

AN ACT

relating to the composition of the permanent school fund and the available school fund and to transfers from the permanent school fund to the available school fund.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subsections (a) and (e), Section 41.0021, Education Code, are amended to read as follows:

(a) Notwithstanding Section 41.002, for the [~~2001-2002, 2002-2003, and~~] 2003-2004, 2004-2005, and 2005-2006 school years, a school district that in the 1999-2000 school year did not offer each grade level from kindergarten through 12 may elect to have its wealth per student determined under this section.

(e) This section expires September 1, 2006 [~~2004~~].

SECTION 2. Subsections (a) and (b), Section 43.001, Education Code, are amended to read as follows:

(a) Except as provided by Subsection (b), the [~~The~~] permanent school fund, which is a perpetual endowment for the public schools of this state, consists of:

(1) all land appropriated for the public schools by the constitution and laws of this state;

(2) all of the unappropriated public domain remaining in this state, including all land recovered by the state by suit or otherwise except pine forest land as defined by Section 88.111;

(3) all proceeds from the authorized sale of permanent

1 school fund land;

2 (4) all proceeds from the lawful sale of any other  
3 properties belonging to the permanent school fund;

4 (5) all investments authorized by Section 43.003 of  
5 properties belonging to the permanent school fund; and

6 (6) all income from the mineral development of  
7 permanent school fund land, including income from mineral  
8 development of riverbeds and other submerged land.

9 (b) The available school fund, which shall be apportioned  
10 annually to each county according to its scholastic population,  
11 consists of:

12 (1) the distributions to the fund from the permanent  
13 school fund as provided by Section 5(a), Article VII, Texas  
14 Constitution [~~interest and dividends arising from any securities or~~  
15 ~~funds belonging to the permanent school fund~~];

16 (2) [~~all interest derivable from the proceeds of the~~  
17 ~~sale of land set apart for the permanent school fund,~~

18 [~~3) all money derived from the lease of land~~  
19 ~~belonging to the permanent school fund,~~

20 [~~4)~~] one-fourth of all revenue derived from all state  
21 occupation taxes, exclusive of delinquencies and cost of  
22 collection;

23 (3) [~~5)~~] one-fourth of revenue derived from state  
24 gasoline and special fuels excise taxes as provided by law; and

25 (4) [~~6)~~] all other appropriations to the available  
26 school fund made by the legislature for public school purposes.

27 SECTION 3. Section 43.002, Education Code, is amended to

1 read as follows:

2           Sec. 43.002. TRANSFERS FROM PERMANENT SCHOOL FUND AND  
3 GENERAL REVENUE FUND TO AVAILABLE SCHOOL FUND. (a) On the first  
4 working day of each month in a state fiscal year, the comptroller  
5 shall transfer from the permanent school fund to the available  
6 school fund an amount equal to one-twelfth of the annual  
7 distribution from the permanent school fund to the available school  
8 fund as provided by Section 5(a), Article VII, Texas Constitution,  
9 for the fiscal year.

10           (a-1) Notwithstanding Subsection (a), for the fiscal year  
11 beginning September 1, 2003, the comptroller shall transfer from  
12 the permanent school fund to the available school fund:

13                   (1) on January 2, 2004, an amount equal to  
14 five-twelfths of the annual distribution from the permanent school  
15 fund to the available school fund for that fiscal year as provided  
16 by Section 5(g), Article VII, Texas Constitution; and

17                   (2) on the first working day of each month after  
18 January 2004, an amount equal to one-twelfth of the annual  
19 distribution from the permanent school fund to the available school  
20 fund for that fiscal year as provided by Section 5(g), Article VII,  
21 Texas Constitution.

22           (a-2) Subsection (a-1) and this subsection expire September  
23 1, 2004.

24           (b) Of the amounts available for transfer from the general  
25 revenue fund to the available school fund for the months of January  
26 and February of each fiscal year, no more than the amount necessary  
27 to enable the comptroller to distribute from the available school

1 fund an amount equal to 9-1/2 percent of the estimated annual  
2 available school fund apportionment to category 1 school districts,  
3 as defined by Section 42.259, and 3-1/2 percent of the estimated  
4 annual available school fund apportionment to category 2 school  
5 districts, as defined by Section 42.259, may be transferred from  
6 the general revenue fund to the available school fund. Any  
7 remaining amount that would otherwise be available for transfer for  
8 the months of January and February shall be transferred from the  
9 general revenue fund to the available school fund in equal amounts  
10 in June and in August of the same fiscal year.

11 SECTION 4. Subsection (e), Section 31.301, Natural  
12 Resources Code, is amended to read as follows:

13 (e) Before approving the trade, the appropriate board shall  
14 make a finding that no loss to the permanent [~~available~~] school fund  
15 or the available university fund will occur as a result of the  
16 trade.

17 SECTION 5. Sections 33.016, 51.069, and 51.300, Natural  
18 Resources Code, are amended to read as follows:

19 Sec. 33.016. DISPOSITION OF OTHER FUNDS. Money received by  
20 the board for the grant of any interest not under Section [~~33.014~~  
21 ~~or~~] 33.015 of this code shall be deposited in the State Treasury to  
22 the credit of the permanent [~~available~~] school fund.

23 Sec. 51.069. DISPOSITION OF PAYMENTS ON PUBLIC SCHOOL LAND.  
24 [~~(a)~~] Payments on public school land received by the commissioner,  
25 including payments received as interest on the purchase of public  
26 school land, shall be transmitted to the comptroller to be credited  
27 to the [~~proper fund~~].

1           ~~[(b) The comptroller shall credit payments received on the~~  
2 ~~purchase price of public school land to the]~~ permanent school fund  
3 ~~[and payments received as interest on the purchase of public school~~  
4 ~~land to the available school fund].~~

5           Sec. 51.300. DISPOSITION OF INCOME. Income received by the  
6 commissioner under this subchapter from public school land shall be  
7 credited to the permanent ~~[available]~~ school fund, and income  
8 received from university land shall be credited to the available  
9 university fund. Other income received by the commissioner on  
10 other land under this subchapter shall be credited to the General  
11 Revenue Fund.

12           SECTION 6. Subsection (b), Section 51.401, Natural  
13 Resources Code, is amended to read as follows:

14           (b) The special fund account must be an interest-bearing  
15 account, and the interest received on the account shall be  
16 deposited in the State Treasury to the credit of the permanent  
17 ~~[available]~~ school fund.

18           SECTION 7. Subsection (b), Section 52.137, Natural  
19 Resources Code, is amended to read as follows:

20           (b) The commissioner, upon receipt of such payment made  
21 under protest as authorized by this section, shall send to the  
22 comptroller the payment and a written statement that the payment  
23 was made under protest. Immediately upon receipt, the comptroller  
24 shall:

25           (1) place the payment in state depositories bearing  
26 interest in the same manner that other funds are required to be  
27 placed in state depositories at interest;

1 (2) allocate the interest earned on these funds;

2 (3) credit the amount allocated to an account  
3 established for this purpose until the status of the protest is  
4 finally determined; and

5 (4) upon final determination that some or all of the  
6 protested funds belong to the state, deposit the principal and the  
7 allocated interest to the [~~proper funds as provided by law. All  
8 protest payments finally determined to belong to the~~] permanent  
9 school fund [~~shall be deposited to that fund upon such  
10 determination, and interest earned and allocated on these funds  
11 shall be deposited to the available school fund~~].

12 SECTION 8. Subsection (d), Section 52.297, Natural  
13 Resources Code, is amended to read as follows:

14 (d) The special fund account must be an interest-bearing  
15 account, and the interest received on the account shall be  
16 deposited in the State Treasury to the credit of the permanent  
17 [~~available~~] school fund.

18 SECTION 9. Subsection (d), Section 53.155, Natural  
19 Resources Code, is amended to read as follows:

20 (d) The special fund account must be an interest-bearing  
21 account, and the interest received on the account shall be  
22 deposited in the State Treasury to the credit of the permanent  
23 [~~available~~] school fund.

24 SECTION 10. Section 5, Chapter 314, Acts of the 56th  
25 Legislature, Regular Session, 1959 (Article 5337-2, Vernon's Texas  
26 Civil Statutes), is amended to read as follows:

27 Sec. 5. All income received by the Land Commissioner under

1 this Act from Public School Lands shall be credited to the Permanent  
2 ~~[Available]~~ School Fund.

3 SECTION 11. Section 43.008, Education Code, is repealed.

4 SECTION 12. This Act takes effect January 1, 2004, but only  
5 if the constitutional amendment proposed by H.J.R. No. 68, 78th  
6 Legislature, Regular Session, 2003, is approved by the voters. If  
7 the proposed constitutional amendment is not approved by the  
8 voters, this Act has no effect.

David Newkum  
President of the Senate

Jim Cusick  
Speaker of the House

I hereby certify that S.B. No. 206 passed the Senate on May 9, 2003, by a viva-voce vote; and that the Senate concurred in House amendments on May 30, 2003, by a viva-voce vote. \_\_\_\_\_

Arseny Saw  
Secretary of the Senate

I hereby certify that S.B. No. 206 passed the House, with amendments, on May 28, 2003, by a non-record vote. \_\_\_\_\_

Robert Henny  
Chief Clerk of the House

Approved:

18 JUN '03

Date

Rick Perry  
Governor

FILED IN THE OFFICE OF THE  
SECRETARY OF STATE  
7:30 PM O'CLOCK

Ann Shea  
Secretary of State