessary to reflect common or standard debt issuance practices authorized by law, including assumptions regarding interest rates, debt maturity, and debt service payment structures.

Sec. 1231.153. REPORT ON COMPUTATION. (a) Requires BRB to publish during each state fiscal year a report providing a detailed description of the method used to compute the annual debt service in that fiscal year on state debt payable from the general revenue fund for purposes of determining whether additional state debt may be authorized. Requires that the report describe:

- (1) the debt service included in the computation, including debt service on issued and unissued debt;
- (2) the assumptions on which the debt service on unissued debt was based; and
- (3) any other factors required by law that affect the computation.

(b) Authorizes BRB to publish the report required by this section as a component of any other report required by law, including the annual report required by Section 1231.102 (Annual Report), or as an independent report. Requires BRB to make the report available to the public.

SECTION 13.02. Requires BRB to publish the initial report required by Section 1231.153, Government Code, as added by this article, during the state fiscal year beginning September 1, 2011.

SECTION 13.03. Effective date, this article: upon passage or September 1, 2011.

ARTICLE 14. ELECTRONIC PAYMENTS

SECTION 14.01. Amends Section 403.016, Government Code, as follows:

Sec. 403.016. New heading: ELECTRONIC FUNDS TRANSFER AND ELECTRONIC PAY CARDS. (a) Authorizes the comptroller to use the services of financial institutions, automated clearinghouses, and the federal government to establish and operate the electronic transfer system. Requires the comptroller to also establish and operate an efficient and effective system of making payments by electronic pay card.

(b) Requires the comptroller to use either the electronic funds transfer system or an electronic pay card to pay an employee's net state salary and travel expense reimbursements, rather than to use the electronic funds transfer system to pay an employee's net state salary and travel expense reimbursements unless the employee does not hold a classified position under the state's position classification plan and the employee's gross state salary is less than the gross state salary for a position classified to group 8, step 1, of the state position classification plan; or the employee holds a classified position under the state's position classification plan that is classified below group 8.

(c) Requires the comptroller to use either the electronic funds transfer system or an electronic pay card to make:

- (1) payments, rather than payments of more than \$100, to annuitants by the Employees Retirement System of Texas or the Teacher Retirement System of Texas under either system's administrative jurisdiction and payments to annuitants of any other retirement system who are paid from funds in the state treasury;
- (2) recurring payments to municipalities, counties, political subdivisions, special districts, and other governmental entities of this state; and
- (3) payments to vendors who choose to receive payment through the electronic funds transfer system or an electronic pay card rather than by warrant.

(d) Authorizes the comptroller, if the comptroller is not required by this section to use either the electronic funds transfer system or an electronic pay card to pay a person, to use the electronic funds transfer system or an electronic pay card to pay the person on the person's request.

(e) Redesignates existing Subsection (f)(1) as Subsection (e)(1). Makes no further changes to this subsection.

(f) Redesignates existing Subsection (g) as Subsection (f). Authorizes the comptroller, when a law requires the comptroller to make a payment by warrant, to instead make the payment through the electronic funds transfer system or by electronic pay card. Provides that the comptroller's use of the electronic funds transfer system, an electronic pay card, or any other payment means does not create a right that would not have been created if a warrant had been issued.

(g) Redesignates existing Subsection (i) as Subsection (g). Authorizes the comptroller, notwithstanding any requirement in this section to make a payment through the electronic funds transfer system or by electronic pay card, to make a payment by warrant if the comptroller determines after conducting a cost analysis that the cost to the state of using the electronic funds transfer or electronic pay card system would exceed the cost of issuing a warrant. Requires the comptroller to submit to the LBB the cost analysis supporting each determination made by the comptroller under this subsection. Authorizes the comptroller, notwithstanding any requirement in this section to make a payment through the electronic funds transfer system, to make a payment by warrant if using the electronic funds transfer system would be impractical to the state. Deletes existing Subsection (h) requiring the comptroller, notwithstanding any requirement in this section to make a payment through the electronic funds transfer system, to issue a warrant to pay a person if the person properly notifies the comptroller that receiving the payment by electronic funds transfer would be impractical to the person, receiving the payment by electronic funds transfer would be more costly to the person than receiving the payment by warrant, the person is unable to establish a qualifying account at a financial institution to receive electronic funds transfers, or the person chooses to receive the payment by warrant; or the state agency on whose behalf the comptroller makes the payment properly notifies the comptroller that making the payment by electronic funds transfer would be impractical to the agency, or making the payment by electronic funds transfer would be more costly to the agency than making the payment by warrant.

(h) Redesignates existing Subsection (j) as Subsection (h). Requires the comptroller to adopt rules to administer this section, including rules relating to allowing recipients of state payments to choose at appropriate times between receiving payment through the electronic funds transfer system, by electronic pay card, or by warrant, rather than to the notifications that may be provided to the comptroller under Subsection (h).

SECTION 14.02. Amends Subchapter B, Chapter 403, Government Code, by adding Section 403.0161, as follows:

Sec. 403.0161. **CONTRACTS FOR ELECTRONIC PAY CARD SERVICES.** Requires the comptroller to contract with one or more vendors for the provision of electronic pay card services. Requires that a contract under this section be by competitive bid. Requires the comptroller to specify the qualifications for bidders, which are required to include requirements that the entity that issues the pay card is required to:

- (1) be federally insured or possess sufficient financial resources to ensure protection of payees; and
- (2) demonstrate adequate 24-hour customer service to ensure that all payees are able to reasonably access their funds worldwide at any time.

SECTION 14.03. Amends Section 659.084, Government Code, to require that salaries for state officers and employees paid once a month be paid through electronic funds transfer under Section 403.016 (Electronic Funds Transfer) unless paid on an electronic pay card, rather than on warrant, as permitted under that section.

SECTION 14.04. Effective date, this article: January 1, 2012.

ARTICLE 15. FISCAL MATTERS RELATING TO SECRETARY OF STATE

SECTION 15.01. Amends Section 405.014, Government Code, as follows:

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

(b) Requires the Secretary of State (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:

(1) indexed by bill number and assigned chapter number for each bill; and

(2) made available by an electronic link on the secretary of state's generally accessible Internet website.

SECTION 15.02. Repealer: Subchapter B (Contract for Printing Laws), Chapter 2158, Government Code.

SECTION 15.03. 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 15.04. Effective date, this article: September 1, 2011.

ARTICLE 16. FISCAL MATTERS REGARDING ATTORNEY GENERAL

SECTION 16.01. Amends Section 402.006, Government Code, by adding Subsection (d) to authorize the attorney general to charge a reasonable fee for the electronic filing of a document.

SECTION 16.02. Amends the heading to Section 402.0212, Government Code, to read as follows:

Sec. 402.0212. PROVISION OF LEGAL SERVICES--OUTSIDE COUNSEL; FEES.

SECTION 16.03. Amends Section 402.0212, Government Code, by amending Subsections (b) and (c) and adding Subsections (d), (e), and (f), as follows:

(b) Requires the attorney general, at the request of a party to a contract described by Subsection (a) (relating to a contract for legal services between an attorney and a state agency), to review an invoice submitted to a state agency under the contract to determine whether the invoice is eligible for payment. Authorizes the attorney general to charge the party requesting the review a reasonable fee for the review.

(c) Authorizes the attorney general, at the attorney general's discretion, to review an invoice submitted to a state agency under a contract described by Subsection (a).

(d) Redesignates existing Subsection (b) as Subsection (d). Makes no further changes to this subsection.

(e) Redesignates existing Subsection (c) as Subsection (e). Requires that Subsections (a) and (d) do, rather than this section, not apply to the Texas Turnpike Authority division of TxDOT.

(f) Authorizes the attorney general to adopt rules as necessary to implement and administer this section.

SECTION 16.04. Amends Section 371.051, Transportation Code, as follows:

Sec. 371.051. New heading: ATTORNEY GENERAL REVIEW AND FEE. (a) Creates this subsection from existing text. Makes no further changes to this subsection.

(b) Authorizes the attorney general to charge a toll project entity a reasonable fee for the review described in Subsection (a).

(c) Requires the toll project entity, if the entity submits multiple proposed comprehensive development agreements relating to the same toll project for review, to pay the fee under Subsection (b) for each proposed comprehensive development agreement.

(d) Authorizes the toll project entity to collect or seek reimbursement of the fee under Subsection (b) from the private participant under the proposed comprehensive development agreement.

(e) Authorizes the attorney general to adopt rules necessary to implement and administer this section.

SECTION 16.05. Provides that the fee prescribed by Section 402.006, Government Code, as amended by this article, applies only to a document electronically submitted to the office of the attorney general on or after the effective date of this article.

SECTION 16.06. Provides that the fee prescribed by Section 402.0212, Government Code, as amended by this article, applies only to invoices for legal services submitted to the office of the attorney general for review on or after the effective date of this article.

SECTION 16.07. Provides that the fee prescribed by Section 371.051, Transportation Code, as amended by this article, applies only to a comprehensive development agreement submitted to the office of the attorney general on or after the effective date of this article.

SECTION 16.08. Effective date, this article: September 1, 2011.

ARTICLE 17. TEXAS PRESERVATION TRUST FUND ACCOUNT

SECTION 17.01. 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 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, rather than 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). Requires that income earned on money in the account, rather than earnings on the account, be deposited to the credit of the account. Deletes existing text authorizing the account to be used only for the purposes of this section and prohibiting it from paying operating expenses of THC.

(b) Authorizes THC to use money in, 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 Subsections (a)-(e).

SECTION 17.02. Repealer: Sections 442.015(h) (relating to managing assets of the Texas preservation trust fund account), (i) (relating to the amount of distribution from the account), (j) (relating to limits on the annual distribution amounts), (k) (relating to the expenses of managing account investments), and (l) (relating to disclosure of the details concerning the account), Government Code.

SECTION 17.03. 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 17.04. Effective date, this article: November 1, 2011.

ARTICLE 18. FISCAL MATTERS REGARDING OPERATION OF STATE CEMETERY

SECTION 18.01. Amends Section 2165.256(a), Government Code, to require the State Cemetery Committee (TSCC) to develop a budget for the operations of the State Preservation Board (SPB), rather than TFC, relating to the State Cemetery and determine the salary of employees of SPB, rather than TFC, whose duties primarily relate to the operation of the State Cemetery.

SECTION 18.02. Amends Sections 2165.2561(a), (k), (l), (p), (q), (r), and (t), Government Code, as follows:

(a) Provides that the TSCC is composed of:

(1) three voting members appointed as follows:

(A) one member of the general public appointed by the governor;

(B) one member of the general public appointed by the governor from a list submitted by the lieutenant governor; and

(C) one member of the general public appointed by the governor from a list submitted by the speaker of the house of representatives; and

(2) three nonvoting advisory members appointed as follows:

(A) one employee of THC appointed by the executive director of THC;

(B) one employee of SPB, rather than the Texas Building and Procurement Commission, appointed by the executive director of SPB, rather than the Texas Building and Procurement Commission; and

(C) one employee of the Parks and Wildlife Department (TPWD) appointed by the executive director of TPWD.

(k) Requires the legislature to separately appropriate money to TSCC within the appropriations to SPB, rather than the Texas Building and Procurement Commission, for all matters relating to the operation of the State Cemetery. Requires that activities relating to maintenance of the State Cemetery grounds and monuments required to conform to guidelines for historic preservation be submitted to TSCC by THC.

(l) Authorizes funds appropriated to SPB, rather than the Texas Building and Procurement Commission, to be transferred by interagency contract for the performance of, at the direction of TSCC, an act related to the State Cemetery.

(p)-(t) Makes conforming changes.

SECTION 18.03. (a) Provides that, not later than January 1, 2012, the following are transferred from TFC to SPB:

(1) the powers, duties, functions, programs, and activities of TFC relating to the operation of the State Cemetery under Sections 2165.256 (State Cemetery and Other Burial Grounds) and 2165.2561 (State Cemetery Committee), Government Code;

(2) any obligations and contracts of TFC that are directly related to implementing a power, duty, function, program, or activity transferred under this subsection; and

(3) all property and records in the custody of TFC that are related to a power, duty, function, program, or activity transferred under this subsection and all funds appropriated by the legislature for that power, duty, function, program, or activity.

(b) Authorizes the executive director of SPB and the executive director of TFC to agree by memorandum of understanding to transfer to SPB any personnel of TFC whose functions predominantly involve powers, duties, obligations, functions, and activities related to the operation of the State Cemetery under Sections 2165.256 and 2165.2561, Government Code.

(c) Provides that a reference in law to TFC that relates to a power, duty, function, program, or activity transferred under Subsection (a) of this section means SPB.

SECTION 18.04. Requires TFC and SPB to enter into a memorandum of understanding that:

(1) identifies in detail the applicable powers and duties that are transferred by this article; and

(2) establishes a plan for the identification and transfer of the records, personnel, property, and unspent appropriations of TFC that are used for purposes of the commission's powers and duties directly related to the operation of the State Cemetery under Sections 2165.256 and 2165.2561, Government Code.

ARTICLE 19. FISCAL MATTERS CONCERNING INFORMATION TECHNOLOGY

SECTION 19.01. Amends Section 2054.380, Government Code, as follows:

Sec. 2054.380. FEES. (a) Creates this subsection from existing text. Requires the Department of Information Resources (DIR) to set and charge a fee to each state agency that receives a service from a statewide technology center in an amount sufficient to cover the direct and indirect cost of providing the service.

(b) Authorizes revenue derived from the collection of fees imposed under Subsection (a) to be appropriated to DIR for:

(1) developing statewide information resources technology policies; and

(2) providing shared information resources technology services.

SECTION 19.02. Amends Section 2157.068(d), Government Code, to authorize that revenue derived from the collection of fees imposed under this subsection be appropriated to DIR for developing statewide information resources technology policies, and providing shared information resources technology services.

SECTION 19.03. Amends Section 2170.057(d), Government Code, as follows:

(d) Requires 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 general revenue fund, rather than to the credit of the statewide network applications account established by Section 2054.011 (Statewide Network Applications Account). Authorizes the amounts transferred under this subsection to be appropriated to DIR for developing statewide information resources technology policies; and providing shared information resources technology services, and network security services under Chapter 2059 (Texas Computer Network Security System).

SECTION 19.04. Effective date, this article: upon passage or September 1, 2011.

ARTICLE 20. FISCAL MATTERS REGARDING REGULATION OF INSURERS

SECTION 20.01. Amends Section 463.160, Insurance Code, to require 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, rather than of premium taxes due in the same manner as a credit is allowed under Section 401.151(e) (relating to examination and evaluation fees paid to the state by an insurer).

SECTION 20.02. Repealers: Sections 221.006 (Credit for Fees Paid), 222.007 (Credit for Fees Paid), 223.009 (Credit for Fees Paid), 401.151(e) (relating to examination and evaluation fees paid to the state by an insurer), and 401.154 (Tax Credit Authorized), Insurance Code.

SECTION 20.03. Effective date, this article: upon passage or September 1, 2011.

ARTICLE 21. FISCAL MATTERS REGARDING HEALTH CARE DELIVERY

SECTION 21.01. Amends Subtitle A, Title 2, Insurance Code, by adding Chapter 41, as follows:

CHAPTER 41. HEALTH CARE PAYMENT AND DELIVERY SYSTEM REFORM

SUBCHAPTER A. HEALTH CARE PAYMENT AND DELIVERY SYSTEM REFORM COMMITTEE

Sec. 41.001. DEFINITION. Defines, in this chapter, "committee."

Sec. 41.002. ESTABLISHMENT; PURPOSE; ADMINISTRATIVE SUPPORT. (a) Provides that the Health Care Payment and Delivery System Reform Committee (committee) is established to identify priority outcomes for cost containment and quality improvement in health benefit coverage and health care services in this state.

(b) Provides that the committee is administratively attached to the Texas Department of Insurance (TDI). Requires TDI to provide administrative support and resources to the committee as necessary for the committee to perform its duties.

Sec. 41.003. COMPOSITION OF COMMITTEE. Provides that the committee is composed of:

(1) the following voting members:

(A) a representative of the Health and Human Services Commission (HHSC), appointed by the executive commissioner of HHSC;

(B) a representative of the Employees Retirement System of Texas, appointed by the executive director of the system;

(C) two representatives of the Teacher Retirement System of Texas, appointed by the executive director of the system:

(i) one of whom has specialized knowledge of basic plans under Chapter 1575 (Texas Public School Employees Group Benefits Program); and

(ii) one of whom has specialized knowledge of the catastrophic care coverage plan and the primary care coverage plan under Chapter 1579 (Texas School Employees Uniform Group Health Coverage);

(D) a representative of The Texas A&M University System, appointed by the governing board of the system; and

(E) a representative of The University of Texas System, appointed by the governing board of the system; and

(2) the following nonvoting members:

(A) a representative of the speaker of the house of representatives, appointed by the speaker;

(B) a representative of the office of the lieutenant governor, appointed by the lieutenant governor;

(C) a representative of the House Public Health Committee or its successor, appointed by the chair of the committee; and

(D) a representative of the Senate Health and Human Services Committee or its successor, appointed by the chair of the committee.

Sec. 41.004. TERMS; REMOVAL. (a) Provides that voting members of the committee serve staggered two-year terms, with the terms of three members expiring on February 1 of each year. Requires the members to draw lots at the first committee meeting to determine the length of each member's initial term and which members' terms expire each year.

(b) Provides that the terms of the nonvoting members of the committee expire February 1 of each even-numbered year.

(c) Authorizes a member of the committee to be removed by the commissioner of insurance with cause stated in writing. Requires the appropriate person or entity to appoint in the manner provided by Section 41.003 a replacement for a member who leaves or is removed from the committee.

Sec. 41.005. DUTIES. Requires the committee to:

(1) develop a plan to identify priority outcomes for cost containment and quality improvement in health insurance and health care services in this state;

(2) coordinate initiatives for reform of health care payment and delivery systems among state health payors;

(3) review pilot program proposals submitted to the committee under Section 41.051(a) and recommend to the commissioner of insurance for approval pilot programs the committee determines to be consistent with purposes described by Section 41.002;

(4) review funding proposals submitted to the committee under Section 41.051(b) and recommend to the commissioner of insurance pilot programs the committee determines to be eligible for funding under the rules adopted by the commissioner of insurance under Section 41.053; and

(5) determine outcomes to be measured in evaluating the effectiveness of each program approved by the commissioner of insurance under Section 41.052.

Sec. 41.006. SUBMISSION AND POSTING OF PRIORITY OUTCOME PLAN. Requires the committee, not later than September 1 of each even-numbered year, to:

(1) update the priority outcome plan developed under Section 41.005(1) as necessary;

(2) submit the priority outcome plan to the governor, and the LBB; and

(3) make the priority outcome plan available to the public on the Internet website maintained by the department.

Sec. 41.007. EXPIRATION OF CHAPTER. Provides that this chapter expires September 1, 2021.

[Reserves Sections 41.008-41.050 for expansion.]

SUBCHAPTER B. HEALTH CARE PAYMENT AND DELIVERY SYSTEM REFORM PILOT PROGRAMS

Sec. 41.051. PROPOSAL OF PILOT PROGRAMS BY PROVIDERS OF HEALTH CARE SERVICES. (a) Authorizes an individual or entity that provides health care services in this state to submit to the committee a proposal for a pilot program to design and implement a new health care payment or delivery system.

(b) Authorizes an individual or entity that submits a pilot program proposal under Subsection (a) to submit to the committee an application for funding for the pilot program. Authorizes an application to be submitted under this subsection:

(1) in conjunction with a pilot program proposal; or

(2) after a pilot program proposal is approved by the commissioner of insurance under Section 41.052.

Sec. 41.052. APPROVAL BY COMMISSIONER; PILOT PROGRAM PROPOSAL AND FUNDING. (a) Authorizes the commissioner of insurance, on recommendation of the committee, to approve:

(1) a pilot program proposal submitted to the committee under Section 41.051(a), if the commissioner of insurance finds that the pilot program adequately protects the interests of patients and consumers, and is authorized to demonstrate improved economy and efficiency for health care payment or delivery; or

(2) an application for funding for a pilot program submitted to the committee under Section 41.051(b).

(b) Authorizes the commissioner of insurance to approve an application under Subsection (a)(2) only to the extent that sufficient appropriations have been received by the department to fund the proposed pilot program.

Sec. 41.053. RULES. Requires the commissioner of insurance to adopt rules necessary to implement this subchapter, including rules that establish a procedure through which a pilot program proposal or an application for funding for a pilot program is authorized to be submitted to, and approved by, the commissioner of insurance.

SECTION 21.02. Amends Chapter 162, Occupations Code, by adding Subchapter F, as follows:

SUBCHAPTER F. PARTICIPATION IN PILOT PROGRAM TO PROMOTE HEALTH CARE PAYMENT AND DELIVERY SYSTEM REFORM

Sec. 162.301. EMPLOYMENT OF PHYSICIANS. (a) Authorizes a person, including a partnership, trust, association, or corporation, operating a pilot program approved by the Health Care Payment and Delivery System Reform Committee under Chapter 41, Insurance Code, to employ a physician:

- (1) for the purposes of the pilot program; and
- (2) for the duration of the pilot program, as approved.

(b) Provides that a person that employs a physician under this section does not violate Section 164.052(a)(13) (relating to impersonating a physician) or (17) (relating to the practice of medicine by an entity not licensed to practice medicine) or 165.156 (Misrepresentation Regarding Entitlement to Practice Medicine), or any other law that prohibits the practice of medicine by a person other than a physician, to the extent that the physician is performing services for the purpose of the pilot program.

(c) Provides that this section does not authorize a person to supervise or control the practice of medicine or permit the unauthorized practice of medicine as prohibited by this subtitle.

Sec. 162.302. EXPIRATION OF SUBCHAPTER. Provides that this subchapter expires September 1, 2021.

SECTION 21.03. Requires the committee, notwithstanding Section 41.006, Insurance Code, as added by this article, not later than February 1, 2012, to develop the first plan required by Section 41.005(1), Insurance Code, as added by this article, submit the plan to the governor and the LBB, and make the plan available to the public on the Texas Department of Insurance's Internet website.

SECTION 21.04. Effective date, this article: September 1, 2011.

ARTICLE 22. FISCAL MATTERS RELATED TO PUBLIC EDUCATION

SECTION 22.01. Authorizes a school district, notwithstanding any other law, during the 2011-2012 and 2012-2013 school years, to reduce the minimum number of days of service for educators employed under a contract for either of those school years and reduce the salary of those educators by an amount corresponding to the reduction in the number of days of service.

SECTION 22.02. Amends Section 25.112(a), Education Code, to prohibit a school district, except as otherwise authorized by this section, from enrolling more than a district-wide average of 21 students, rather than 22 students, in kindergarten, first, second, third, and, rather than or, fourth grade classes. Makes nonsubstantive changes.

SECTION 22.03. (a) Amends Sections 21.402(a) and (b), Education Code, as follows:

(a) Requires a school district, except as provided by Subsection (e) (relating to a salary below the minimum monthly salary) or (f) (relating to equal pay for certain employees), rather than Subsection (d) (relating to salary levels for certain employees), (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 determined as provided by Subsection (b), rather than based on the employee's level of experience in addition to other factors, as determined by commissioner of education (commissioner) rule, determined by a certain formula.

(b) Requires the commissioner to adopt rules to establish a method for annually setting a salary schedule for classroom teachers, full-time librarians, full-time counselors certified under Subchapter B (Certification of Educators), and full-time school nurses based on the employee's level of experience. Authorizes the commissioner's method to provide a salary level for each year of experience from 0 years through 20 years. Requires the commissioner, not later than June 1 of each year, to determine, based on the salary schedule, the minimum monthly salary for each classroom teacher, full-time librarian, full-time counselor certified under Subchapter B, and full-time nurse, rather than to determine 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.

(b) Provides that this section applies beginning with the 2012-2013 school year.

SECTION 22.04. (a) Amends Section 21.403(a), Education Code, to require a teacher, librarian, counselor, or nurse to advance one level, rather than one step, on the minimum salary schedule established by commissioner rule under Section 21.402 for each year of experience as a teacher, librarian, counselor, or nurse until level 20, rather than step 20, is reached.

(b) Provides that this section applies beginning with the 2012-2013 school year.

SECTION 22.05. (a) Amends Section 42.2516, Education Code, by adding Subsection (e-1) to provide that the amount of state aid or credit to which a school district is entitled under Section 42.2518 is in addition to the amount of revenue to which the district is entitled under Subsection (b).

(b) Provides that this section applies beginning with the 2012-2013 school year.

SECTION 22.06. (a) Amends Subchapter E, Chapter 42, Education Code, by adding Section 42.2518, as follows:

Sec. 42.2518. ADDITIONAL STATE AID OR CREDIT AGAINST COST OF ATTENDANCE CREDITS FOR PROFESSIONAL STAFF SALARIES. (a) Provides that, for each school year, a school district, including a school district that is otherwise ineligible for state aid under this chapter, is entitled to state aid in an amount, as determined by the commissioner, equal to the difference between the district's salary cost under Section 21.402, as amended by __.B. __, Acts of the 82nd Legislature, Regular Session, 2011, for all classroom teachers, full-time librarians, full-time counselors certified under Subchapter B, Chapter 21, and full-time school nurses employed by the district and an amount equal to what the district's salary costs would have been for that school year under Section 21.402, as it existed before amendment by __.B. __, Acts of the 82nd Legislature, Regular Session, 2011.

(b) Provides that a school district that is required to take action under Chapter 41 (Equalized Wealth Level) to reduce its wealth per student to the equalized wealth level is entitled to a credit, in the amount of state aid to which the district is entitled under this section, against the total amount required under Section 41.093 (Cost) for the district to purchase attendance credits.

(c) Provides that a determination by the commissioner under this section is final and is prohibited from being appealed.

(d) Authorizes the commissioner to adopt rules to implement this section.

(b) Provides that this section applies beginning with the 2012-2013 school year.

SECTION 22.07. Repealers, effective September 1, 2011: Sections 21.402(c) (relating to the salary factors per step) and (d) (relating to salary levels for certain employees), Education Code.

SECTION 22.08. Requires the commissioner, not later than January 1, 2012, to adopt rules to establish a method for annually setting a salary schedule as provided by Section 21.402(b), Education Code, as amended by this article.

SECTION 22.09. Provides that except as otherwise provided by this article, this article applies beginning with the 2011-2012 school year.

SECTION 22.10. Effective date, this article: upon passage or September 1, 2011.

ARTICLE 23. HEALTH AND HUMAN SERVICES BENEFITS IN GENERAL

SECTION 23.01. Amends Subchapter B, Chapter 531, Government Code, by adding Section 531.0998, as follows:

Sec. 531.0998. MEMORANDUM OF UNDERSTANDING REGARDING PUBLIC ASSISTANCE REPORTING INFORMATION SYSTEM. (a) Defines, in this section, "system."

(b) Requires HHSC, the Department of Aging and Disability Services (DADS), the Texas Veterans Commission (TVC), and the Veterans' Land Board (VLB) to enter into a memorandum of understanding for the purposes of:

(1) coordinating and collecting information about the use and analysis among state agencies of data received from the Public Assistance Reporting Information System (system); and

(2) developing new strategies for state agencies to use system data in ways that generate fiscal savings for the state.

(c) Requires HHSC, DADS, TVC, and VLB collectively, not later than October 15, 2012, to submit to the governor and the LBB a report describing:

(1) the frequency and success with which state agencies have used the system;

(2) the costs to the state that were avoided as a result of state agencies' use of the system; and

(3) recommendations for future use of the system by state agencies.

(d) Provides that Subsection (c) and this subsection expire September 2, 2013.

SECTION 23.02. Requires HHSC, DADS, TVC, and VLB, not later than December 1, 2011, to enter into a memorandum of understanding as required by Section 531.0998, Government Code, as added by this article.

ARTICLE 24. TEMPORARY ASSISTANCE FOR NEEDY FAMILIES AND SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAMS

SECTION 24.01. Repealer: Section 31.0325 (Electronic Imaging Program), Human Resources Code.

SECTION 24.02. Requires HHSC and each health and human services agency, as defined by Section 531.001 (Definitions), Government Code, on the effective date of this Act, to discontinue using electronic fingerprint-imaging or photo-imaging of applicants for and recipients of financial assistance under Chapter 31 (Financial Assistance and Service Programs), Human Resources Code, or food stamp benefits under Chapter 33 (Nutritional Assistance Programs), Human Resources Code.

ARTICLE 25. MEDICAID PROGRAM

SECTION 25.01. (a) Amends Section 531.001, Government Code, by adding Subdivision (7) to define "telemonitoring."

(b) Amends Subchapter B, Chapter 531, Government Code, by adding Sections 531.02176, 531.02177, and 531.02178, as follows:

Sec. 531.02176. MEDICAID TELEMONTORING PILOT PROGRAMS FOR DIABETES. (a) Requires HHSC to determine whether the Medicaid Enhanced Care program's diabetes self-management training telemonitoring pilot program was cost neutral.

(b) Requires HHSC, in determining whether the pilot program described by Subsection (a) was cost neutral, at a minimum, to compare:

(1) the health care costs of program participants who received telemonitoring services with the health care costs of a group of Medicaid recipients who did not receive telemonitoring services;

(2) the health care services used by program participants who received telemonitoring services with the health care services used by a group of Medicaid recipients who did not receive telemonitoring services;

(3) for program participants who received telemonitoring services, the amount spent on health care services before, during, and after the receipt of telemonitoring services; and

(4) for program participants who received telemonitoring services, the health care services used before, during, and after the receipt of telemonitoring services.

(c) Requires the executive commissioner of HHSC, if HHSC determines that the pilot program described by Subsection (a) was cost neutral, to adopt rules for providing telemonitoring services through the Medicaid Texas Health Management Program for select diabetes patients in a manner comparable to that program.

(d) Requires HHSC, if HHSC determines that the pilot program described by Subsection (a) was not cost neutral, to develop and implement within the Medicaid Texas Health Management Program for select diabetes patients a new diabetes telemonitoring pilot program based on evidence-based best practices, provided that HHSC determines implementing the new diabetes telemonitoring pilot program would be cost neutral.

(e) Requires HHSC, in determining whether implementing a new diabetes telemonitoring pilot program under Subsection (d) would be cost neutral, to consider appropriate factors, including the following:

(1) the target population, participant eligibility criteria, and the number of participants to whom telemonitoring services would be provided;

- (2) the type of telemonitoring technology to be used;
- (3) the estimated cost of the telemonitoring services to be provided;
- (4) the estimated cost differential to the state based on changes in participants' use of emergency department services, outpatient services, pharmaceutical and ancillary services, and inpatient services other than inpatient labor and delivery services; and
- (5) other indirect costs that may result from the provision of telemonitoring services.

Sec. 531.02177. MEDICAID TELEMONITORING PILOT PROGRAM FOR CERTAIN CONDITIONS. (a) Requires HHSC to develop and implement a pilot program within the Medicaid Texas Health Management Program to evaluate the cost neutrality of providing telemonitoring services to persons who are diagnosed with health conditions other than diabetes, if HHSC determines implementing the pilot program would be cost neutral.

(b) Requires HHSC, in determining whether implementing a pilot program under Subsection (a) would be cost neutral, to consider appropriate factors, including the following:

- (1) the types of health conditions that could be assessed through the program by reviewing existing research and other evidence on the effectiveness of providing telemonitoring services to persons with those conditions;
- (2) the target population, participant eligibility criteria, and the number of participants to whom telemonitoring services would be provided;
- (3) the type of telemonitoring technology to be used;
- (4) the estimated cost of the telemonitoring services to be provided;
- (5) the estimated cost differential to the state based on changes in participants' use of emergency department services, outpatient services, pharmaceutical and ancillary services, and inpatient services other than inpatient labor and delivery services; and
- (6) other indirect costs that may result from the provision of telemonitoring services.

Sec. 531.02178. DISSEMINATION OF INFORMATION ABOUT EFFECTIVE TELEMONITORING STRATEGIES. Requires HHSC to annually:

- (1) identify telemonitoring strategies implemented within the Medicaid program that have demonstrated cost neutrality or resulted in improved performance on key health measures; and
- (2) disseminate information about the identified strategies to encourage the adoption of effective telemonitoring strategies.

(c) Requires the executive commissioner of HHSC, not later than January 1, 2012, to adopt the rules required by Section 531.02176(c), Government Code, as added by this

section, if the commission determines that the Medicaid Enhanced Care program's diabetes self-management training telemonitoring pilot program was cost neutral.

(d) Requires HHSC, not later than September 1, 2012, to determine whether implementing a new diabetes telemonitoring pilot program would be cost neutral if required by Section 531.02176(d), Government Code, as added by this section, and report that determination to the governor and LBB.

(e) Requires HHSC, not later than September 1, 2012, to determine whether implementing a telemonitoring pilot program for health conditions other than diabetes would be cost neutral as required by Section 531.02177(a), Government Code, as added by this section, and report that determination to the governor and LBB.

SECTION 25.02. Amends Subchapter B, Chapter 531, Government Code, by adding Sections 531.02417 and 531.024171, as follows:

Sec. 531.02417. MEDICAID NURSING SERVICES ASSESSMENTS. (a) Defines, in this section, "acute nursing services."

(b) Requires HHSC to develop an objective assessment process for use in assessing the needs of a Medicaid recipient for acute nursing services. Requires HHSC to require that:

(1) the assessment be conducted by a state employee or contractor who is not the person who will deliver any necessary services to the recipient and is not affiliated with the person who will deliver those services; and

(2) the process include an assessment of specified criteria and documentation of the assessment results on a standard form, and completion by the person conducting the assessment of any documents related to obtaining prior authorization for necessary nursing services.

(c) Requires HHSC to:

(1) implement the objective assessment process developed under Subsection (b) within the Medicaid fee-for-service model and the primary care case management Medicaid managed care model; and

(2) take necessary actions, including modifying contracts with managed care organizations under Chapter 533 (Implementation of Medicaid Managed Care Program) to the extent allowed by law, to implement the process within the STAR and STAR+PLUS Medicaid managed care programs.

Sec. 531.024171. THERAPY SERVICES ASSESSMENTS. (a) Defines, in this section, "therapy services."

(b) Requires HHSC, after implementing the objective assessment process for acute nursing services as required by Section 531.02417, to consider whether implementing a comparable process with respect to assessing the needs of a Medicaid recipient for therapy services would be feasible and beneficial.

(c) Authorizes HHSC, if HHSC determines that implementing a comparable process with respect to one or more types of therapy services is feasible and would be beneficial, to implement the process within:

(1) the Medicaid fee-for-service model;

- (2) the primary care case management Medicaid managed care model; and
- (3) the STAR and STAR+PLUS Medicaid managed care programs.

SECTION 25.03. Amends Subchapter B, Chapter 531, Government Code, by adding Sections 531.086 and 531.0861, as follows:

Sec. 531.086. STUDY REGARDING PHYSICIAN INCENTIVE PROGRAMS TO REDUCE HOSPITAL EMERGENCY ROOM USE FOR NON-EMERGENT CONDITIONS. (a) Requires HHSC to conduct a study to evaluate physician incentive programs that attempt to reduce hospital emergency room use for non-emergent conditions by recipients under the medical assistance program. Requires that each physician incentive program evaluated in the study:

- (1) be administered by a health maintenance organization participating in the STAR or STAR + PLUS Medicaid managed care program; and
- (2) provide incentives to primary care providers who attempt to reduce emergency room use for non-emergent conditions by recipients.

(b) Requires that the study conducted under Subsection (a) evaluate:

- (1) the cost-effectiveness of each component included in a physician incentive program; and
- (2) any change in statute required to implement each component within the Medicaid fee-for-service or primary care case management model.

(c) Requires the executive commissioner of HHSC, not later than August 31, 2012, to submit to the governor and the LBB a report summarizing the findings of the study required by this section.

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

Sec. 531.0861. PHYSICIAN INCENTIVE PROGRAM TO REDUCE HOSPITAL EMERGENCY ROOM USE FOR NON-EMERGENT CONDITIONS. (a) Requires the executive commissioner of HHSC by rule to establish a physician incentive program designed to reduce the use of hospital emergency room services for non-emergent conditions by recipients under the medical assistance program.

(b) Authorizes the executive commissioner of HHSC, on establishing the physician incentive program under Subsection (a), to include only the program components identified as cost-effective in the study conducted under Section 531.086 (Rate of Member Contributions).

(c) Requires the executive commissioner of HHSC, if the physician incentive program includes the payment of an enhanced reimbursement rate for routine after-hours appointments, to implement controls to ensure that the after-hours services billed are actually being provided outside of normal business hours.

ARTICLE 26. FEDERAL AUTHORIZATION REGARDING HEALTH AND HUMAN SERVICES PROGRAMS

SECTION 26.01. Requires a state agency affected by any provision of Article 23, 24, or 25 of this Act, if before implementing the provision the agency determines that a waiver or authorization from a federal agency is necessary for implementation of that provision, to request the waiver or authorization and the agency is authorized to delay implementing that provision until the waiver or authorization is granted.

ARTICLE 27. FISCAL MATTERS CONCERNING RETIRED TEACHERS

SECTION 27.01. Amends Section 825.404(a), Government Code, to delete existing text prohibiting the amount of the state contribution made under this section from being less than the amount contributed by members during that fiscal year in accordance with Section 825.402.

SECTION 27.02. Amends Section 1575.202(a), Insurance Code, to require the state, each state fiscal year, to contribute to the fund an amount equal to 0.5 percent, rather than one percent, of the salary of each active employee.

SECTION 27.03. Provides that the changes in law made by this article apply beginning with the state fiscal year that begins September 1, 2011.

ARTICLE 28. FISCAL MATTERS CONCERNING STATE REVENUE FOR SCHOOL DISTRICTS

SECTION 28.01. Amends Section 42.2516, Education Code, by amending Subsection (b) and adding Subsection (b-2), as follows:

(b) Provides that, notwithstanding any other provision of this title, but subject to the limit imposed by Subsection (b-2), 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 is entitled to at least the amount of state revenue necessary to provide the district with the sum of:

(1) as calculated under Subsection (e), the amount 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 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) an amount equal to the product of \$120 multiplied by the number of students in weighted average daily attendance in the district;

(3) 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 certain school districts whose taxable value is reduced), Tax Code, in the current tax year; and

(4) any amount to which the district is entitled under Section 42.106 (Tuition Allotment for Districts Not Offering All Grade Levels).

(b-2) Prohibits the amount of state revenue to which a school district is entitled under Subsection (b), notwithstanding any other provision of this section, from exceeding the amount necessary to result in a total amount of state and local revenue per student in weighted average daily attendance of \$8,000.

ARTICLE 29. FISCAL MATTERS CONCERNING ADVANCED PLACEMENT

SECTION 29.01. Amends Section 28.053(h), Education Code, to provide that an eligible student is a student who 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 demonstrates financial need as determined in accordance with guidelines adopted by the board that are consistent with the definition of financial need adopted by the college board or the International Baccalaureate Organization. Makes a nonsubstantive change.

ARTICLE 30. FISCAL MATTERS CONCERNING EARLY HIGH SCHOOL GRADUATION

SECTION 30.01. Amends Subchapter K, Chapter 56, Education Code, by adding Section 56.2012, as follows:

Sec. 56.2012. EXPIRATION OF SUBCHAPTER; ELIGIBILITY CLOSED. (a)
Provides that this subchapter expires September 1, 2017.

(b) Prohibits a person, notwithstanding Section 56.203 (Eligible Person), from receiving an award under this subchapter if the person graduates from high school on or after September 1, 2011.

SECTION 30.02. Amends Section 54.213(b), Education Code, as follows:

(b) Requires the Texas Education Agency (TEA) to accept and make available to provide tuition exemptions under Section 54.214 gifts, grants, and donations made to TEA for that purpose. Requires the commissioner to transfer those funds to the Texas Higher Education Coordinating Board to distribute to institutions of higher education that provide exemptions under that section. Deletes existing text requiring that savings to the foundation school fund that occur as a result of the Early High School Graduation Scholarship program created in Subchapter K (Early High School Graduation Scholarship Program), Chapter 56, and that are not required for the funding of state credits for tuition and mandatory fees under Section 56.204 or school district credits under Section 56.2075 be used first to provide tuition exemptions under Section 54.212 (One-Year Exemption for Certain Tanf Students). Deletes existing text requiring that any of those savings remaining after providing tuition exemptions under Section 54.212 be used to provide tuition exemptions under Section 54.214. Deletes existing text requiring that payment of funds under this subsection be made in the manner provided by Section 56.207 (Payment of State Credit) for state credits under Subchapter K, Chapter 56.

SECTION 30.03. Repealer: Section 56.210 (Notification by High Schools Regarding Program Requirements), Education Code.

ARTICLE 31. FISCAL MATTERS CONCERNING TUITION EXEMPTIONS

SECTION 31.01. Amends Section 54.214(c), Education Code, to require a person, to be eligible for an exemption under this section, to meet certain criteria, including being enrolled at the institution of higher education granting the exemption in courses required for teacher certification in one or more subject areas determined by the Texas Education Agency to be experiencing a critical shortage of teachers at the public schools in this state, rather than for certification at the institution of higher education granting the exemption,

SECTION 31.02. Provides that the change in law made by this article applies beginning with tuition and fees charged for the 2011 fall semester. Provides that tuition and fees charged for a term or semester before the 2011 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 32. FISCAL MATTERS CONCERNING DUAL HIGH SCHOOL AND JUNIOR COLLEGE CREDIT

SECTION 32.01. Amends Section 130.008(c), Education Code, to require that the contact hours attributable to the enrollment of a high school student in a course offered for joint high school and junior college credit under this section, excluding a course for which the student attending high school is authorized to receive course credit toward the physical education curriculum requirement under Section 28.002(a)(2)(C) (relating to an enrichment curriculum), be included in the contact hours used to determine the junior college's proportionate share of the state money appropriated and distributed to public junior colleges under Sections 130.003 (State Appropriation for Public Junior Colleges) and 130.0031 (Transfers; When Made), even if the junior college waives all or part of the tuition or fees for the student under Subsection (b).

SECTION 32.02. Provides that this article applies beginning with funding for the 2011 fall semester.

ARTICLE 33. EFFECTIVE DATE

SECTION 33.01. Effective date, except as otherwise provided by this Act: September 1, 2011.