

BILL ANALYSIS

Senate Research Center

S.J.R. 5
By: Ogden
Finance
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The purpose of this proposed amendment is to provide for the long term support of public schools by increasing the size of the permanent school fund corpus and by protecting the balance of the available school fund. The amendment proposes that all assets of the permanent school fund, including real property managed sold or acquired and proceeds from sales of that property, contribute to the calculation made of the total return of the fund when calculating the total amount distributed from the permanent school fund to the available school fund.

The amendment also says that the General Land Office or another entity other than the State Board of Education that is responsible for the management of the permanent school fund land or other properties shall distribute to the permanent fund all revenue derived from the land or properties. This provision expires December 1, 2014.

Also, for the state fiscal biennium beginning September 1, 2013, the General Land Office or another entity other than the State Board of Education, may distribute to the available school fund all revenue derived from the land or properties. This provision expires December 1, 2016.

The total amount distributed from the permanent school fund to the available school fund for the state fiscal biennium beginning September 1, 2011 shall be an amount equal to \$2 billion. This provision expires December 1, 2014.

As proposed, S.J.R. 5 proposes a constitutional amendment relating to determination of the market value of the permanent school fund and provides for certain transfers from the permanent school fund to the available school fund.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 5, Article VII, Texas Constitution, by amending Subsection (a) and adding Subsections (g), (h), (i), (j), and (k), as follows:

(a) Provides that the available school fund consists of the distributions made to it from the total return on all assets, rather than all investment assets, of the permanent school fund, the taxes authorized by this constitution or general law to be part of the available school fund, and appropriations made to the available school fund by the legislature. Provides that the total amount distributed from the permanent school fund to the available school fund:

(1) in each year of a state fiscal biennium is required to be an amount that is not more than six percent of the average of the market value of the permanent school fund, including real property belonging to the fund that is managed, sold, or acquired under Section 4 (Sale of Lands; Investment of Proceeds) of this article and proceeds from sales of that property, rather than excluding real property belonging to the fund that is managed, sold, or acquired under Section 4 of this

article, on the last day of each of the 16 state fiscal quarters preceding the regular session of the legislature that begins before that state fiscal biennium, in accordance with the rate adopted by:

(A) a vote of two-thirds of the total membership of the State Board of Education (SBOE), taken before the regular session of the legislature convenes; or

(B) the legislature by general law or appropriation, if SBOE does not adopt a rate as provided by Paragraph (A) of this subdivision; and

(2) over the 10-year period consisting of the current state fiscal year and the nine preceding state fiscal years is prohibited from exceeding the total return on all investment assets of the permanent school fund over the same 10-year period.

(g) Requires the General Land Office or an entity other than SBOE that has responsibility for the management of permanent school fund land or other properties, notwithstanding any other provision of this constitution, for the state fiscal biennium beginning September 1, 2011, to distribute to the permanent school fund all revenue derived from the land or properties.

(h) Authorizes the General Land Office or an entity other than SBOE that has responsibility for the management of permanent school fund land or other properties, notwithstanding any other provision of this constitution, for the state fiscal biennium beginning September 1, 2013, to distribute to the available school fund all revenue derived from the land or properties.

(i) Requires that the total amount distributed from the permanent school fund to the available school fund for the state fiscal biennium beginning September 1, 2011, notwithstanding Subsection (a) of this section, to be an amount equal to \$2 billion.

(j) Provides that Subsections (g) and (i) of this section and this subsection expire December 1, 2014.

(k) Provides that Subsection (h) of this section and this subsection expire December 1, 2016.

SECTION 2. Requires the proposed constitutional amendment to be submitted to the voters at an election to be held November 8, 2011. Sets forth the required language of the ballot.