

BILL ANALYSIS

Senate Research Center
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S.B. 1602
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Finance
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DIGEST

Currently, an estimated four million adult Texans have not graduated from high schools. English As A Second Language (ESL) and General Education Development (GED) courses receive inadequate funding to meet the growing demand facing certain student populations. The shortage in funds force these programs to rely on donated facilities and partner contributions. Satellite schools are being established nationwide as business-school partnerships help alleviate crowding in schools, increase parental involvement in a child's education, and promote business support of the educational process. Satellite schools are public schools in which the public school system contributes teachers, books, and curricula, while the sponsoring company provides the physical space and maintenance for classrooms. However, these schools generally serve the children of employees of the sponsoring entity in agreement with the local school district, which retains the authority to establish the school's geographic boundaries for enrollment purposes. S.B. 1602 would allow school districts to contract with public or private entities to provide facilities for the district, and would authorize the State Board of Education to establish rules and regulations for operating satellite schools.

PURPOSE

As proposed, S.B. 1602 sets forth regulations to provide public or private educational facilities.

RULEMAKING AUTHORITY

Rulemaking authority is granted to the State Board of Education in SECTION 1 (Section 11.157(c), Education Code); Texas Education Agency in SECTION 4 (Section 171.730(a), Tax Code); comptroller in SECTION 4 (Section 171.730(b), Tax Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 11.157, Education Code, as follows:

Sec. 11.157. New heading: **CONTRACTS FOR EDUCATIONAL SERVICES AND FACILITIES**. Authorizes the board of trustees of an independent school district (district) to contract with a public or private entity for that entity to provide a facility in which the district operates a school. Authorizes a school district to lease a facility under Subsection (a)(2), or to accept use of the facility as a donation. Authorizes the district to establish geographic attendance boundaries for a school operated in a facility under Subsection (a)(2) or to permit the school to serve only or primarily the children of employees of the entity providing the facility. Authorizes the State Board of Education (board), by rule, to adopt guidelines for a contract under Subsection (a)(2). Sets forth the guidelines the board must address. Makes conforming changes.

SECTION 2. Amends Section 12.111, Education Code, to require each charter granted under this subchapter to describe the geographical area served by the program, except as provided by Subsection (b), and other provisions. Provides that a charter for an open-enrollment charter school program that serves only or primarily the children of employees of one or more public or private entities is not required to describe the geographical area served by the program under Subsection (a)(13). Requires the charter to specify the type of enrollment criteria to be used in accordance with Subsection (a)(14).

SECTION 3. Amends Chapter 39F, Education Code, by adding Section 39.113, as follows:

Sec. 39.113. **AWARD FOR EMPLOYERS**. Requires the governor to present each year the Governor's Award of Excellence for Employer Incentives (award) to the public or private

employer that makes the most significant contribution to early childhood or public primary or secondary education. Requires the governor to appoint five persons to serve as members of the Governor's Award of Excellence for Employer Incentives Committee (committee). Requires the committee to evaluate the contribution of employers in supporting or providing certain education factors. Requires the committee to recommend to the governor one or more employers to receive the award. Requires an employer to apply to the committee on a form and within the period prescribed by the committee to be considered for an award under this section.

SECTION 4. Amends Chapter 171, Tax Code, by adding Subchapter O, as follows:

SUBCHAPTER O. TAX REFUND FOR ASSISTANCE IN EDUCATION

Sec. 171.721. ENTITLEMENT. Entitles a corporation to a refund in the amount and under the conditions and limitations provided by this subchapter against the tax imposed under this chapter.

Sec. 171.722. SPONSORING OR OPERATING EMPLOYEE EARLY CHILDHOOD OR KINDERGARTEN-GRADE 12 PROGRAMS. Entitles a corporation to a refund of 50 percent of the amount spent for a privilege period in sponsoring or operating early childhood or kindergarten through grade 12 programs for the children of its employees, subject to readjustment under Section 171.728.

Sec. 171.723. PROVISION OF FACILITIES FOR SCHOOLS. Entitles a corporation that provides during a privilege period a free or low-cost facility for the benefit of a nonprofit school or a public school, in this state to a refund for that privilege period of a portion of the value of providing the facility, subject to readjustment under Section 171.728. Provides that the amount of the refund is the lesser of 30 percent of the value of providing the facility, and an amount determined by guidelines established by the Texas Education Agency (TEA) and rules adopted by the comptroller.

Sec. 171.724. ADULT EDUCATION. Provides that a corporation qualifies for a refund for a privilege period, if the corporation provides during that privilege period educational training for an employee in a program to prepare for the high school graduate equivalency examination, or an English as a second language program. Requires the programs described in Subsection (a) to be approved by TEA. Provides that the amount of the refund is the lesser of 25 percent of the actual cost of the training per full-time equivalent student, or \$85 for each employee who successfully completes a program described in Subsection (a).

Sec. 171.725. ACCOUNTING YEAR. Requires the base amount and any other amount used to calculate the refund to be multiplied by a ratio the numerator of which is the number of days in the corporation's accounting year that are also in the privilege period and the denominator of which is the number of days in the privilege period, if a corporation's accounting year does not correspond to the privilege period.

Sec. 171.726. APPLICATION. Requires a corporation to apply for a refund under this subchapter on or with the tax report for the period for which the refund is claimed. Requires the comptroller to promulgate a form for the application for the refund. Requires a corporation to use this form in applying for the refund.

Sec. 171.727. DETERMINATION OF TOTAL AMOUNT OF REFUNDS. Requires the comptroller to determine the total amount of refunds claimed under Sections 171.722 and 171.723 for a tax year on all reports that are filed on or before November 15.

Sec. 171.728. ADJUSTMENT AND PAYMENT OF REFUND. Entitles a corporation to a refund from the comptroller under this subchapter, the full amount of the refund determined under Section 171.722, if the amount under Section 171.727 for Section 171.722 is less than or equal to \$2 million, or a portion of the refund determined under Section 171.722 in accordance with Subsection (b), if the amount under Section 171.727 for Section 171.722 is greater than \$2 million, on or before December 31 of a tax year. Requires the comptroller to determine the amount of a corporation's refund by multiplying the amount of the corporation's refund determined under Section 171.722 by a fraction the numerator of which is \$2 million, and the denominator of which

is the amount under Section 171.727 for Section 171.722, if the amount under Section 171.727 for Section 171.722 is greater than \$2 million. Entitles a corporation to a refund from the comptroller under this subchapter the full amount of the refund determined under Section 171.723, if the amount under Section 171.727 for Section 171.723 is less than or equal to \$4 million or a portion of the refund determined under Section 171.723 in accordance with Subsection (d), if the amount under Section 171.727 for Section 171.723 is greater than \$4 million, on or before December 31 of a tax year. Requires the comptroller to determine the amount of a corporation's refund by multiplying the amount of the corporation's refund determined under Section 171.723 by a fraction, the numerator which is \$4 million, and the denominator of which is the amount under Section 171.727 for Section 171.723, if the amount under Section 171.727 for Section 171.723 is greater than \$4 million.

Sec. 171.729. NO CARRYOVER. Prohibits a refund from being carried forward to a subsequent reporting period.

Sec. 171.730. RULES. Authorizes TEA to adopt rules relating to eligibility for refunds under this subchapter. Authorizes the comptroller to adopt rules relating to the submission of refund claims and payment of the claims under this subchapter.

SECTION 5. Requires the committee to adopt an application form for purposes of Section 39.113, Education Code, as added by this Act, no later than August 30, 2000.

SECTION 6. (a) Provides that this Act takes effect immediately, except as provided by Subsection (b) of this section.

(b) Provides that SECTION 3 of this Act takes effect January 1, 2001, and applies only to a report originally due on or after January 1, 2001, and an expense or payment made on or after January 1, 2001.

SECTION 7. Emergency clause.