

## **BILL ANALYSIS**

Senate Research Center  
78R2214 ESH-D

C.S.S.B 206  
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Education  
5/1/2003  
Committee Report (Substituted)

### **DIGEST AND PURPOSE**

Since 1990, the permanent school fund (PSF) has grown by more than 100 percent with a significant increase in both realized and unrealized capital gains. However, the benefit to schools of the available school fund (ASF), which consists of certain income deriving from the PSF and motor fuel taxes, has remained flat, and appears to be declining. C.S.S.B. 206 allows the PSF to be managed under a total return approach to allow the fund to benefit from capital gains.

### **RULEMAKING AUTHORITY**

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

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Sections 43.001(a) and (b), Education Code, as follows:

- (a) Provides an exception to the provisions of this subsection regarding the composition of the permanent school fund (PSF).
- (b) Changes the composition of the available school fund (ASF) by adding the distributions to the fund from the permanent school fund as provided by Section 5(a), Article VII, Texas Constitution, and by deleting interest and dividends arising from any securities or funds belonging to the PSF, all interest derivable from the proceeds of the sale of land set apart for the PSF, and all money derived from the lease of land belonging to the PSF, as components of the ASF.

SECTION 2. Amends Section 43.002, Education Code, to read as follows:

Sec. 43.002. New heading: TRANSFERS FROM PERMANENT SCHOOL FUND AND GENERAL REVENUE FUND TO AVAILABLE SCHOOL FUND. (a) Requires the comptroller of public accounts, on the first working day of each month in a state fiscal year, to transfer from the permanent school fund to the available school fund an amount equal to one-twelfth of the annual distribution from the permanent school fund to the available school fund as provided by Section 5(a), Article VII, Texas Constitution, for the fiscal year.

(a-1) Requires the comptroller for the fiscal year beginning September 1, 2003, notwithstanding Subsection (a), to transfer from the permanent school fund to the available school fund on January 2, 2004, an amount equal to five-twelfths of the annual distribution from the permanent school fund to the available school fund for that fiscal year as provided by Section 5(g), Article VII, Texas Constitution; and on the first working day of each month after January 2004, an amount equal to one-twelfth of the annual distribution from the permanent school fund to the available school fund for that fiscal year as provided by Section 5(g), Article VII, Texas Constitution.

(a-2) Provides that Subsection (a-1) and this subsection expire September 1, 2004.

(b) Creates this subsection from existing text.

SECTION 3. Amends Section 31.301(e), Natural Resources Code, to require the appropriate board, before approving the trade, to make a finding that no loss to the permanent school fund, rather than available school fund, or the available university fund will occur as a result of the trade.

SECTION 4. Amends Sections 33.016, 51.069, 51.300, Natural Resources Code, as follows:

Sec. 33.016. Requires the money received by the school land board (board) for the grant of any interest not under Section 33.015, rather than not under Sections 33.014 or 33.015, of this code to be deposited in the State Treasury to the credit of the permanent school fund, rather than the available school fund.

Sec. 51.069. Requires the payments on public land received by the commissioner of the general land office (commissioner), including payments received as interest on the purchase of public land, to be transmitted to the comptroller to be credited to the permanent school fund. Deletes text requiring the comptroller to credit payment received on the purchase price of public school land and payments received as interest on the purchase of public school land to the available school fund.

Sec. 51.300. Makes a conforming change.

SECTION 5. Amends Section 51.401(b), Natural Resources Code, to make a conforming change.

SECTION 6. Amends Section 52.137(b), Natural Resources Code, to delete text regarding certain protest payments.

SECTION 7. Amends Section 52.297(d), Natural Resources Code, to make a conforming change.

SECTION 8. Amends Section 53.155(d), Natural Resources Code, to make a conforming change.

SECTION 9. Amends Section 5, Chapter 314, Acts of the 56th Legislature, Regular Session, 1959 (Article 5337-2, V.T.C.S), to make a conforming change.

SECTION 10. Repealer: Section 43.008, Education Code (Treatment of Premium and Discount).

SECTION 11. Provides that this Act takes effect January 1, 2004, but only if the constitutional amendment proposed by the 78th Legislature, Regular Session, 2003, relating to the use of income and appreciation of the permanent school fund, is approved by the voters. Provides that if the proposed constitutional amendment is not approved by the voters, this Act has no effect.