

R E S O L U T I O N

1 BE IT RESOLVED by the House of Representatives of the State of
2 Texas, 82nd Legislature, Regular Session, 2011, That House Rule 13,
3 Section 9(a), be suspended in part as provided by House Rule 13,
4 Section 9(f), to enable the conference committee appointed to
5 resolve the differences on Senate Bill 1811, relating to certain
6 state fiscal matters; providing penalties, to consider and take
7 action on the following matters:

8 (1) House Rule 13, Section 9(a)(4), is suspended to permit
9 the committee to add text not included in either the house or senate
10 version of the bill, in SECTION 43.01 of the bill, in amended
11 Section 2155.082, Government Code, to read as follows:

12 SECTION 43.01. Section 2155.082, Government Code, is
13 amended to read as follows:

14 Sec. 2155.082. PROVIDING CERTAIN PURCHASING SERVICES ON
15 FEE-FOR-SERVICE BASIS OR THROUGH BENEFIT FUNDING. (a) The
16 comptroller [~~commission~~] may provide open market purchasing
17 services on a fee-for-service basis for state agency purchases that
18 are delegated to an agency under Section 2155.131, 2155.132,
19 [~~2155.133~~] or 2157.121 or that are exempted from the purchasing
20 authority of the comptroller [~~commission~~]. The comptroller
21 [~~commission~~] shall set the fees in an amount that recovers the
22 comptroller's [~~commission's~~] costs in providing the services.

23 (b) The comptroller [~~commission~~] shall publish a schedule
24 of [~~its~~] fees for services that are subject to this section. The

1 schedule must include the comptroller's [~~commission's~~] fees for:

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

11 (c) If the state agency on behalf of which the procurement
12 is to be made agrees, the comptroller may engage a consultant to
13 assist with a particular procurement on behalf of a state agency and
14 pay the consultant from the cost savings realized by the state
15 agency.

16 EXPLANATION: This change is necessary to allow a state
17 agency to have the authority to agree to the comptroller engaging a
18 consultant.

19 (2) House Rule 13, Sections 9(3) and 9(4) are suspended to
20 permit the committee to add text on a matter not in disagreement and
21 text on a matter not included in either version of the bill by
22 adding provisions amending Chapter 490, Government Code, and
23 Chapters 203, 204, and 302, Labor Code so that Article 57 reads as
24 follows:

25 ARTICLE 57. ENTERPRISE AND EMERGING TECHNOLOGY FUNDS

26 SECTION 57.01. Section 481.078, Government Code, is amended
27 by amending Subsections (e) and (j) and adding Subsections (f-1),

1 (f-2), and (h-1) to read as follows:

2 (e) The administration of the fund is considered to be a
3 trustee program within the office of the governor. The governor
4 may negotiate on behalf of the state regarding awarding, by grant,
5 money appropriated from the fund. The governor may award money
6 appropriated from the fund only with the [~~express written~~] prior
7 approval of the lieutenant governor and speaker of the house of
8 representatives. For purposes of this subsection, an award of
9 money appropriated from the fund is considered disapproved by the
10 lieutenant governor or speaker of the house of representatives if
11 that officer does not approve the proposal to award the grant before
12 the 91st day after the date of receipt of the proposal from the
13 governor. The lieutenant governor or the speaker of the house of
14 representatives may extend the review deadline applicable to that
15 officer for an additional 14 days by submitting a written notice to
16 that effect to the governor before the expiration of the initial
17 review period.

18 (f-1) A grant agreement must contain a provision:

19 (1) requiring the creation of a minimum number of jobs
20 in this state; and

21 (2) specifying the date by which the recipient intends
22 to create those jobs.

23 (f-2) A grant agreement must contain a provision providing
24 that if the recipient does not meet job creation performance
25 targets as of the dates specified in the agreement, the recipient
26 shall repay the grant in accordance with Subsection (j).

27 (h-1) At least 14 days before the date the governor intends

1 to amend a grant agreement, the governor shall notify and provide a
2 copy of the proposed amendment to the speaker of the house of
3 representatives, the lieutenant governor, and the presiding
4 officers of the standing committees of both houses of the
5 legislature with primary jurisdiction over economic development.

6 (j) Repayment of a grant under Subsection (f)(1)(A) shall
7 [may] be prorated to reflect a partial attainment of job creation
8 performance targets, and may be prorated for a partial attainment
9 of other performance targets.

10 SECTION 57.02. Subsections (a) and (b), Section 490.005,
11 Government Code, are amended to read as follows:

12 (a) Not later than January 31 [~~1~~] of each year, the governor
13 shall submit to the lieutenant governor, the speaker of the house of
14 representatives, and the standing committee of each house of the
15 legislature with primary jurisdiction over economic development
16 matters and post on the office of the governor's Internet website a
17 report that includes the following information regarding awards
18 made under the fund during each [~~for the~~] preceding [~~three~~]
19 fiscal year [~~years~~]:

20 (1) the total number and amount of awards made;

21 (2) the number and amount of awards made under
22 Subchapters D, E, and F;

23 (3) the aggregate total of private sector investment,
24 federal government funding, and contributions from other sources
25 obtained in connection with awards made under each of the
26 subchapters listed in Subdivision (2);

27 (4) the name of each award recipient and the amount of

1 the award made to the recipient; and

2 (5) a brief description of the equity position that
3 the governor, on behalf of the state, may take in companies
4 receiving awards and the names of the companies in which the state
5 has taken an equity position.

6 (b) The annual report must also contain:

7 (1) the total number of jobs actually created by each
8 project receiving funding under this chapter;

9 (2) an analysis of the number of jobs actually created
10 by each project receiving funding under this chapter; and

11 (3) a brief description regarding:

12 (A) the methodology used to determine the
13 information provided under Subdivisions (1) and (2), which may be
14 developed in consultation with the comptroller's office;

15 (B) [~~(1)~~] the intended outcomes of projects
16 funded under Subchapter D during each [the] preceding [two] state
17 fiscal year [years]; and

18 (C) [~~(2)~~] the actual outcomes of all projects
19 funded under Subchapter D during each preceding state fiscal year
20 [the fund's existence], including any financial impact on the state
21 resulting from a liquidity event involving a company whose project
22 was funded under that subchapter.

23 SECTION 57.03. Subchapter A, Chapter 490, Government Code,
24 is amended by adding Section 490.006 to read as follows:

25 Sec. 490.006. VALUATION OF INVESTMENTS; INCLUSION IN ANNUAL
26 REPORT. To the maximum extent practicable, the office of the
27 governor shall annually perform a valuation of the equity positions

1 taken by the governor, on behalf of the state, in companies
2 receiving awards under the fund and of other investments made by the
3 governor, on behalf of the state, in connection with an award under
4 the fund. The valuation must:

5 (1) be based on a methodology that:

6 (A) may be developed in consultation with the
7 comptroller's office; and

8 (B) is consistent with generally accepted
9 accounting principles; and

10 (2) be included with the annual report required under
11 Section 490.005.

12 SECTION 57.04. The heading to Section 490.052, Government
13 Code, is amended to read as follows:

14 Sec. 490.052. APPOINTMENT TO COMMITTEE [~~BY GOVERNOR~~];
15 NOMINATIONS.

16 SECTION 57.05. Section 490.052, Government Code, is amended
17 by amending Subsection (a) and adding Subsections (a-1) and (a-2)
18 to read as follows:

19 (a) The governor shall appoint to the committee 13
20 individuals nominated as provided by Subsection (b).

21 (a-1) The lieutenant governor shall appoint two individuals
22 to the committee.

23 (a-2) The speaker of the house of representatives shall
24 appoint two individuals to the committee.

25 SECTION 57.06. Subchapter B, Chapter 490, Government Code,
26 is amended by adding Section 490.0521 to read as follows:

27 Sec. 490.0521. FINANCIAL STATEMENT REQUIRED. Each member

1 of the committee shall file with the office of the governor a
2 verified financial statement complying with Sections 572.022
3 through 572.0252 as is required of a state officer by Section
4 572.021.

5 SECTION 57.07. Section 490.054, Government Code, is amended
6 to read as follows:

7 Sec. 490.054. TERMS. (a) Members of the committee
8 appointed by the governor serve staggered two-year terms, subject
9 to the pleasure of the governor.

10 (b) Members of the committee appointed by the lieutenant
11 governor or the speaker of the house of representatives serve
12 two-year terms.

13 SECTION 57.08. Section 490.056, Government Code, is amended
14 by adding Subsections (c), (d), and (e) to read as follows:

15 (c) Each entity recommended by the committee for an award of
16 money from the fund as provided by this chapter shall obtain and
17 provide the following information to the office of the governor:

18 (1) a federal criminal history background check for
19 each principal of the entity;

20 (2) a state criminal history background check for each
21 principal of the entity;

22 (3) a credit check for each principal of the entity;

23 (4) a copy of a government-issued form of photo
24 identification for each principal of the entity; and

25 (5) information regarding whether the entity or a
26 principal of the entity has ever been subject to a sanction imposed
27 by the Securities and Exchange Commission for a violation of

1 applicable federal law.

2 (d) For purposes of Subsection (c), "principal" means:

3 (1) an officer of an entity; or

4 (2) a person who has at least a 10 percent ownership
5 interest in an entity.

6 (e) With each proposal to award funding submitted by the
7 governor to the lieutenant governor and speaker of the house of
8 representatives for purposes of obtaining prior approval, the
9 governor shall provide each officer with a copy of the information
10 provided by the appropriate entity under Subsection (c).

11 SECTION 57.09. Section 490.057, Government Code, is amended
12 to read as follows:

13 Sec. 490.057. CONFIDENTIALITY. (a) Except as provided by
14 Subsection (b), information [~~Information~~] collected by the
15 governor's office, the committee, or the committee's advisory
16 panels concerning the identity, background, finance, marketing
17 plans, trade secrets, or other commercially or academically
18 sensitive information of an individual or entity being considered
19 for, receiving, or having received an award from the fund is
20 confidential unless the individual or entity consents to disclosure
21 of the information.

22 (b) The following information collected by the governor's
23 office, the committee, or the committee's advisory panels under
24 this chapter is public information and may be disclosed under
25 Chapter 552:

26 (1) the name and address of an individual or entity
27 receiving or having received an award from the fund;

1 (2) the amount of funding received by an award
2 recipient;

3 (3) a brief description of the project that is funded
4 under this chapter;

5 (4) if applicable, a brief description of the equity
6 position that the governor, on behalf of the state, has taken in an
7 entity that has received an award from the fund; and

8 (5) any other information designated by the committee
9 with the consent of:

10 (A) the individual or entity receiving or having
11 received an award from the fund, as applicable;

12 (B) the governor;

13 (C) the lieutenant governor; and

14 (D) the speaker of the house of representatives.

15 SECTION 57.10. Section 490.101, Government Code, is amended
16 by amending Subsection (f) and adding Subsection (f-1) to read as
17 follows:

18 (f) The administration of the fund is considered to be a
19 trustee program within the office of the governor. The governor
20 may negotiate on behalf of the state regarding awards from the
21 fund. The governor may award money appropriated from the fund only
22 with the [~~express written~~] prior approval of the lieutenant
23 governor and speaker of the house of representatives.

24 (f-1) For purposes of Subsection (f), an award of money
25 appropriated from the fund is considered disapproved by the
26 lieutenant governor or speaker of the house of representatives if
27 that officer does not approve the proposal to award funding before

1 the 91st day after the date of receipt of the proposal from the
2 governor. The lieutenant governor or the speaker of the house of
3 representatives may extend the review deadline applicable to that
4 officer for an additional 14 days by submitting a written notice to
5 that effect to the governor before the expiration of the initial
6 review period.

7 SECTION 57.11. Subsection (a), Section 490.151, Government
8 Code, is amended to read as follows:

9 (a) Amounts allocated from the fund for use as provided by
10 this subchapter shall be used only to provide direct funding to
11 ~~[reserved for incentives for]~~ private or nonprofit entities for
12 incentives to collaborate with public or private institutions of
13 higher education in this state on emerging technology projects
14 intended to accelerate the commercialization of intellectual
15 property derived from the institutions of higher education ~~[with a~~
16 ~~demonstrable economic benefit to this state]~~.

17 SECTION 57.12. Subchapter D, Chapter 490, Government Code,
18 is amended by adding Section 490.1521 to read as follows:

19 Sec. 490.1521. MINUTES OF CERTAIN MEETINGS. (a) Each
20 regional center of innovation and commercialization established
21 under Section 490.152, including the Texas Life Science Center for
22 Innovation and Commercialization, shall keep minutes of each
23 meeting at which applications for funding under this subchapter are
24 evaluated. The minutes must:

25 (1) include the name of each applicant recommended by
26 the regional center of innovation and commercialization to the
27 committee for funding; and

1 (2) indicate the vote of each member of the governing
2 body of the regional center of innovation and commercialization,
3 including any recusal by a member and the member's reason for
4 recusal, with regard to each application reviewed.

5 (b) Each regional center of innovation and
6 commercialization shall retain a copy of the minutes of each
7 meeting to which this section applies for at least three years.

8 SECTION 57.13. Section 203.021, Labor Code, is amended by
9 adding Subsection (e) to read as follows:

10 (e) Money in the compensation fund may not be transferred to
11 the:

12 (1) Texas Enterprise Fund created under Section
13 481.078, Government Code; or

14 (2) Texas emerging technology fund established under
15 Section 490.101, Government Code.

16 SECTION 57.14. Section 204.123, Labor Code, is amended to
17 read as follows:

18 Sec. 204.123. TRANSFER TO [~~TEXAS ENTERPRISE FUND,~~] SKILLS
19 DEVELOPMENT FUND, TRAINING STABILIZATION FUND, AND COMPENSATION
20 FUND. (a) If, on September 1 of a year, the commission determines
21 that the amount in the compensation fund will exceed 100 percent of
22 its floor as computed under Section 204.061 on the next October 1
23 computation date, the commission shall transfer from the holding
24 fund created under Section 204.122:

25 (1) [~~from the first \$160 million deposited in the~~
26 ~~holding fund in any state fiscal biennium:~~

27 [~~(A) during the state fiscal biennium ending~~

1 ~~August 31, 2007:~~

2 ~~[(i) 67 percent to the Texas Enterprise~~
3 ~~Fund created under Section 481.078, Government Code, except that~~
4 ~~the amount transferred under this paragraph may not exceed the~~
5 ~~amount appropriated by the legislature to the Texas Enterprise Fund~~
6 ~~in that biennium; and~~

7 ~~[(ii) 33 percent to the skills development~~
8 ~~fund created under Section 303.003, except that the amount~~
9 ~~transferred under this paragraph may not exceed the amount~~
10 ~~appropriated by the legislature to the skills development program~~
11 ~~strategies and activities in that biennium; and~~

12 ~~[(B)]~~ during any state fiscal biennium beginning
13 on or after September 1, 2007, 100 ~~[+]~~

14 ~~[(i) 75 percent to the Texas Enterprise~~
15 ~~Fund created under Section 481.078, Government Code, except that~~
16 ~~the amount transferred under this paragraph may not exceed the~~
17 ~~amount appropriated by the legislature to the Texas Enterprise Fund~~
18 ~~in that biennium; and~~

19 ~~[(ii) 25]~~ percent to the skills development
20 fund created under Section 303.003, except that the amount
21 transferred under this subdivision ~~[paragraph]~~ may not exceed the
22 amount appropriated by the legislature to the skills development
23 program strategies and activities in that biennium; and

24 (2) any remaining amount in the holding fund after the
25 distribution under Subdivision (1) to the training stabilization
26 fund created under Section 302.101.

27 (b) If, on September 1 of a year, the commission determines

1 that the amount in the compensation fund will be at or below 100
2 percent of its floor as computed under Section 204.061 on the next
3 October 1 computation date, the commission shall transfer to the
4 compensation fund as much of the amount in the holding fund as is
5 necessary to raise the amount in the compensation fund to 100
6 percent of its floor, up to and including the entire amount in the
7 holding fund. The commission shall transfer any remaining balance
8 in the holding fund to the [~~Texas Enterprise Fund, the~~] skills
9 development fund[~~7~~] and the training stabilization fund in the
10 manner [~~in the percentages~~] prescribed by Subsection (a).

11 SECTION 57.15. Subsections (b) and (c), Section 302.101,
12 Labor Code, are amended to read as follows:

13 (b) Money in the training stabilization fund may be used in
14 a year in which the amounts in the employment and training
15 investment holding fund are insufficient to meet the legislative
16 appropriation for that fiscal year for [~~either the Texas Enterprise~~
17 ~~Fund or~~] the skills development program strategies and activities.

18 (c) Money in the training stabilization fund shall be
19 transferred to the [~~Texas Enterprise Fund and the~~] skills
20 development fund under Subsection (b) not later than September
21 30. [~~The transfer under Subsection (b) shall consist of~~
22 ~~transferring 67 percent of the money in the training stabilization~~
23 ~~fund to the Texas Enterprise Fund and 33 percent of the money in the~~
24 ~~training stabilization fund to the skills development fund.~~] The
25 amount transferred from the training stabilization fund may not
26 exceed the amounts appropriated to the [~~Texas Enterprise Fund and~~]
27 skills development program strategies and activities in the fiscal

1 year in which the transfer is made.

2 SECTION 57.16. Sections 481.078(e) and 490.101(f),
3 Government Code, as amended by this article, and Section
4 490.101(f-1), Government Code, as added by this article, apply only
5 to a proposal for an award from the Texas Enterprise Fund or Texas
6 emerging technology fund submitted by the governor to the
7 lieutenant governor or speaker of the house of representatives for
8 prior approval on or after the effective date of this article. A
9 proposal submitted by the governor for prior approval before the
10 effective date of this article is governed by the law in effect on
11 the date the proposal was submitted for that approval, and the
12 former law is continued in effect for that purpose.

13 SECTION 57.17. Section 481.078(j), Government Code, as
14 amended by this article, and Sections 481.078(f-1) and (f-2),
15 Government Code, as added by this article, apply only to a grant
16 agreement that is entered into on or after the effective date of
17 this article. A grant agreement that is entered into before the
18 effective date of this article is governed by the law in effect on
19 the date the agreement was entered into, and the former law is
20 continued in effect for that purpose.

21 SECTION 57.18. (a) The terms of the members of the Texas
22 Emerging Technology Advisory Committee serving immediately before
23 the effective date of this article expire September 1, 2011.

24 (b) As soon as practicable after this article takes effect,
25 the governor, lieutenant governor, and speaker of the house of
26 representatives shall appoint members to the Texas Emerging
27 Technology Advisory Committee established under Subchapter B,

1 Chapter 490, Government Code, in a manner that complies with that
2 subchapter, as amended by this article.

3 (c) At the first meeting of members of the Texas Emerging
4 Technology Advisory Committee established under Subchapter B,
5 Chapter 490, Government Code, as amended by this article, occurring
6 on or after September 1, 2011, the members appointed by the governor
7 shall draw lots to determine which six members will serve a term
8 expiring September 1, 2012, and which seven members will serve a
9 term expiring September 1, 2013.

10 Explanation: This change is necessary to reform the
11 functions and administration of the Texas Enterprise Fund and the
12 Texas Emerging Technology Fund.

13 (3) House Rule 13, Section 9(4) is suspended to permit the
14 committee to add text on a matter not included in either version of
15 the bill by adding Section 45.02 to Article 45 of the bill amending
16 Chapter 322, Government Code, to read as follows:

17 SECTION 45.02. Chapter 322, Government Code, is amended by
18 adding Section 322.0081 to read as follows:

19 Sec. 322.0081. BUDGET DOCUMENTS ONLINE. (a) The board
20 shall post on the board's Internet website documents prepared by
21 the board that are provided to a committee, subcommittee, or
22 conference committee of either house of the legislature in
23 connection with an appropriations bill.

24 (b) The board shall post a document to which this section
25 applies as soon as practicable after the document is provided to a
26 committee, subcommittee, or conference committee.

27 (c) The document must be downloadable and provide data in a

1 format that allows the public to search, extract, organize, and
2 analyze the information in the document.

3 (d) The requirement under Subsection (a) does not supersede
4 any exceptions provided under Chapter 552.

5 (e) The board shall promulgate rules to implement the
6 provisions of this section.

7 Explanation: This change is necessary to provide for certain
8 budget documents to be made available on the Internet website of the
9 Legislative Budget Board.

10 (4) House Rule 13, Section 9(4) is suspended to permit the
11 committee to add text on a matter not included in either version of
12 the bill by adding Section 56.02 to Article 56 of the bill to read as
13 follows:

14 SECTION 56.02. Subsection (c), Section 171.0002, Tax Code,
15 is amended to read as follows:

16 (c) "Taxable entity" does not include an entity that is:

17 (1) a grantor trust as defined by Sections 671 and
18 7701(a)(30)(E), Internal Revenue Code, all of the grantors and
19 beneficiaries of which are natural persons or charitable entities
20 as described in Section 501(c)(3), Internal Revenue Code, excluding
21 a trust taxable as a business entity pursuant to Treasury
22 Regulation Section 301.7701-4(b);

23 (2) an estate of a natural person as defined by Section
24 7701(a)(30)(D), Internal Revenue Code, excluding an estate taxable
25 as a business entity pursuant to Treasury Regulation Section
26 301.7701-4(b);

27 (3) an escrow;

1 (4) a real estate investment trust (REIT) as defined
2 by Section 856, Internal Revenue Code, and its "qualified REIT
3 subsidiary" entities as defined by Section 856(i)(2), Internal
4 Revenue Code, provided that:

5 (A) a REIT with any amount of its assets in direct
6 holdings of real estate, other than real estate it occupies for
7 business purposes, as opposed to holding interests in limited
8 partnerships or other entities that directly hold the real estate,
9 is a taxable entity; and

10 (B) a limited partnership or other entity that
11 directly holds the real estate as described in Paragraph (A) is not
12 exempt under this subdivision, without regard to whether a REIT
13 holds an interest in it;

14 (5) a real estate mortgage investment conduit (REMIC),
15 as defined by Section 860D, Internal Revenue Code;

16 (6) a nonprofit self-insurance trust created under
17 Chapter 2212, Insurance Code, or a predecessor statute;

18 (7) a trust qualified under Section 401(a), Internal
19 Revenue Code; ~~or~~

20 (8) a trust or other entity that is exempt under
21 Section 501(c)(9), Internal Revenue Code; or

22 (9) an unincorporated entity organized as a political
23 committee under the Election Code or the provisions of the Federal
24 Election Campaign Act of 1971 (2 U.S.C. Section 431 et seq.).

25 Explanation: This change is necessary to ensure that certain
26 unincorporated political committees are not considered "taxable
27 entities" for purposes of the franchise tax.

1 (5) House Rule 13, Section 9(4) is suspended to permit the
2 committee to add text on a matter not included in either version of
3 the bill by adding proposed Article 61 to read as follows:

4 ARTICLE 61. CERTAIN CONTRIBUTION RATE COMPUTATIONS

5 SECTION 61.01. Section 815.402, Government Code, is amended
6 by adding Subsections (a-1) and (h-1) to read as follows:

7 (a-1) Notwithstanding Subsection (a)(1), if the state
8 contribution to the retirement system is computed using a
9 percentage less than 6.5 percent for the state fiscal year
10 beginning September 1, 2011, the member's contribution is not
11 required to be computed using a percentage equal to the percentage
12 used to compute the state contribution for that biennium. This
13 subsection expires September 1, 2012.

14 (h-1) Notwithstanding Subsection (h), if the state
15 contribution to the law enforcement and custodial officer
16 supplemental retirement fund is computed using a percentage less
17 than 0.5 percent for the state fiscal year beginning September 1,
18 2011, the member's contribution is not required to be computed
19 using a percentage equal to the percentage used to compute the state
20 contribution for that biennium. This subsection expires September
21 1, 2012.

22 Explanation: This change is necessary to allow, for one
23 year, for a difference between the percentage used for the
24 computations of the state retirement system contributions and that
25 used for members' retirement system contributions for certain
26 system members.

27 (6) House Rule 13, Section 9(4) is suspended to permit the

1 committee to add text on a matter not included in either version of
2 the bill by adding proposed Article 62 to read as follows:

3 ARTICLE 62. QUINQUENNIAL REPORTING OF CERTAIN INFORMATION FOR
4 UNCLAIMED PROPERTY

5 SECTION 62.01. Subsection (a), Section 411.0111,
6 Government Code, is amended to read as follows:

7 (a) Not later than June 1 of every fifth [~~each~~] year, the
8 department shall provide to the comptroller, for the purpose of
9 assisting the comptroller in the identification of persons entitled
10 to unclaimed property reported to the comptroller, the name,
11 address, social security number, date of birth, and driver's
12 license or state identification number of each person about whom
13 the department has such information in its records.

14 SECTION 62.02. Subsection (a), Section 811.010, Government
15 Code, as added by Chapter 232 (S.B. 1589), Acts of the 81st
16 Legislature, Regular Session, 2009, is amended to read as follows:

17 (a) Not later than June 1 of every fifth [~~each~~] year, the
18 retirement system shall provide to the comptroller, for the purpose
19 of assisting the comptroller in the identification of persons
20 entitled to unclaimed property reported to the comptroller, the
21 name, address, social security number, and date of birth of each
22 member, retiree, and beneficiary from the retirement system's
23 records.

24 SECTION 62.03. Subsection (a), Section 821.010, Government
25 Code, is amended to read as follows:

26 (a) Not later than June 1 of every fifth [~~each~~] year, the
27 retirement system shall provide to the comptroller, for the purpose

1 of assisting the comptroller in the identification of persons
2 entitled to unclaimed property reported to the comptroller, the
3 name, address, social security number, and date of birth of each
4 member, retiree, and beneficiary from the retirement system's
5 records.

6 SECTION 62.04. Subsection (a), Section 301.086, Labor Code,
7 is amended to read as follows:

8 (a) Not later than June 1 of every fifth ~~each~~ year, the
9 commission shall provide to the comptroller, for the purpose of
10 assisting the comptroller in the identification of persons entitled
11 to unclaimed property reported to the comptroller, the name,
12 address, social security number, and date of birth of each person
13 about whom the commission has such information in its records.

14 SECTION 62.05. The Department of Public Safety, the
15 Employees Retirement System of Texas, the Teacher Retirement System
16 of Texas, and the Texas Workforce Commission shall provide
17 information to the comptroller as required by Sections 411.0111(a),
18 811.010(a), and 821.010(a), Government Code, and Section
19 301.086(a), Labor Code, as amended by this article, beginning in
20 2016.

21 Explanation: This change is necessary to provide for certain
22 reports, filed for the purpose of assisting the comptroller in the
23 identification of persons entitled to unclaimed property, to be
24 filed every fifth year instead of annually.

25 (7) House Rule 13, Section 9(4) is suspended to permit the
26 committee to add text on a matter not included in either version of
27 the bill by adding proposed Article 63 to read as follows:

1 ARTICLE 63. AD VALOREM TAXATION OF CERTAIN STORED PROPERTY

2 SECTION 63.01. Subsection (a), Section 11.253, Tax Code, is
3 amended by amending Subdivision (2) and adding Subdivisions (5) and
4 (6) to read as follows:

5 (2) "Goods-in-transit" means tangible personal
6 property that:

7 (A) is acquired in or imported into this state to
8 be forwarded to another location in this state or outside this
9 state;

10 (B) is stored under a contract of bailment by a
11 public warehouse operator ~~[detained]~~ at one or more public
12 warehouse facilities ~~[a location]~~ in this state that are not in any
13 way owned or controlled by ~~[in which]~~ the owner of the personal
14 property ~~[does not have a direct or indirect ownership interest]~~
15 for the account of ~~[assembling, storing, manufacturing,~~
16 ~~processing, or fabricating purposes by]~~ the person who acquired or
17 imported the property;

18 (C) is transported to another location in this
19 state or outside this state not later than 175 days after the date
20 the person acquired the property in or imported the property into
21 this state; and

22 (D) does not include oil, natural gas, petroleum
23 products, aircraft, dealer's motor vehicle inventory, dealer's
24 vessel and outboard motor inventory, dealer's heavy equipment
25 inventory, or retail manufactured housing inventory.

26 (5) "Bailee" and "warehouse" have the meanings
27 assigned by Section 7.102, Business & Commerce Code.

1 (6) "Public warehouse operator" means a person that:

2 (A) is both a bailee and a warehouse; and

3 (B) stores under a contract of bailment, at one
4 or more public warehouse facilities, tangible personal property
5 that is owned by other persons solely for the account of those
6 persons and not for the operator's account.

7 SECTION 63.02. Section 11.253, Tax Code, is amended by
8 amending Subsections (e) and (h) and adding Subsections (j-1) and
9 (j-2) to read as follows:

10 (e) In determining the market value of goods-in-transit
11 that in the preceding year were [~~assembled,~~ stored[~~, manufactured,~~
12 ~~processed, or fabricated~~] in this state, the chief appraiser shall
13 exclude the cost of equipment, machinery, or materials that entered
14 into and became component parts of the goods-in-transit but were
15 not themselves goods-in-transit or that were not transported to
16 another location in this state or outside this state before the
17 expiration of 175 days after the date they were brought into this
18 state by the property owner or acquired by the property owner in
19 this state. For component parts held in bulk, the chief appraiser
20 may use the average length of time a component part was held by the
21 owner of the component parts during the preceding year at a location
22 in this state that was not owned by or under the control of the owner
23 of the component parts in determining whether the component parts
24 were transported to another location in this state or outside this
25 state before the expiration of 175 days.

26 (h) The chief appraiser by written notice delivered to a
27 property owner who claims an exemption under this section may

1 require the property owner to provide copies of property records so
2 the chief appraiser can determine the amount and value of
3 goods-in-transit and that the location in this state where the
4 goods-in-transit were detained for storage [~~assembling, storing,~~
5 ~~manufacturing, processing, or fabricating purposes~~] was not owned
6 by or under the control of the owner of the goods-in-transit. If
7 the property owner fails to deliver the information requested in
8 the notice before the 31st day after the date the notice is
9 delivered to the property owner, the property owner forfeits the
10 right to claim or receive the exemption for that year.

11 (j-1) Notwithstanding Subsection (j) or official action
12 that was taken under that subsection before September 1, 2011, to
13 tax goods-in-transit exempt under Subsection (b) and not exempt
14 under other law, a taxing unit may not tax such goods-in-transit in
15 a tax year that begins on or after January 1, 2012, unless the
16 governing body of the taxing unit takes action on or after September
17 1, 2011, in the manner required for official action by the governing
18 body, to provide for the taxation of the goods-in-transit. The
19 official action to tax the goods-in-transit must be taken before
20 January 1 of the first tax year in which the governing body proposes
21 to tax goods-in-transit. Before acting to tax the exempt property,
22 the governing body of the taxing unit must conduct a public hearing
23 as required by Section 1-n(d), Article VIII, Texas Constitution.
24 If the governing body of a taxing unit provides for the taxation of
25 the goods-in-transit as provided by this subsection, the exemption
26 prescribed by Subsection (b) does not apply to that unit. The
27 goods-in-transit remain subject to taxation by the taxing unit

1 until the governing body of the taxing unit, in the manner required
2 for official action, rescinds or repeals its previous action to tax
3 goods-in-transit or otherwise determines that the exemption
4 prescribed by Subsection (b) will apply to that taxing unit.

5 (j-2) Notwithstanding Subsection (j-1), if under Subsection
6 (j) the governing body of a taxing unit, before September 1, 2011,
7 took action to provide for the taxation of goods-in-transit and
8 pledged the taxes imposed on the goods-in-transit for the payment
9 of a debt of the taxing unit, the tax officials of the taxing unit
10 may continue to impose the taxes against the goods-in-transit until
11 the debt is discharged, if cessation of the imposition would impair
12 the obligation of the contract by which the debt was created.

13 SECTION 63.03. Subdivision (2), Subsection (a), Section
14 11.253, Tax Code, as amended by this article, applies only to an ad
15 valorem tax year that begins on or after January 1, 2012.

16 SECTION 63.04. (a) Except as provided by Subsection (b) of
17 this section, this article takes effect January 1, 2012.

18 (b) Section 63.02 of this article takes effect September 1,
19 2011.

20 Explanation: This change is necessary to clarify the law
21 regarding the exemption from ad valorem taxation of certain
22 property stored temporarily at a location in this state.

23 (8) House Rule 13, Section 9(4) is suspended to permit the
24 committee to add text on a matter not included in either version of
25 the bill by adding proposed Article 64 to read as follows:

26 ARTICLE 64. FISCAL MATTERS CONCERNING ADVANCED PLACEMENT

27 SECTION 64.01. Subsection (h), Section 28.053, Education

1 Code, is amended to read as follows:

2 (h) The commissioner may enter into agreements with the
3 college board and the International Baccalaureate Organization to
4 pay for all examinations taken by eligible public school students.
5 An eligible student is a student [~~one~~] who:

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

10 (2) demonstrates financial need as determined in
11 accordance with guidelines adopted by the board that are consistent
12 with the definition of financial need adopted by the college board
13 or the International Baccalaureate Organization.

14 Explanation: This change is necessary to provide that only
15 students who demonstrate financial need are eligible students for
16 the purpose of payments for certain examinations related to an
17 advanced placement course or international baccalaureate course.

18 (9) House Rule 13, Section 9(4) is suspended to permit the
19 committee to add text on a matter not included in either version of
20 the bill by adding proposed Article 65 to read as follows:

21 ARTICLE 65. FISCAL MATTERS CONCERNING TUITION EXEMPTIONS

22 SECTION 65.01. Subsection (c), Section 54.214, Education
23 Code, is amended to read as follows:

24 (c) To be eligible for an exemption under this section, a
25 person must:

26 (1) be a resident of this state;

27 (2) be a school employee serving in any capacity;

1 (3) for the initial term or semester for which the
2 person receives an exemption under this section, have worked as an
3 educational aide for at least one school year during the five years
4 preceding that term or semester;

5 (4) establish financial need as determined by
6 coordinating board rule;

7 (5) be enrolled at the institution of higher education
8 granting the exemption in courses required for teacher
9 certification in one or more subject areas determined by the Texas
10 Education Agency to be experiencing a critical shortage of teachers
11 at the public schools in this state [~~at the institution of higher~~
12 ~~education granting the exemption~~];

13 (6) maintain an acceptable grade point average as
14 determined by coordinating board rule; and

15 (7) comply with any other requirements adopted by the
16 coordinating board under this section.

17 SECTION 65.02. The change in law made by this article
18 applies beginning with tuition and fees charged for the 2011 fall
19 semester. Tuition and fees charged for a term or semester before
20 the 2011 fall semester are covered by the law in effect during the
21 term or semester for which the tuition and fees are charged, and the
22 former law is continued in effect for that purpose.

23 Explanation: This change is necessary to provide for
24 targeting tuition exemptions to course work in subject areas for
25 which there is a shortage of teachers.

26 (10) House Rule 13, Section 9(4) is suspended to permit the
27 committee to add text on a matter not included in either version of

1 the bill by adding proposed Article 66 to read as follows:

2 ARTICLE 66. FISCAL MATTERS CONCERNING DUAL HIGH SCHOOL AND
3 JUNIOR COLLEGE CREDIT

4 SECTION 66.01. Subsection (c), Section 130.008, Education
5 Code, is amended to read as follows:

6 (c) The contact hours attributable to the enrollment of a
7 high school student in a course offered for joint high school and
8 junior college credit under this section, excluding a course for
9 which the student attending high school may receive course credit
10 toward the physical education curriculum requirement under Section
11 28.002(a)(2)(C), shall be included in the contact hours used to
12 determine the junior college's proportionate share of the state
13 money appropriated and distributed to public junior colleges under
14 Sections 130.003 and 130.0031, even if the junior college waives
15 all or part of the tuition or fees for the student under Subsection
16 (b).

17 SECTION 66.02. This article applies beginning with funding
18 for the 2011 fall semester.

19 Explanation: This change is necessary to prevent junior
20 colleges from receiving state funding for high school students
21 enrolled for dual credit in physical education courses.

22 (11) House Rule 13, Section 9(4) is suspended to permit the
23 committee to add text on a matter not included in either version of
24 the bill by adding proposed Article 67 to read as follows:

25 ARTICLE 67. CLASSIFICATION OF ENTITIES AS ENGAGED IN RETAIL
26 TRADE FOR PURPOSES OF THE FRANCHISE TAX

27 SECTION 67.01. Subdivision (12), Section 171.0001, Tax

1 Code, is amended to read as follows:

2 (12) "Retail trade" means:

3 (A) the activities described in Division G of the
4 1987 Standard Industrial Classification Manual published by the
5 federal Office of Management and Budget; and

6 (B) apparel rental activities classified as
7 Industry 5999 or 7299 of the 1987 Standard Industrial
8 Classification Manual published by the federal Office of Management
9 and Budget.

10 SECTION 67.02. This article applies only to a report
11 originally due on or after the effective date of this Act.

12 SECTION 67.03. This article takes effect January 1, 2012.

13 Explanation: This change is necessary to clarify the
14 treatment of clothing rental businesses for purposes of the
15 franchise tax.

16 (12) House Rule 13, Section 9(4) is suspended to permit the
17 committee to add text on a matter not included in either version of
18 the bill by adding proposed Article 68 to read as follows:

19 ARTICLE 68. RETENTION OF CERTAIN FOUNDATION SCHOOL FUND PAYMENTS

20 SECTION 68.01. Subchapter E, Chapter 42, Education Code, is
21 amended by adding Section 42.2511 to read as follows:

22 Sec. 42.2511. AUTHORIZATION FOR CERTAIN DISTRICTS TO RETAIN
23 ADDITIONAL STATE AID. (a) This section applies only to a school
24 district that was provided with state aid under former Section
25 42.2516 for the 2009-2010 or 2010-2011 school year based on the
26 amount of aid to which the district would have been entitled under
27 that section if Section 42.2516(g), as it existed on January 1,

1 2009, applied to determination of the amount to which the district
2 was entitled for that school year.

3 (b) Notwithstanding any other law, a district to which this
4 section applies may retain the state aid provided to the district as
5 described by Subsection (a).

6 (c) This section expires September 1, 2013.

7 SECTION 68.02. It is the intent of the legislature that the
8 authorization provided by Section 42.2511, Education Code, as added
9 by this article, to retain state aid described by that section is
10 not affected by the expiration of that provision on September 1,
11 2013.

12 Explanation: This change is necessary to allow school
13 districts that adopted a tax rate lower than the applicable
14 compressed tax rate to retain additional state aid for tax
15 reduction that was received in the 2009-2010 or 2010-2011 school
16 year.

17 (13) House Rule 13, Section 9(4) is suspended to permit the
18 committee to add text on a matter not included in either version of
19 the bill by adding proposed Article 69 to read as follows:

20 ARTICLE 69. THE STATE COMPRESSION PERCENTAGE

21 SECTION 69.01. Section 42.2516, Education Code, is amended
22 by adding Subsection (b-2) to read as follows:

23 (b-2) If a school district adopts a maintenance and
24 operations tax rate that is below the rate equal to the product of
25 the state compression percentage multiplied by the maintenance and
26 operations tax rate adopted by the district for the 2005 tax year,
27 the commissioner shall reduce the district's entitlement under this

1 section in proportion to the amount by which the adopted rate is
2 less than the rate equal to the product of the state compression
3 percentage multiplied by the rate adopted by the district for the
4 2005 tax year. The reduction required by this subsection applies
5 beginning with the maintenance and operations tax rate adopted for
6 the 2009 tax year.

7 Explanation: This change is necessary to provide for a
8 reduced amount of additional state aid for tax reduction to a school
9 district that adopts a tax rate lower than the applicable
10 compressed tax rate.

11 (14) House Rule 13, Section 9(4) is suspended to permit the
12 committee to add text on a matter not included in either version of
13 the bill by adding proposed Article 70 to read as follows:

14 ARTICLE 70. TEXAS GUARANTEED STUDENT LOAN CORPORATION;

15 BOARD OF DIRECTORS

16 SECTION 70.01. Subsections (a) and (b), Section 57.13,
17 Education Code, are amended to read as follows:

18 (a) The corporation is governed by a board of nine [~~11~~]
19 directors in accordance with this section.

20 (b) The governor, with the advice and consent of the senate,
21 shall appoint the [~~10~~] members of [~~to~~] the board as follows:

22 (1) four [~~five~~] members who must have knowledge of or
23 experience in finance, including management of funds or business
24 operations;

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

1 student of the institution; and

2 (3) four members who must be members of the faculty or
3 administration of a [~~an eligible~~] postsecondary educational
4 institution that is an eligible institution for purposes of the
5 Higher Education Act of 1965, as amended [~~, as defined by Section~~
6 ~~57.46~~].

7 SECTION 70.02. Section 57.17, Education Code, is amended to
8 read as follows:

9 Sec. 57.17. OFFICERS. The governor shall designate the
10 chairman from among the board's membership. The board shall elect
11 from among its members a [~~chairman,~~] vice-chairman[~~,~~] and other
12 officers that the board considers necessary. The chairman and
13 vice-chairman serve for a term of one year and may be redesignated
14 or reelected, as applicable.

15 SECTION 70.03. Subsection (d), Section 57.13, Education
16 Code, is repealed.

17 Explanation: This change is necessary to reform the
18 governance of the Texas Guaranteed Student Loan Corporation.

19 (15) House Rule 13, Section 9(4) is suspended to permit the
20 committee to add text on a matter not included in either version of
21 the bill by adding proposed Article 71 to read as follows:

22 ARTICLE 71. DRIVER'S LICENSES AND PERSONAL IDENTIFICATION

23 CERTIFICATES

24 SECTION 71.01. Subchapter A, Chapter 521, Transportation
25 Code, is amended by adding Section 521.007 to read as follows:

26 Sec. 521.007. SECURITY, VALIDITY, AND EFFICIENCY STUDY.

27 (a) Notwithstanding any other law, the commission shall study

1 procedures and requirements necessary or advisable to ensure the
2 security, validity, and efficiency of driver's licenses and
3 personal identification certificates issued under this chapter.
4 The study must include an analysis of potential cost savings,
5 revenue issues, and other fiscal matters related to the issuance of
6 the license and certificates. The commission shall adopt rules to
7 implement any procedures or requirements the commission finds are
8 necessary or advisable.

9 (b) Notwithstanding any other law, the commission by rule
10 may specify the term of a driver's license or personal
11 identification certificate issued under this chapter.

12 SECTION 71.02. The legislature declares that the Department
13 of Public Safety had the statutory authority to adopt the rules
14 regarding driver's licenses and personal identification
15 certificates that are in effect on the effective date of this
16 article and that the rules are valid.

17 SECTION 71.03. This article takes effect immediately if
18 this Act receives a vote of two-thirds of all the members elected to
19 each house, as provided by Section 39, Article III, Texas
20 Constitution. If this Act does not receive the vote necessary for
21 this article to have immediate effect, this article takes effect
22 September 1, 2011.

23 Explanation: This change is necessary to identify procedures
24 and requirements to ensure the security, validity, and efficiency
25 of driver's licenses and personal identification certificates, to
26 identify the potential cost savings, revenue issues, and other
27 fiscal matters related to the issuance of license and certificates,

1 to provide for authority for rules to specify the terms of licenses
2 and certificates, and to validate certain rules previously adopted
3 regarding driver's licenses and personal identification
4 certificates.

5 (16) House Rule 13, Section 9(4) is suspended to permit the
6 committee to add text on a matter not included in either version of
7 the bill by adding proposed Article 72 to read as follows:

8 ARTICLE 72. FISCAL MATTERS CONCERNING LEASES OF PUBLIC LAND FOR
9 MINERAL DEVELOPMENT

10 SECTION 72.01. Subsections (a) and (c), Section 85.66,
11 Education Code, are amended to read as follows:

12 (a) If oil or other minerals are developed on any of the
13 lands leased by the board, the royalty or money as stipulated in the
14 sale shall be paid to the general land office at Austin on or before
15 the last day of each month for the preceding month during the life
16 of the rights purchased, and shall be set aside [~~in the state~~
17 ~~treasury~~] as specified in Section 85.70 [~~of this code~~]. The royalty
18 or money paid to the general land office shall be accompanied by the
19 sworn statement of the owner, manager, or other authorized agent
20 showing the gross amount of oil, gas, sulphur, mineral ore, and
21 other minerals produced and saved since the last report, the amount
22 of oil, gas, sulphur, mineral ore, and other minerals produced and
23 sold off the premises, and the market value of the oil, gas,
24 sulphur, mineral ore, and other minerals, together with a copy of
25 all daily gauges, or vats, tanks, gas meter readings, pipeline
26 receipts, gas line receipts and other checks and memoranda of the
27 amounts produced and put into pipelines, tanks, vats, or pool and

1 gas lines, gas storage, other places of storage, and other means of
2 transportation.

3 (c) The commissioner of the general land office shall tender
4 to the board on or before the 10th day of each month a report of all
5 receipts that are collected from the lease or sale of oil, gas,
6 sulphur, mineral ore, and other minerals and that are deposited
7 ~~[turned into the state treasury,~~] as provided by Section 85.70
8 during ~~[of this code, of]~~ the preceding month.

9 SECTION 72.02. Section 85.69, Education Code, is amended to
10 read as follows:

11 Sec. 85.69. PAYMENTS; DISPOSITION. Payments under this
12 subchapter shall be made to the commissioner of the general land
13 office at Austin, who shall transmit to the board ~~[comptroller]~~ all
14 royalties, lease fees, rentals for delay in drilling or mining, and
15 all other payments, including all filing assignments and
16 relinquishment fees, to be deposited ~~[in the state treasury]~~ as
17 provided by Section 85.70 ~~[of this code]~~.

18 SECTION 72.03. Section 85.70, Education Code, is amended to
19 read as follows:

20 Sec. 85.70. CERTAIN MINERAL LEASES; DISPOSITION OF MONEY;
21 SPECIAL FUNDS; INVESTMENT. (a) Except as provided by Subsection
22 (c) ~~[of this section]~~, all money received under and by virtue of
23 this subchapter shall be deposited in ~~[the state treasury to the~~
24 ~~credit of]~~ a special fund managed by the board to be known as The
25 Texas A&M University System Special Mineral Investment Fund. Money
26 in the fund is considered to be institutional funds, as defined by
27 Section 51.009, of the system and its component institutions. The

1 ~~[With the approval of the comptroller, the board of regents of The~~
2 ~~Texas A&M University System may appoint one or more commercial~~
3 ~~banks, depository trust companies, or other entities to serve as~~
4 ~~custodian or custodians of the Special Mineral Investment Fund's~~
5 ~~securities with authority to hold the money realized from those~~
6 ~~securities pending completion of an investment transaction if the~~
7 ~~money held is reinvested within one business day of receipt in~~
8 ~~investments determined by the board of regents. Money not~~
9 ~~reinvested within one business day of receipt shall be deposited in~~
10 ~~the state treasury not later than the fifth day after the date of~~
11 ~~receipt. In the judgment of the board, this] special fund may be~~
12 invested so as to produce ~~[an]~~ income which may be expended under
13 the direction of the board for the general use of any component of
14 The Texas A&M University System, including erecting permanent
15 improvements and in payment of expenses incurred in connection with
16 the administration of this subchapter. The unexpended income
17 likewise may be invested as ~~[herein]~~ provided by this section.

18 (b) The income from the investment of the special mineral
19 investment fund created by ~~[under]~~ Subsection (a) ~~[of this section]~~
20 shall be deposited in ~~[to the credit of]~~ a fund managed by the board
21 to be known as The Texas A&M University System Special Mineral
22 Income Fund, and is considered to be institutional funds, as
23 defined by Section 51.009, of the system and its component
24 institutions ~~[shall be appropriated by the legislature exclusively~~
25 ~~for the university system for the purposes herein provided]~~.

26 (c) The board shall lease for oil, gas, sulphur, or other
27 mineral development, as prescribed by this subchapter, all or part

1 of the land under the exclusive control of the board owned by the
2 State of Texas and acquired for the use of Texas A&M
3 University--Kingsville and its divisions. Any money received by
4 the board concerning such land under this subchapter shall be
5 deposited in [~~the state treasury to the credit of~~] a special fund
6 managed by the board to be known as the Texas A&M
7 University--Kingsville special mineral fund. Money in the fund is
8 considered to be institutional funds, as defined by Section 51.009,
9 of the university and is[~~r~~] to be used exclusively for the
10 university [~~Texas A&M University--Kingsville~~] and its branches and
11 divisions. [~~Money may not be expended from this fund except as~~
12 ~~authorized by the general appropriations act.~~]

13 (d) All deposits in and investments of the fund under this
14 section shall be made in accordance with Section 51.0031.

15 (e) Section 34.017, Natural Resources Code, does not apply
16 to funds created by this section.

17 SECTION 72.04. Subsection (b), Section 95.36, Education
18 Code, is amended to read as follows:

19 (b) Except as provided in Subsection (c) of this section,
20 any money received by virtue of this section and the income from the
21 investment of such money shall be deposited in [~~the State Treasury~~
22 ~~to the credit of~~] a special fund managed by the board to be known as
23 the Texas State University System special mineral fund. Money in
24 the fund is considered to be institutional funds, as defined by
25 Section 51.009, of the system and its component institutions and
26 is[~~r~~] to be used exclusively for those entities. All deposits in and
27 investments of the fund shall be made in accordance with Section

1 51.0031. Section 34.017, Natural Resources Code, does not apply to
2 the fund [~~the university system and the universities in the system.~~
3 ~~However, no money shall ever be expended from this fund except as~~
4 ~~authorized by the General Appropriations Act~~].

5 SECTION 72.05. Subsection (b), Section 109.61, Education
6 Code, is amended to read as follows:

7 (b) Any money received by virtue of this section shall be
8 deposited in [~~the state treasury to the credit of~~] a special fund
9 managed by the board to be known as the Texas Tech University
10 special mineral fund. Money in the fund is considered to be
11 institutional funds, as defined by Section 51.009, of the
12 university and is[~~7~~] to be used exclusively for the university and
13 its branches and divisions. All deposits in and investments of the
14 fund shall be made in accordance with Section 51.0031. Section
15 34.017, Natural Resources Code, does not apply to the fund.
16 [~~However, no money shall ever be expended from this fund except as~~
17 ~~authorized by the general appropriations act.~~]

18 SECTION 72.06. Subsections (a) and (c), Section 109.75,
19 Education Code, are amended to read as follows:

20 (a) If oil or other minerals are developed on any of the
21 lands leased by the board, the royalty as stipulated in the sale
22 shall be paid to the general land office in Austin on or before the
23 last day of each month for the preceding month during the life of
24 the rights purchased. The royalty payments shall be set aside [~~in~~
25 ~~the state treasury~~] as specified in Section 109.61 [~~of this code~~]
26 and used as provided in that section.

27 (c) The commissioner of the general land office shall tender

1 to the board on or before the 10th day of each month a report of all
2 receipts that are collected from the lease or sale of oil, gas,
3 sulphur, or other minerals and that are deposited in [~~turned into~~
4 the special fund as provided by Section 109.61 [~~in the state~~
5 ~~treasury~~] during the preceding month.

6 SECTION 72.07. Subsection (b), Section 109.78, Education
7 Code, is amended to read as follows:

8 (b) Payment of all royalties, lease fees, rentals for delay
9 in drilling or mining, filing fees for assignments and
10 relinquishments, and all other payments shall be made to the
11 commissioner of the general land office at Austin. The
12 commissioner shall transmit all payments received to the board
13 [~~comptroller~~] for deposit to the credit of the Texas Tech
14 University special mineral fund as provided by Section 109.61.

15 SECTION 72.08. Section 85.72, Education Code, is repealed.

16 SECTION 72.09. This article takes effect September 1, 2011.

17 Explanation: This change is necessary to provide for certain
18 mineral income for the Texas A&M University System, Texas Tech
19 University, and the Texas State University System to be treated
20 similarly to mineral income for other institutions of higher
21 education.

22 (17) House Rule 13, Section 9(4) is suspended to permit the
23 committee to add text on a matter not included in either version of
24 the bill by adding proposed Article 73 to read as follows:

25 ARTICLE 73. FOUNDATION SCHOOL PROGRAM FINANCING; CERTAIN TAX
26 INCREMENT FUND REPORTING MATTERS

27 SECTION 73.01. (a) This section applies only to a school

1 district that, before May 1, 2011, received from the commissioner
2 of education a notice of a reduction in state funding for the
3 2004-2005, 2005-2006, 2006-2007, 2007-2008, and 2008-2009 school
4 years based on the district's reporting related to deposits of
5 taxes into a tax increment fund under Chapter 311, Tax Code.

6 (b) Notwithstanding any other law, including Section
7 42.302(b)(2), Education Code, the commissioner of education shall
8 reduce by one-half the amounts of the reduction of entitlement
9 amounts computed for purposes of adjusting entitlement amounts to
10 account for taxes deposited into a tax increment fund for any of the
11 school years described by Subsection (a) of this section.

12 (c) This section expires September 1, 2013.

13 Explanation: This change is necessary to provide for the
14 proper adjustment of foundation school program entitlement amounts
15 in cases of reductions resulting from tax increment fund deposit
16 reporting for certain school years by certain school districts.

17 (18) House Rule 13, Section 9(4) is suspended to permit the
18 committee to add text on a matter not included in either version of
19 the bill by adding proposed Article 74 to the bill to read as
20 follows:

21 ARTICLE 74. CRIMINAL BACKGROUND CHECKS FOR CERTAIN

22 INTERSCHOLASTIC SPORTS OFFICIALS

23 SECTION 74.01. Subchapter D, Chapter 33, Education Code, is
24 amended by adding Section 33.085 to read as follows:

25 Sec. 33.085. CRIMINAL BACKGROUND CHECKS FOR SPORTS
26 OFFICIALS; COST RECOVERY. (a) In this section, "sports official"
27 means a person who officiates, judges, or otherwise enforces

1 contest rules in an official capacity for athletic competition.
2 The term includes a referee, umpire, linesman, side judge, and back
3 judge.

4 (b) The University Interscholastic League by rule may
5 require a person to have a criminal background check conducted by
6 the league as a precondition of acting as a sports official for
7 interscholastic athletic competition.

8 (c) The University Interscholastic League may refuse to
9 allow a person to act as a sports official for interscholastic
10 athletic competition if a criminal background check conducted under
11 league rules reveals a conviction of:

12 (1) an offense involving moral turpitude;

13 (2) an offense involving a form of sexual or physical
14 abuse of a minor or student or other illegal conduct in which the
15 victim is a minor or student;

16 (3) a felony offense involving the possession,
17 transfer, sale, or distribution of or conspiracy to possess,
18 transfer, sell, or distribute a controlled substance, as defined by
19 Chapter 481, Health and Safety Code, or by 21 U.S.C. Section 801 et
20 seq.;

21 (4) an offense involving the illegal transfer,
22 appropriation, or use of school district funds or other district
23 property; or

24 (5) an offense involving an attempt by fraudulent or
25 unauthorized means to obtain or alter registration to serve as a
26 sports official for interscholastic athletic competition.

27 (d) An interscholastic athletic league by rule may

1 establish a cost recovery program to offset any costs the league
2 incurs as a result of the implementation of this section.

3 Explanation: This change is necessary to provide for criminal
4 background checks for certain sports officials for interscholastic
5 athletic competition and for the recover costs associated with the
6 program incurred by an interscholastic athletic league.

7 (19) House Rule 13, Section 9(4) is suspended to permit the
8 committee to add text on a matter not included in either version of
9 the bill by adding proposed Article 75 to the bill to read as
10 follows:

11 ARTICLE 75. FISCAL MATTERS RELATING TO PUBLIC SCHOOL FINANCE

12 SECTION 75.01. Effective September 1, 2011, Section 12.106,
13 Education Code, is amended by amending Subsection (a) and adding
14 Subsection (a-3) to read as follows:

15 (a) A charter holder is entitled to receive for the
16 open-enrollment charter school funding under Chapter 42 equal to
17 the greater of:

18 (1) the percentage specified by Section 42.2516(i)
19 multiplied by the amount of funding per student in weighted average
20 daily attendance, excluding enrichment funding under Sections
21 42.302(a-1)(2) and (3), as they existed on January 1, 2009, that
22 would have been received for the school during the 2009-2010 school
23 year under Chapter 42 as it existed on January 1, 2009, and an
24 additional amount of the percentage specified by Section 42.2516(i)
25 multiplied by \$120 for each student in weighted average daily
26 attendance; or

27 (2) the amount of funding per student in weighted

1 average daily attendance, excluding enrichment funding under
2 Section 42.302(a), to which the charter holder would be entitled
3 for the school under Chapter 42 if the school were a school district
4 without a tier one local share for purposes of Section 42.253 and
5 without any local revenue for purposes of Section 42.2516.

6 (a-3) In determining funding for an open-enrollment charter
7 school under Subsection (a), the commissioner shall apply the
8 regular program adjustment factor provided under Section 42.101 to
9 calculate the regular program allotment to which a charter school
10 is entitled.

11 SECTION 75.02. Effective September 1, 2017, Subsection (a),
12 Section 12.106, Education Code, is amended to read as follows:

13 (a) A charter holder is entitled to receive for the
14 open-enrollment charter school funding under Chapter 42 equal to
15 ~~[the greater of:~~

16 ~~[(1) the amount of funding per student in weighted~~
17 ~~average daily attendance, excluding enrichment funding under~~
18 ~~Sections 42.302(a-1)(2) and (3), as they existed on January 1,~~
19 ~~2009, that would have been received for the school during the~~
20 ~~2009-2010 school year under Chapter 42 as it existed on January 1,~~
21 ~~2009, and an additional amount of \$120 for each student in weighted~~
22 ~~average daily attendance, or~~

23 ~~[(2)]~~ the amount of funding per student in weighted
24 average daily attendance, excluding enrichment funding under
25 Section 42.302(a), to which the charter holder would be entitled
26 for the school under Chapter 42 if the school were a school district
27 without a tier one local share for purposes of Section 42.253 ~~[and~~

1 ~~without any local revenue for purposes of Section 42.2516].~~

2 SECTION 75.03. Effective September 1, 2011, Section 21.402,
 3 Education Code, is amended by amending Subsections (a), (b), (c),
 4 and (c-1) and adding Subsection (i) to read as follows:

5 (a) Except as provided by Subsection (d)~~[(e)]~~ or (f), a
 6 school district must pay each classroom teacher, full-time
 7 librarian, full-time counselor certified under Subchapter B, or
 8 full-time school nurse not less than the minimum monthly salary,
 9 based on the employee's level of experience in addition to other
 10 factors, as determined by commissioner rule, determined by the
 11 following formula:

$$12 \quad \text{MS} = \text{SF} \times \text{FS}$$

13 where:

14 "MS" is the minimum monthly salary;

15 "SF" is the applicable salary factor specified by Subsection
 16 (c); and

17 "FS" is the amount, as determined by the commissioner under
 18 Subsection (b), of the basic allotment as provided by Section
 19 42.101 (a) or (b) for a school district with a maintenance and
 20 operations tax rate at least equal to the state maximum compressed
 21 tax rate, as defined by Section 42.101 (a) [state and local funds
 22 per weighted student, including funds provided under Section
 23 42.2516, available to a district eligible to receive state
 24 assistance under Section 42.302 with a maintenance and operations
 25 tax rate per \$100 of taxable value equal to the product of the state
 26 compression percentage, as determined under Section 42.2516,
 27 multiplied by \$1.50, except that the amount of state and local funds

1 ~~per weighted student does not include the amount attributable to~~
 2 ~~the increase in the guaranteed level made by Chapter 1187, Acts of~~
 3 ~~the 77th Legislature, Regular Session, 2001].~~

4 (b) Not later than June 1 of each year, the commissioner
 5 shall determine the basic allotment and resulting monthly salaries
 6 to be paid by school districts as provided by Subsection (a) [~~amount~~
 7 ~~of state and local funds per weighted student available, for~~
 8 ~~purposes of Subsection (a), to a district described by that~~
 9 ~~subsection for the following school year].~~

10 (c) The salary factors per step are as follows:

11	Years Experience	0	1	2	3	4
12	Salary Factor	<u>.5464</u> [.6226]	<u>.5582</u> [.6360]	<u>.5698</u> [.6492]	<u>.5816</u> [.6627]	<u>.6064</u> [.6909]
13	Years Experience	5	6	7	8	9
14	Salary Factor	<u>.6312</u> [.7192]	<u>.6560</u> [.7474]	<u>.6790</u> [.7737]	<u>.7008</u> [.7985]	<u>.7214</u> [.8220]
15	Years Experience	10	11	12	13	14
16	Salary Factor	<u>.7408</u> [.8441]	<u>.7592</u> [.8650]	<u>.7768</u> [.8851]	<u>.7930</u> [.9035]	<u>.8086</u> [.9213]
17	Years Experience	15	16	17	18	19
18	Salary Factor	<u>.8232</u> [.9390]	<u>.8372</u> [.9539]	<u>.8502</u> [.9687]	<u>.8626</u> [.9828]	<u>.8744</u> [.9963]
19	Years Experience	20 and over				
20	Salary Factor	<u>.8854</u> [1.009]				

21 (c-1) Notwithstanding Subsections [~~Subsection~~] (a) and
 22 (b) [~~, for the 2009-2010 and 2010-2011 school years~~], each school
 23 district shall pay a monthly salary to [~~increase the monthly salary~~
 24 ~~of~~] each classroom teacher, full-time speech pathologist,
 25 full-time librarian, full-time counselor certified under
 26 Subchapter B, and full-time school nurse that is at least equal to
 27 the following monthly salary or the monthly salary determined by

1 the commissioner under Subsections (a) and (b), whichever is [by
 2 ~~the~~] greater [of]:

	<u>Years of</u> <u>Experience</u>	<u>Monthly</u> <u>Salary</u>
3	<u>0</u>	<u>2,732</u>
4	<u>1</u>	<u>2,791</u>
5	<u>2</u>	<u>2,849</u>
6	<u>3</u>	<u>2,908</u>
7	<u>4</u>	<u>3,032</u>
8	<u>5</u>	<u>3,156</u>
9	<u>6</u>	<u>3,280</u>
10	<u>7</u>	<u>3,395</u>
11	<u>8</u>	<u>3,504</u>
12	<u>9</u>	<u>3,607</u>
13	<u>10</u>	<u>3,704</u>
14	<u>11</u>	<u>3,796</u>
15	<u>12</u>	<u>3,884</u>
16	<u>13</u>	<u>3,965</u>
17	<u>14</u>	<u>4,043</u>
18	<u>15</u>	<u>4,116</u>
19	<u>16</u>	<u>4,186</u>
20	<u>17</u>	<u>4,251</u>
21	<u>18</u>	<u>4,313</u>
22	<u>19</u>	<u>4,372</u>
23	<u>20 & Over</u>	<u>4,427</u>

24 ~~[(1) \$80, or~~

25 ~~[(2) the maximum uniform amount that, when combined with any~~

1 ~~resulting increases in the amount of contributions made by the~~
2 ~~district for social security coverage for the specified employees~~
3 ~~or by the district on behalf of the specified employees under~~
4 ~~Section 825.405, Government Code, may be provided using an amount~~
5 ~~equal to the product of \$60 multiplied by the number of students in~~
6 ~~weighted average daily attendance in the school during the~~
7 ~~2009-2010 school year.]~~

8 (i) Not later than January 1, 2013, the commissioner shall
9 submit to the governor, the lieutenant governor, the speaker of the
10 house of representatives, and the presiding officer of each
11 legislative standing committee with primary jurisdiction over
12 primary and secondary education a written report that evaluates and
13 provides recommendations regarding the salary schedule. This
14 subsection expires September 1, 2013.

15 SECTION 75.04. Effective September 1, 2017, Section 21.402,
16 Education Code, is amended by amending Subsection (a) and adding
17 Subsection (e-1) to read as follows:

18 (a) Except as provided by Subsection (d), (e-1) [~~(e)~~], or
19 (f), a school district must pay each classroom teacher, full-time
20 librarian, full-time counselor certified under Subchapter B, or
21 full-time school nurse not less than the minimum monthly salary,
22 based on the employee's level of experience in addition to other
23 factors, as determined by commissioner rule, determined by the
24 following formula:

25
$$MS = SF \times FS$$

26 where:

27 "MS" is the minimum monthly salary;

1 "SF" is the applicable salary factor specified by Subsection
2 (c); and

3 "FS" is the amount, as determined by the commissioner under
4 Subsection (b), of the basic allotment as provided by Section
5 42.101(a) or (b) for a school district with a maintenance and
6 operation tax rate at least equal to the state maximum compressed
7 tax rate, as defined by Section 42.101(a) [~~state and local funds per~~
8 ~~weighted student, including funds provided under Section 42.2516,~~
9 ~~available to a district eligible to receive state assistance under~~
10 ~~Section 42.302 with a maintenance and operations tax rate per \$100~~
11 ~~of taxable value equal to the product of the state compression~~
12 ~~percentage, as determined under Section 42.2516, multiplied by~~
13 ~~\$1.50, except that the amount of state and local funds per weighted~~
14 ~~student does not include the amount attributable to the increase in~~
15 ~~the guaranteed level made by Chapter 1187, Acts of the 77th~~
16 ~~Legislature, Regular Session 2001].~~

17 (e-1) If the minimum monthly salary determined under
18 Subsection (a) for a particular level of experience is less than the
19 minimum monthly salary for that level of experience in the
20 preceding year, the minimum monthly salary is the minimum monthly
21 salary for the preceding year.

22 SECTION 75.05. Subsection (a), Section 41.002, Education
23 Code, is amended to read as follows:

24 (a) A school district may not have a wealth per student that
25 exceeds:

26 (1) the wealth per student that generates the amount
27 of maintenance and operations tax revenue per weighted student

1 available to a district with maintenance and operations tax revenue
2 per cent of tax effort equal to the maximum amount provided per cent
3 under Section 42.101(a) or (b) [~~42.101~~], for the district's
4 maintenance and operations tax effort equal to or less than the rate
5 equal to the product of the state compression percentage, as
6 determined under Section 42.2516, multiplied by the maintenance and
7 operations tax rate adopted by the district for the 2005 tax year;

8 (2) the wealth per student that generates the amount
9 of maintenance and operations tax revenue per weighted student
10 available to the Austin Independent School District, as determined
11 by the commissioner in cooperation with the Legislative Budget
12 Board, for the first six cents by which the district's maintenance
13 and operations tax rate exceeds the rate equal to the product of the
14 state compression percentage, as determined under Section 42.2516,
15 multiplied by the maintenance and operations tax rate adopted by
16 the district for the 2005 tax year, subject to Section 41.093(b-1);
17 or

18 (3) \$319,500, for the district's maintenance and
19 operations tax effort that exceeds the first six cents by which the
20 district's maintenance and operations tax effort exceeds the rate
21 equal to the product of the state compression percentage, as
22 determined under Section 42.2516, multiplied by the maintenance and
23 operations tax rate adopted by the district for the 2005 tax year.

24 SECTION 75.06. The heading to Section 42.101, Education
25 Code, is amended to read as follows:

26 Sec. 42.101. BASIC AND REGULAR PROGRAM ALLOTMENTS
27 [~~ALLOTMENT~~].

1 SECTION 75.07. Section 42.101, Education Code, is amended
 2 by amending Subsections (a) and (b) and adding Subsections (c) and
 3 (c-1) to read as follows:

4 (a) The basic [~~For each student in average daily attendance,~~
 5 ~~not including the time students spend each day in special education~~
 6 ~~programs in an instructional arrangement other than mainstream or~~
 7 ~~career and technology education programs, for which an additional~~
 8 ~~allotment is made under Subchapter C, a district is entitled to an]~~
 9 allotment is an amount equal to the lesser of \$4,765 or the amount
 10 that results from the following formula:

$$11 \quad A = \$4,765 \times (\text{DCR}/\text{MCR})$$

12 where:

13 "A" is the resulting amount for [~~allotment to which]~~ a
 14 district [~~is entitled~~];

15 "DCR" is the district's compressed tax rate, which is the
 16 product of the state compression percentage, as determined under
 17 Section 42.2516, multiplied by the maintenance and operations tax
 18 rate adopted by the district for the 2005 tax year; and

19 "MCR" is the state maximum compressed tax rate, which is the
 20 product of the state compression percentage, as determined under
 21 Section 42.2516, multiplied by \$1.50.

22 (b) A greater amount for any school year for the basic
 23 allotment under Subsection (a) may be provided by appropriation.

24 (c) A school district is entitled to a regular program
 25 allotment equal to the amount that results from the following
 26 formula:

1 RPA = ADA X AA X RPAF

2 where:

3 "RPA" is the regular program allotment to which the district
4 is entitled;

5 "ADA" is the number of students in average daily attendance
6 in a district, not including the time students spend each day in
7 special education programs in an instructional arrangement other
8 than mainstream or career and technology education programs, for
9 which an additional allotment is made under Subchapter C;

10 "AA" is the district's adjusted basic allotment, as
11 determined under Section 42.102 and, if applicable, as further
12 adjusted under Section 42.103; and

13 "RPAF" is the regular program adjustment factor, which is an
14 amount established by appropriation.

15 (c-1) Notwithstanding Subsection (c), the regular program
16 adjustment factor ("RPAF") is 0.9239 for the 2011-2012 school year
17 and 0.98 for the 2012-2013 school year. This subsection expires
18 September 1, 2013.

19 SECTION 75.08. Section 42.105, Education Code, is amended
20 to read as follows:

21 Sec. 42.105. SPARSITY ADJUSTMENT. Notwithstanding
22 Sections 42.101, 42.102, and 42.103, a school district that has
23 fewer than 130 students in average daily attendance shall be
24 provided a regular program [~~an adjusted basic~~] allotment on the
25 basis of 130 students in average daily attendance if it offers a
26 kindergarten through grade 12 program and has preceding or current
27 year's average daily attendance of at least 90 students or is 30

1 miles or more by bus route from the nearest high school district. A
 2 district offering a kindergarten through grade 8 program whose
 3 preceding or current year's average daily attendance was at least
 4 50 students or which is 30 miles or more by bus route from the
 5 nearest high school district shall be provided a regular program
 6 [~~an adjusted basic~~] allotment on the basis of 75 students in average
 7 daily attendance. An average daily attendance of 60 students shall
 8 be the basis of providing the regular program [~~adjusted basic~~]
 9 allotment if a district offers a kindergarten through grade 6
 10 program and has preceding or current year's average daily
 11 attendance of at least 40 students or is 30 miles or more by bus
 12 route from the nearest high school district.

13 SECTION 75.09. Subsection (a), Section 42.251, Education
 14 Code, is amended to read as follows:

15 (a) The sum of the regular program [~~basic~~] allotment under
 16 Subchapter B and the special allotments under Subchapter C,
 17 computed in accordance with this chapter, constitute the tier one
 18 allotments. The sum of the tier one allotments and the guaranteed
 19 yield allotments under Subchapter F, computed in accordance with
 20 this chapter, constitute the total cost of the Foundation School
 21 Program.

22 SECTION 75.10. Subchapter E, Chapter 42, Education Code, is
 23 amended by adding Section 42.2514 to read as follows:

24 Sec. 42.2514. ADDITIONAL STATE AID FOR TAX INCREMENT
 25 FINANCING PAYMENTS. For each school year, a school district,
 26 including a school district that is otherwise ineligible for state
 27 aid under this chapter, is entitled to state aid in an amount equal

1 to the amount the district is required to pay into the tax increment
2 fund for a reinvestment zone under Section 311.013(n), Tax Code.

3 SECTION 75.11. Effective September 1, 2011, Section
4 42.2516, Education Code, is amended by amending Subsections (a),
5 (b), (d), and (f-2) and adding Subsection (i) to read as follows:

6 (a) In this title [~~section~~], "state compression percentage"
7 means the percentage [~~, as determined by the commissioner,~~] of a
8 school district's adopted maintenance and operations tax rate for
9 the 2005 tax year that serves as the basis for state funding [~~for~~
10 ~~tax rate reduction under this section~~]. If the state compression
11 percentage is not established by appropriation for a school year,
12 the [~~The~~] commissioner shall determine the state compression
13 percentage for each school year based on the percentage by which a
14 district is able to reduce the district's maintenance and
15 operations tax rate for that year, as compared to the district's
16 adopted maintenance and operations tax rate for the 2005 tax year,
17 as a result of state funds appropriated for distribution under this
18 section for that year from the property tax relief fund established
19 under Section 403.109, Government Code, or from another funding
20 source available for school district property tax relief.

21 (b) Notwithstanding any other provision of this title, a
22 school district that imposes a maintenance and operations tax at a
23 rate at least equal to the product of the state compression
24 percentage multiplied by the maintenance and operations tax rate
25 adopted by the district for the 2005 tax year is entitled to at
26 least the amount of state revenue necessary to provide the district
27 with the sum of:

1 (1) the percentage specified by Subsection (i) of the
2 amount, as calculated under Subsection (e), [~~the amount~~] of state
3 and local revenue per student in weighted average daily attendance
4 for maintenance and operations that the district would have
5 received during the 2009-2010 school year under Chapter 41 and this
6 chapter, as those chapters existed on January 1, 2009, at a
7 maintenance and operations tax rate equal to the product of the
8 state compression percentage for that year multiplied by the
9 maintenance and operations tax rate adopted by the district for the
10 2005 tax year;

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

14 (3) [~~an amount equal to the amount the district is~~
15 ~~required to pay into the tax increment fund for a reinvestment zone~~
16 ~~under Section 311.013(n), Tax Code, in the current tax year, and~~

17 [~~4~~] any amount to which the district is entitled
18 under Section 42.106.

19 (d) In determining the amount to which a district is
20 entitled under Subsection (b)(1), the commissioner shall:

21 (1) include the percentage specified by Subsection (i)
22 of any amounts received by the district during the 2008-2009 school
23 year under Rider 86, page III-23, Chapter 1428 (H.B. 1), Acts of the
24 80th Legislature, Regular Session, 2007 (the General
25 Appropriations Act); and

26 (2) for a school district that paid tuition under
27 Section 25.039 during the 2008-2009 school year, reduce the amount

1 to which the district is entitled by the amount of tuition paid
2 during that school year.

3 (f-2) The rules adopted by the commissioner under
4 Subsection (f-1) must:

5 (1) require the commissioner to determine, as if this
6 section did not exist, the effect under Chapter 41 and this chapter
7 of a school district's action described by Subsection (f-1)(1),
8 (2), (3), or (4) on the total state revenue to which the district
9 would be entitled or the cost to the district of purchasing
10 sufficient attendance credits to reduce the district's wealth per
11 student to the equalized wealth level; and

12 (2) require an increase or reduction in the amount of
13 state revenue to which a school district is entitled under
14 Subsection (b)(1) [~~(b)~~] that is substantially equivalent to any
15 change in total state revenue or the cost of purchasing attendance
16 credits that would apply to the district if this section did not
17 exist.

18 (i) The percentage to be applied for purposes of Subsections
19 (b)(1) and (2) and Subsection (d)(1) is 100.00 percent for the
20 2011-2012 school year and 92.35 percent for the 2012-2013 school
21 year. For the 2013-2014 school year and each subsequent school
22 year, the legislature by appropriation shall establish the
23 percentage reduction to be applied.

24 SECTION 75.12. Effective September 1, 2017, the heading to
25 Section 42.2516, Education Code, is amended to read as follows:

26 Sec. 42.2516. STATE COMPRESSION PERCENTAGE [~~ADDITIONAL~~
27 ~~STATE AID FOR TAX REDUCTION~~].

1 SECTION 75.13. Effective September 1, 2017, Subsection (a),
2 Section 42.2516, Education Code, is amended to read as follows:

3 (a) In this title [~~section~~], "state compression percentage"
4 means the percentage [~~, as determined by the commissioner,~~] of a
5 school district's adopted maintenance and operations tax rate for
6 the 2005 tax year that serves as the basis for state funding [~~for~~
7 ~~tax rate reduction under this section~~]. If the state compression
8 percentage is not established by appropriation for a school year,
9 the [~~The~~] commissioner shall determine the state compression
10 percentage for each school year based on the percentage by which a
11 district is able to reduce the district's maintenance and
12 operations tax rate for that year, as compared to the district's
13 adopted maintenance and operations tax rate for the 2005 tax year,
14 as a result of state funds appropriated for [~~distribution under~~
15 ~~this section for~~] that year from the property tax relief fund
16 established under Section 403.109, Government Code, or from another
17 funding source available for school district property tax relief.

18 SECTION 75.14. Effective September 1, 2011, Subsection (a),
19 Section 42.25161, Education Code, is amended to read as follows:

20 (a) The commissioner shall provide South Texas Independent
21 School District with the amount of state aid necessary to ensure
22 that the district receives an amount of state and local revenue per
23 student in weighted average daily attendance that is at least the
24 percentage specified by Section 42.2516(i) of \$120 greater than the
25 amount the district would have received per student in weighted
26 average daily attendance during the 2009-2010 school year under
27 this chapter, as it existed on January 1, 2009, at a maintenance and

1 operations tax rate equal to the product of the state compression
2 percentage multiplied by the maintenance and operations tax rate
3 adopted by the district for the 2005 tax year, provided that the
4 district imposes a maintenance and operations tax at that rate.

5 SECTION 75.15. Subchapter E, Chapter 42, Education Code, is
6 amended by adding Section 42.2525 to read as follows:

7 Sec. 42.2525. ADJUSTMENTS FOR CERTAIN DEPARTMENT OF DEFENSE
8 DISTRICTS. The commissioner is granted the authority to ensure
9 that Department of Defense school districts do not receive more
10 than an eight percent reduction should the federal government
11 reduce appropriations to those schools.

12 SECTION 75.16. Effective September 1, 2011, Subsections (h)
13 and (i), Section 42.253, Education Code, are amended to read as
14 follows:

15 (h) If the amount appropriated for the Foundation School
16 Program for the second year of a state fiscal biennium is less than
17 the amount to which school districts are entitled for that year, the
18 commissioner shall certify the amount of the difference to the
19 Legislative Budget Board not later than January 1 of the second year
20 of the state fiscal biennium. The Legislative Budget Board shall
21 propose to the legislature that the certified amount be transferred
22 to the foundation school fund from the economic stabilization fund
23 and appropriated for the purpose of increases in allocations under
24 this subsection. If the legislature fails during the regular
25 session to enact the proposed transfer and appropriation and there
26 are not funds available under Subsection (j), the commissioner
27 shall adjust [~~reduce~~] the total amounts due to each school district

1 under this chapter and the total amounts necessary for each school
2 district to comply with the requirements of Chapter 41 [~~amount of~~
3 ~~state funds allocated to each district~~] by an amount determined by
4 applying to each district, including a district receiving funds
5 under Section 42.2516, the same percentage adjustment so that the
6 total amount of the adjustment to all districts [~~a method under~~
7 ~~which the application of the same number of cents of increase in tax~~
8 ~~rate in all districts applied to the taxable value of property of~~
9 ~~each district, as determined under Subchapter M, Chapter 403,~~
10 ~~Government Code,~~] results in an amount [~~a total levy~~] equal to the
11 total adjustment necessary. A school district is not entitled to
12 reimbursement in a subsequent fiscal year of the amount resulting
13 from the adjustment authorized by this subsection [~~reduction. The~~
14 ~~following fiscal year, a district's entitlement under this section~~
15 ~~is increased by an amount equal to the reduction made under this~~
16 ~~subsection~~].

17 (i) Not later than March 1 each year, the commissioner shall
18 determine the actual amount of state funds to which each school
19 district is entitled under the allocation formulas in this chapter
20 for the current school year, as adjusted in accordance with
21 Subsection (h), if applicable, and shall compare that amount with
22 the amount of the warrants issued to each district for that year.
23 If the amount of the warrants differs from the amount to which a
24 district is entitled because of variations in the district's tax
25 rate, student enrollment, or taxable value of property, the
26 commissioner shall adjust the district's entitlement for the next
27 fiscal year accordingly.

1 SECTION 75.17. Effective September 1, 2017, Subsection (h),
2 Section 42.253, Education Code, is amended to read as follows:

3 (h) If the amount appropriated for the Foundation School
4 Program for the second year of a state fiscal biennium is less than
5 the amount to which school districts are entitled for that year, the
6 commissioner shall certify the amount of the difference to the
7 Legislative Budget Board not later than January 1 of the second year
8 of the state fiscal biennium. The Legislative Budget Board shall
9 propose to the legislature that the certified amount be transferred
10 to the foundation school fund from the economic stabilization fund
11 and appropriated for the purpose of increases in allocations under
12 this subsection. If the legislature fails during the regular
13 session to enact the proposed transfer and appropriation and there
14 are not funds available under Subsection (j), the commissioner
15 shall adjust ~~reduce~~ the total amounts due to each school district
16 under this chapter and the total amounts necessary for each school
17 district to comply with the requirements of Chapter 41 ~~[amount of~~
18 ~~state funds allocated to each district]~~ by an amount determined by
19 applying to each district the same percentage adjustment so that
20 the total amount of the adjustment to all districts ~~[a method under~~
21 ~~which the application of the same number of cents of increase in tax~~
22 ~~rate in all districts applied to the taxable value of property of~~
23 ~~each district, as determined under Subchapter M, Chapter 403,~~
24 ~~Government Code,~~] results in an amount ~~[a total levy]~~ equal to the
25 total adjustment necessary. A school district is not entitled to
26 reimbursement in a subsequent fiscal year of the amount resulting
27 from the adjustment authorized by this subsection ~~[reduction. The~~

1 ~~following fiscal year, a district's entitlement under this section~~
2 ~~is increased by an amount equal to the reduction made under this~~
3 ~~subsection].~~

4 SECTION 75.18. Section 42.258, Education Code, is amended
5 by amending Subsection (a) and adding Subsection (a-1) to read as
6 follows:

7 (a) If a school district has received an overallocation of
8 state funds, the agency shall, by withholding from subsequent
9 allocations of state funds for the current or subsequent school
10 year or by requesting and obtaining a refund, recover from the
11 district an amount equal to the overallocation.

12 (a-1) Notwithstanding Subsection (a), the agency may
13 recover an overallocation of state funds over a period not to exceed
14 the subsequent five school years if the commissioner determines
15 that the overallocation was the result of exceptional circumstances
16 reasonably caused by statutory changes to Chapter 41 or 46 or this
17 chapter and related reporting requirements.

18 SECTION 75.19. Subsection (b), Section 42.260, Education
19 Code, is amended to read as follows:

20 (b) For each year, the commissioner shall certify to each
21 school district or participating charter school the amount of~~+~~

22 ~~(1)~~ additional funds to which the district or school
23 is entitled due to the increase made by H.B. No. 3343, Acts of the
24 77th Legislature, Regular Session, 2001, to:

25 (1) ~~(A)~~ the equalized wealth level under Section
26 41.002; or

27 (2) ~~(B)~~ the guaranteed level of state and local

1 funds per weighted student per cent of tax effort under Section
2 42.302 [~~or~~
3 ~~(2) additional state aid to which the district or~~
4 ~~school is entitled under Section 42.2513]~~.

5 SECTION 75.20. Section 44.004, Education Code, is amended
6 by adding Subsection (g-1) to read as follows:

7 (g-1) If the rate calculated under Subsection
8 (c)(5)(A)(ii)(b) decreases after the publication of the notice
9 required by this section, the president is not required to publish
10 another notice or call another meeting to discuss and adopt the
11 budget and the proposed lower tax rate.

12 SECTION 75.21. Subsection (a), Section 26.05, Tax Code, is
13 amended to read as follows:

14 (a) The governing body of each taxing unit, before the later
15 of September 30 or the 60th day after the date the certified
16 appraisal roll is received by the taxing unit, shall adopt a tax
17 rate for the current tax year and shall notify the assessor for the
18 unit of the rate adopted. The tax rate consists of two components,
19 each of which must be approved separately. The components are:

20 (1) for a taxing unit other than a school district, the
21 rate that, if applied to the total taxable value, will impose the
22 total amount published under Section 26.04(e)(3)(C), less any
23 amount of additional sales and use tax revenue that will be used to
24 pay debt service, or, for a school district, the rate calculated
25 ~~[published]~~ under Section 44.004(c)(5)(A)(ii)(b), Education Code;
26 and

27 (2) the rate that, if applied to the total taxable

1 value, will impose the amount of taxes needed to fund maintenance
2 and operation expenditures of the unit for the next year.

3 SECTION 75.22. Effective September 1, 2017, Subsection (i),
4 Section 26.08, Tax Code, is amended to read as follows:

5 (i) For purposes of this section, the effective maintenance
6 and operations tax rate of a school district is the tax rate that,
7 applied to the current total value for the district, would impose
8 taxes in an amount that, when added to state funds that would be
9 distributed to the district under Chapter 42, Education Code, for
10 the school year beginning in the current tax year using that tax
11 rate, [~~including state funds that will be distributed to the~~
12 ~~district in that school year under Section 42.2516, Education~~
13 ~~Code,~~] would provide the same amount of state funds distributed
14 under Chapter 42, Education Code, [~~including state funds~~
15 ~~distributed under Section 42.2516, Education Code,~~] and
16 maintenance and operations taxes of the district per student in
17 weighted average daily attendance for that school year that would
18 have been available to the district in the preceding year if the
19 funding elements for Chapters 41 and 42, Education Code, for the
20 current year had been in effect for the preceding year.

21 SECTION 75.23. Subsection (n), Section 311.013, Tax Code,
22 is amended to read as follows:

23 (n) This subsection applies only to a school district whose
24 taxable value computed under Section 403.302(d), Government Code,
25 is reduced in accordance with Subdivision (4) of that
26 subsection. In addition to the amount otherwise required to be
27 paid into the tax increment fund, the district shall pay into the

1 fund an amount equal to the amount by which the amount of taxes the
2 district would have been required to pay into the fund in the
3 current year if the district levied taxes at the rate the district
4 levied in 2005 exceeds the amount the district is otherwise
5 required to pay into the fund in the year of the reduction. This
6 additional amount may not exceed the amount the school district
7 receives in state aid for the current tax year under Section
8 42.2514, Education Code. The school district shall pay the
9 additional amount after the district receives the state aid to
10 which the district is entitled for the current tax year under
11 Section 42.2514, Education Code.

12 SECTION 75.24. Effective September 1, 2011, the following
13 provisions of the Education Code are repealed:

- 14 (1) Subsections (c-2), (c-3), and (e), Section 21.402;
- 15 (2) Section 42.008; and
- 16 (3) Subsections (a-1) and (a-2), Section 42.101.

17 SECTION 75.25. (a) Effective September 1, 2017, the
18 following provisions of the Education Code are repealed:

- 19 (1) Section 41.0041;
- 20 (2) Subsections (b), (b-1), (b-2), (c), (d), (e), (f),
21 (f-1), (f-2), (f-3), and (i), Section 42.2516;
- 22 (3) Section 42.25161;
- 23 (4) Subsection (c), Section 42.2523;
- 24 (5) Subsection (g), Section 42.2524;
- 25 (6) Subsection (c-1), Section 42.253; and
- 26 (7) Section 42.261.

27 (b) Effective September 1, 2017, Subsections (i-1) and (j),

1 Section 26.08, Tax Code, are repealed.

2 SECTION 75.26. (a) The speaker of the house of
3 representatives and the lieutenant governor shall establish a joint
4 legislative interim committee to conduct a comprehensive study of
5 the public school finance system in this state.

6 (b) Not later than January 15, 2013, the committee shall
7 make recommendations to the 83rd Legislature regarding changes to
8 the public school finance system.

9 (c) The committee is dissolved September 1, 2013.

10 SECTION 75.27. It is the intent of the legislature, between
11 fiscal year 2014 and fiscal year 2018, to continue to reduce the
12 amount of Additional State Aid For Tax Reduction (ASATR) to which a
13 school district is entitled under Section 42.2516, Education Code,
14 and to increase the basic allotment to which a school district is
15 entitled under Section 42.101, Education Code.

16 SECTION 75.28. Except as otherwise provided by this Act,
17 the changes in law made by this Act to Chapter 42, Education Code,
18 apply beginning with the 2011-2012 school year.

19 SECTION 75.29. The change in law made by Subsection (g-1),
20 Section 44.004, Education Code, as added by this Act, applies
21 beginning with adoption of a tax rate for the 2011 tax year.

22 Explanation: This change is necessary to adjust state aid
23 payments to school districts and open-enrollment charter schools to
24 the level of Foundation School Program appropriations made in H.B.
25 No. 1, Acts of the 82nd Legislature, Regular Session, 2011.

Pitts

H.R. No. 2723

Speaker of the House

I certify that H.R. No. 2723 was adopted by the House on May 29, 2011, by the following vote: Yeas 92, Nays 51, 1 present, not voting.

Chief Clerk of the House