

Amend CSSB 1158 (house committee printing) by striking all below the enacting clause and substituting the following:

SECTION 1. Section 54.341, Education Code, is amended by amending Subsections (a-2), (b), (d), (k), (k-1), (l), (m), and (n) and adding Subsection (a-4) to read as follows:

(a-2) The exemptions provided for in Subsection (a) also apply to the spouse of:

(1) a member of the armed forces of the United States:

(A) who was killed in action;

(B) who died while in service;

(C) who is missing in action;

(D) whose death is documented to be directly caused by illness or injury connected with service in the armed forces of the United States; or

(E) who became totally and permanently disabled or meets the eligibility requirements for individual unemployability [~~for purposes of employability~~] according to the disability ratings of the Department of Veterans Affairs as a result of a service-related injury; or

(2) a member of the Texas National Guard or the Texas Air National Guard who:

(A) was killed since January 1, 1946, while on active duty either in the service of this state or the United States; or

(B) is totally and permanently disabled or meets the eligibility requirements for individual unemployability [~~for purposes of employability~~] according to the disability ratings of the Department of Veterans Affairs, regardless of whether the member is eligible to receive disability benefits from the department, as a result of a service-related injury suffered since January 1, 1946, while on active duty either in the service of this state or the United States.

(a-4) A person who before the 2014-2015 academic year received an exemption under this section continues to be eligible for the exemption provided by this section as this section existed on January 1, 2013.

(b) The exemptions provided for in Subsection (a) also apply

to:

(1) the children of members of the armed forces of the United States:

(A) who are or were killed in action;

(B) who die or died while in service;

(C) who are missing in action;

(D) whose death is documented to be directly caused by illness or injury connected with service in the armed forces of the United States; or

(E) who became totally and permanently disabled or meet the eligibility requirements for individual unemployability [~~for purposes of employability~~] according to the disability ratings of the Department of Veterans Affairs as a result of a service-related injury; and

(2) the children of members of the Texas National Guard and the Texas Air National Guard who:

(A) were killed since January 1, 1946, while on active duty either in the service of their state or the United States; or

(B) are totally and permanently disabled or meet the eligibility requirements for individual unemployability [~~for purposes of employability~~] according to the disability ratings of the Department of Veterans Affairs, regardless of whether the members are eligible to receive disability benefits from the department, as a result of a service-related injury suffered since January 1, 1946, while on active duty either in the service of this state or the United States.

(d) The governing board of each institution of higher education granting an exemption under this section shall require each applicant claiming the exemption to submit to the institution an application for the exemption and necessary [~~satisfactory~~] evidence that the applicant qualifies for the exemption not later than the end of the semester or term to which the exemption applies [~~one year after the earlier of the date the institution~~].

~~[(1) provides written notice to the applicant of the applicant's eligibility for the exemption; or~~

~~[(2) receives a written acknowledgement from the~~

~~applicant evidencing the applicant's awareness of the applicant's eligibility for the exemption].~~

(k) The Texas Higher Education Coordinating Board by rule shall prescribe procedures to allow:

(1) a person who becomes eligible for an exemption provided by Subsection (a) to waive the person's right to any unused portion of the ~~[maximum]~~ number of cumulative credit hours for which the person could receive the exemption and assign the exemption for the unused portion of those credit hours to a child of the person; and

(2) following the death of a person who becomes eligible for an exemption provided by Subsection (a), the assignment of the exemption for the unused portion of the credit hours to a child of the person, to be made by the person's spouse or by the conservator, guardian, custodian, or other legally designated caretaker of the child, if the child does not otherwise qualify for an exemption under Subsection (b).

(k-1) The procedures under Subsection (k) must provide:

(1) the manner in which a person may waive the exemption;

(2) the manner in which a child may be designated to receive the exemption;

(3) a procedure permitting the designation of a different child to receive the exemption if the child previously designated to receive the exemption did not use the exemption under this section for all of the assigned portion of credit hours; ~~[and]~~

(4) a method of documentation to enable institutions of higher education to determine the eligibility of the designated child to receive the exemption; and

(5) a procedure permitting a person who waived the exemption and designated a child to receive the exemption to revoke that designation as to any unused portion of the assigned credit hours.

(1) To be eligible to receive an exemption under Subsection (k), the child must:

(1) be a student who is classified as a resident under Subchapter B when the child enrolls in an institution of higher

education; ~~and~~]

(2) make satisfactory academic progress in a degree, certificate, or continuing education program as determined by the institution at which the child is enrolled in accordance with the policy of the institution's financial aid department, except that the institution may not require the child to enroll in a minimum course load; and

(3) be 25 years of age or younger on the first day of the semester or other academic term for which the exemption is claimed.

(m) For purposes of this section, a person is the child of another person if ~~[the person is 25 years of age or younger on the first day of the semester or other academic term for which the exemption is claimed and]~~:

(1) the person is the stepchild or the biological or adopted child of the other person; or

(2) the other person claimed the person as a dependent on a federal income tax return filed for the preceding year or will claim the person as a dependent on a federal income tax return for the current year.

(n) The Texas Higher Education Coordinating Board by rule shall prescribe procedures by which a child assigned an exemption under Subsection (k) who suffered from a severe illness or other debilitating condition that affected the child's ability to use the exemption before reaching the age described by Subsection (1)(3) ~~[(m)]~~ may be granted additional time to use the exemption corresponding to the time the child was unable to use the exemption because of the illness or condition.

SECTION 2. Subchapter D, Chapter 54, Education Code, is amended by adding Section 54.3411 to read as follows:

Sec. 54.3411. PERMANENT FUND SUPPORTING MILITARY AND VETERANS EXEMPTIONS. (a) In this section, "trust company" means the Texas Treasury Safekeeping Trust Company.

(b) The permanent fund supporting military and veterans exemptions is a special fund in the treasury outside the general revenue fund. The fund is composed of:

(1) money transferred or appropriated to the fund by

the legislature;

(2) gifts and grants contributed to the fund; and

(3) the returns received from investment of money in the fund.

(c) The trust company shall administer the fund. The trust company shall determine the amount available for distribution from the fund, determined in accordance with a distribution policy that is adopted by the comptroller and designed to preserve the purchasing power of the fund's assets and to provide a stable and predictable stream of annual distributions. Expenses of managing the fund's assets shall be paid from the fund. Except as provided by this section, money in the fund may not be used for any purpose. Sections 403.095 and 404.071, Government Code, do not apply to the fund.

(d) In managing the assets of the fund, through procedures and subject to restrictions the trust company considers appropriate, the trust company may acquire, exchange, sell, supervise, manage, or retain any kind of investment that a prudent investor, exercising reasonable care, skill, and caution, would acquire or retain in light of the purposes, terms, distribution requirements, and other circumstances of the fund then prevailing, taking into consideration the investment of all the assets of the fund rather than a single investment.

(e) The amount available for distribution from the fund may be appropriated only to offset the cost to institutions of higher education of the exemptions required by Section 54.341. The amount appropriated shall be distributed to eligible institutions in proportion to each institution's respective share of the aggregate cost to all institutions of the exemptions required by Section 54.341, as determined by the Legislative Budget Board. The amount appropriated shall be distributed annually to each eligible institution of higher education.

(f) The governing board of an institution of higher education entitled to receive money under this section may solicit and accept gifts and grants to the fund. A gift or grant to the fund must be distributed and appropriated for the purposes of the fund, subject to any limitation or requirement placed on the gift or grant

by the donor or granting entity.

SECTION 3. Subdivision (4), Subsection (b), Section 9.01, Chapter 1049 (**SB 5**), Acts of the 82nd Legislature, Regular Session, 2011, which would repeal Subsection (h), Section 54.203, Education Code, effective September 1, 2013, is repealed and does not take effect, and Subsection (h), Section 54.341, Education Code, which was redesignated from Subsection (h), Section 54.203, Education Code, by Chapter 359 (**SB 32**), Acts of the 82nd Legislature, Regular Session, 2011, remains in effect as amended by this Act.

SECTION 4. The changes in law made by this Act to Sections 54.341(d), (k), and (n), Education Code, apply beginning with tuition and fees for the 2014 fall semester. Tuition and fees for a term or semester before the 2014 fall semester are covered by the law in effect immediately before the effective date of this Act, and the former law is continued in effect for that purpose.

SECTION 5. In adopting rules under this Act, the Texas Higher Education Coordinating Board shall engage institutions of higher education in a negotiated rulemaking process as described by Chapter 2008, Government Code.

SECTION 6. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect on the 91st day after the last day of the legislative session.