

BILL ANALYSIS

C.S.S.B. 1
By: Duncan
Appropriations
Committee Report (Substituted)

BACKGROUND AND PURPOSE

C.S.S.B. 1 sets out certain statutory changes necessary to comply with assumptions made in H.B. 1, 82nd Legislature, Regular Session (the General Appropriations Act), respond to state fiscal concerns, and address certain fiscal matters. The bill implements selected Texas State Government Effectiveness and Efficiency recommendations and makes adjustments to current law in order to facilitate the administration of the state's financial resources.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Texas Commission on Environmental Quality in SECTION 6.01; the comptroller of public accounts in SECTIONS 16.04 and 38.02; the Railroad Commission of Texas in SECTIONS 17.02 and 17.26; the attorney general in SECTIONS 20.03 and 20.04; the Texas Workforce Commission in SECTION 33.02; the Texas Department of Housing and Community Affairs in SECTION 41.03; and the commissioner of education in SECTIONS 56.03 and 56.04.

ANALYSIS

Article 1. Foundation School Program Payments

C.S.S.B. 1 amends the Education Code to change the payment period for the installment of the foundation school fund totaling 15 percent of the yearly entitlement of a category 2 school district from on or before the 25th day of August to after the 5th day of September and not later than the 10th day of September of the calendar year following the calendar year of the 22 percent installment payment made to the district on or before the 25th day of September of a fiscal year. The bill changes the payment period for the installment of the foundation school fund totaling 20 percent of the yearly entitlement of a category 3 school district from on or before the 25th day of August to after the 5th day of September and not later than the 10th day of September of the calendar year following the calendar year of the 45 percent installment payment made to the district on or before the 25th day of September of a fiscal year. The bill excepts those previously described payments made to a category 2 or category 3 school district from the requirement that previously unpaid additional funds from prior years owed to a district be paid to the district together with the September payment of the current year entitlement and specifies that the requirement applies to fiscal years.

C.S.S.B. 1 amends the Government Code to change the date by which the comptroller of public accounts is required to transfer the estimated amount from the state lottery account to the foundation school fund from before August fund installment payments are made to before August 25.

Article 2. Fiscal Matters Regarding Regulation and Taxation of Insurers

C.S.S.B. 1 amends the Insurance Code to set out temporary provisions, set to expire January 1, 2014, to establish that an insurer, a health maintenance organization, or a title insurance

company is not entitled to certain tax credit for an examination or evaluation fee paid in calendar year 2012 or 2013. The bill specifies that, in a provision requiring a Class A assessment paid by a member insurer to be allowed as a credit on the amount of premium taxes due, the Class A assessment amount is an assessment paid in each taxable year. The bill limits the applicability of this article to a tax credit for an examination or evaluation fee paid on or after January 1, 2012.

Article 3. Tax Records

C.S.S.B. 1 amends the Occupations Code, in provisions requiring an owner to maintain a complete and itemized record of each coin-operated machine the owner purchases, receives, possesses, handles, exhibits, or displays, to require such a record to be made available for inspection by certain entities for at least four years and in accordance with the bill's provisions. The bill removes the requirement that such a record be maintained until the second anniversary of the date the owner ceases ownership of the machine that is the subject of the record.

C.S.S.B. 1 amends the Tax Code, in a provision requiring a taxpayer who is required by provisions of law relating to state taxation to keep records open to inspection by certain entities for a four-year period, to specify that the four-year period is a minimum requirement. The bill requires such a taxpayer to keep records open for inspection for more than four years throughout any period when any tax, penalty, or interest may be assessed, collected, or refunded by the comptroller of public accounts or when an administrative hearing is pending before the comptroller, or a judicial proceeding is pending, to determine the amount of the tax, penalty, or interest that is to be assessed, collected, or refunded.

C.S.S.B. 1 requires a taxpayer to produce contemporaneous records and supporting documentation appropriate to the tax or fee for the period in question to substantiate and enable verification of the taxpayer's claim related to the amount of tax, penalty, or interest to be assessed, collected, or refunded in an administrative or judicial proceeding. The bill specifies that contemporaneous records and supporting documentation appropriate to the tax or fee include certain written documentation reflecting legal relationships and taxes collected or paid. The bill specifies that summary records submitted by the taxpayer without supporting contemporaneous records and supporting documentation for the period in question are insufficient to substantiate and enable verification of the taxpayer's claim regarding the amount of tax, penalty, or interest that may be assessed, collected, or refunded.

C.S.S.B. 1 requires a taxpayer, in a taxpayer suit after payment made under protest or a suit for a tax refund, to produce contemporaneous records and supporting documentation appropriate to the tax or fee for the period in question to substantiate and enable verification of a taxpayer's claim relating to the amount of the tax, penalty, or interest that is to be assessed, collected, or refunded. The bill, in a provision requiring certain records relating to taxable items purchased from a retailer to be kept for a period of not less than four years from the date the record is made, unless the comptroller authorizes its destruction at an earlier date, specifies that the comptroller's authorization be in writing and includes as an alternative exception that the bill's provisions require the record to be kept for a longer period.

C.S.S.B. 1 makes provisions relating to tax collection records, as amended by the bill, applicable to a person required to keep records under certain provisions of law relating to taxes on the sale, rental, and use of motor vehicles. The bill specifies that the four-year period for which permit holders under certain provisions of law relating to the cigarette tax and the cigars and tobacco products tax are required to keep records available for inspection and copying is a minimum requirement. The bill requires a person required to keep records under certain provisions of law relating to boat and boat motor sales and use taxes and motor fuel taxes to also keep records as required by provisions relating to tax collection records, as amended by the bill.

C.S.S.B. 1 makes related conforming changes and makes this article effective on passage or, if the bill does not receive the necessary vote, October 1, 2011.

Article 4. Unclaimed Property

C.S.S.B. 1 amends the Property Code to establish that a utility deposit is presumed abandoned on the latest of the following dates: the first anniversary of the date a refund check for the utility deposit was payable to the owner of the deposit; the first anniversary of the date the utility last received documented communication from the owner of the utility deposit; or the first anniversary of the date the utility issued a refund check for the deposit payable to the owner of the deposit if, according to the knowledge and records of the utility or payor of the check, during that period, a claim to the check has not been asserted or an act of ownership by the payee has not been exercised. The bill provides for the meaning of "utility" by reference to the Utilities Code and defines "utility deposit."

C.S.S.B. 1 changes the date on which a money order is presumed abandoned to the latest of the following dates: the third anniversary, rather than the seventh anniversary, of the date on which the money order was issued; the third anniversary, rather than the seventh anniversary, of the date on which the issuer of the money order last received from the owner of the money order communication concerning the money order; or the third anniversary, rather than the seventh anniversary, of the date of the last writing, on file with the issuer, that indicates the owner's interest in the money order.

C.S.S.B. 1 increases the cap on the amount of service, maintenance, or other charges that may be imposed by the holder of an abandoned money order prior to the time of presumed abandonment from 50 cents per month to one dollar per month for each month the money order remains uncashed prior to the month in which the money order is presumed abandoned.

C.S.S.B. 1 establishes that, if an account is a checking or savings account or is a matured certificate of deposit, the account is presumed abandoned if the account has been inactive for at least three years beginning on the date of the depositor's last transaction or correspondence concerning the account.

C.S.S.B. 1 changes the date from June 30 to March 1 on which each holder who holds certain property that is presumed abandoned is required to file a report of that property by a certain deadline. The bill changes that deadline from on or before the following November 1 to on or before the following July 1.

C.S.S.B. 1 requires a person who holds property on March 1, rather than June 30, valued at more than \$250 that is presumed abandoned to mail to the last known address of the known owner on or before the following May 1, rather than on or before the following August 1, written notice stating that the holder is holding the property and the holder may be required to deliver the property to the comptroller by a certain deadline if unclaimed. The bill changes that deadline from on or before November 1 to on or before July 1.

C.S.S.B. 1 changes the date from June 30 to March 1 on which each holder of certain property presumed to be abandoned is required to deliver the property to the comptroller by a certain deadline and changes that deadline from the following November 1 to the following July 1.

C.S.S.B. 1 includes as a point at which the comptroller of public accounts is authorized to sell securities received under state law requiring the delivery of unclaimed property of the comptroller and use the proceeds to buy, exchange, invest, or reinvest in marketable securities the point at which the comptroller receives the securities, as an alternative to from time to time.

C.S.S.B. 1 changes the date from June 30 to March 1 on which a holder who holds certain property presumed abandoned holds the property in trust for the benefit of the state on behalf of the missing owner and is liable to the state for the full value of the property, plus any accrued interest and penalty.

C.S.S.B. 1 makes conforming changes. The bill makes the article's provisions changing the dates on which a holder of certain property presumed abandoned is required to take certain actions effective January 1, 2013, and makes the remainder of the article's provisions effective on the 91st day after the last day of the legislative session.

Article 5. Classification of Judicial and Court Personnel Training Fund

C.S.S.B. 1 amends the Government Code to establish that the judicial and court personnel training fund is an account in the general revenue fund, rather than a fund created in the state treasury, and to limit the appropriation of money in the fund to the Texas Court of Criminal Appeals for the uses authorized under law. The bill removes a requirement that the court of criminal appeals administer such money and a requirement that, at the end of each state fiscal year, any unexpended balance in the fund in excess of \$500,000 be transferred to the general revenue fund.

Article 6. Fiscal Matters Regarding Petroleum Industry Regulation

C.S.S.B. 1 amends the Water Code to reduce the fees required to be imposed on the delivery of a petroleum product on withdrawal from bulk of that product as follows:

- from \$3.75 to not more than \$3.125 for each delivery into a cargo tank having a capacity of less than 2,500 gallons;
- from \$7.50 to not more than \$6.25 for each delivery into a cargo tank having a capacity of 2,500 or more but less than 5,000 gallons;
- from \$11.75 to not more than \$9.37 for each delivery into a cargo tank having a capacity of 5,000 gallons or more but less than 8,000 gallons;
- from \$15.00 to not more than \$12.50 for each delivery into a cargo tank having a capacity of 8,000 gallons or more but less than 10,000 gallons; and
- from \$7.50 to not more than \$6.25 for each increment of 5,000 gallons or any part thereof delivered into a cargo tank having a capacity of 10,000 gallons or more.

The bill removes language specifying the applicable period during which such a fee is imposed and requires the Texas Commission on Environmental Quality (TCEQ) by rule to set the amount of the fee in an amount not to exceed the amount necessary to cover the commission's costs of administering provisions of law relating to underground and aboveground storage tanks, as indicated by the amount appropriated by the legislature from the petroleum storage tank remediation account for that purpose. The bill establishes that the fee applicable to a delivery is the maximum amount of the fee applicable to that delivery until TCEQ adopts and implements a fee applicable to that delivery.

Article 7. Remittance and Allocation of Certain Motor Fuels Taxes

C.S.S.B. 1 amends the Tax Code to require each licensed distributor and licensed importer required to remit the gasoline tax or the diesel fuel tax to remit to the supplier or permissive supplier, as applicable, on August 28, 2013, a tax prepayment in an amount equal to 25 percent of the tax for gasoline or diesel fuel, as applicable, removed at the terminal rack during July 2013 by the distributor or importer, without accounting for any credit or allowance to which the distributor or importer is entitled. The bill requires the applicable supplier to remit the tax prepayment to the comptroller by electronic funds transfer on August 30, 2013, without accounting for any credit or allowance to which the supplier is entitled. The bill makes certain provisions of law relating to credits or allowances to which the supplier is entitled inapplicable to the tax prepayment required by the bill. The bill authorizes a distributor or importer to take a credit against the amount of the tax for gasoline or diesel fuel, as applicable, removed at a terminal rack during August 2013 that is required to be remitted to the applicable supplier in September 2013. The bill establishes that the amount of the credit is equal to the amount of any

tax prepayment remitted by the distributor or importer. The bill makes these provisions applicable to a supplier or an affiliate of a supplier who removes gasoline or diesel fuel at the terminal rack for distribution to the same extent and in the same manner that the provisions apply to a licensed distributor or licensed importer. The bill prohibits the comptroller from allocating, before the first workday of September 2013, revenue from the collection of gasoline and diesel fuel taxes that is otherwise required to be allocated during July and August 2013. The bill requires the allocation of such revenue as otherwise provided not later than the fifth workday of September 2013.

C.S.S.B. 1 makes this article effective October 1, 2011, and sets the article's provisions described above to expire September 1, 2015. The bill clarifies that the expiration of its amendments to the Tax Code in accordance with this article does not affect tax liability accruing before the expiration of those amendments and establishes that that liability continues in effect as if the amendments had not expired, and the former law is continued in effect for the collection of taxes due and for civil and criminal enforcement of the liability for those taxes.

Article 8. Remittance of Mixed Beverage Taxes and Taxes and Fees on Certain Alcoholic Beverages

C.S.S.B. 1 amends the Alcoholic Beverage Code to require an airline beverage permittee and a passenger train beverage permittee to remit, in August 2013, a tax prepayment of airline or passenger train beverage taxes, as applicable, due to be remitted in September 2013 that is equal to 25 percent of the amount the permittee is otherwise required to remit during August 2013 under the reporting system prescribed by the Texas Alcoholic Beverage Commission (TABC). The bill specifies that the prepayment is in addition to the amount the permittee is otherwise required to remit during August and requires the permittee to remit the additional payment in conjunction with the report and payment otherwise required during that month. The bill authorizes a permittee who remits the additional payment to take a credit in the amount of the additional payment against the next payment due under the TABC reporting system.

C.S.S.B. 1 requires each TABC permittee who is liable for taxes on ale and malt liquor or taxes on liquor other than ale and malt liquor and each TABC licensee who is liable for the beer tax to remit a tax prepayment of taxes due to be remitted in September 2013 that is equal to 25 percent of the amount the permittee or licensee is otherwise required to remit during August 2013. The bill requires each TABC permittee or licensee to remit the tax prepayment in August 2013. The bill specifies that the prepayment of the permittee or licensee is in addition to the amount the permittee or licensee is otherwise required to remit in August and requires the permittee or licensee to remit the additional payment in conjunction with the report and payment otherwise required during that month. The bill authorizes a permittee or licensee who remits the additional payment to take a credit in the amount of the additional payment against the next payment due.

C.S.S.B. 1 amends the Tax Code to require certain TABC permittees who are liable for mixed beverage taxes to remit, in August 2013, a tax prepayment of taxes due to be remitted in September 2013 that is equal to 25 percent of the amount the permittee is otherwise required to remit during August 2013. The bill specifies that the prepayment is in addition to the amount the permittee is otherwise required to remit during August and requires the permittee to remit the additional payment in conjunction with the return and payment otherwise required during that month. The bill authorizes a permittee who remits the additional payment to take a credit in the amount of the additional payment against the next payment due.

C.S.S.B. 1 sets the above provisions to expire September 1, 2015. The bill clarifies that the expiration of its amendments to the Alcoholic Beverage Code and Tax Code in accordance with this article does not affect tax liability accruing before the expiration of those amendments and establishes that that liability continues in effect as if the amendments had not expired, and the former law is continued in effect for the collection of taxes due and for civil and criminal enforcement of the liability for those taxes.

Article 9. Cigarette Tax Stamping Allowance

C.S.S.B. 1 amends provisions of the Tax Code relating to the cigarette tax to decrease from three to 2.5 the percentage of the face value of cigarette package stamps purchased to which a distributor is entitled as a stamping allowance for providing the service of affixing stamps to cigarette packages. The bill makes this article effective October 1, 2011.

Article 10. Sales for Resale

C.S.S.B. 1 amends the Tax Code to revise the definition of "sale for resale," for purposes of the limited sales, excise, and use tax, by specifying that a sale of tangible personal property or a taxable service to a purchaser who acquires the property or service for the purpose of reselling it under certain conditions is for the purpose of reselling it with or as a taxable item. The bill further redefines "sale for resale" by including in the term a sale of tangible personal property to a purchaser who acquires the property for the purpose of transferring it as an integral part of performing a contract, or a subcontract of a contract, with the federal government only if the purchaser allocates and bills to the contract the cost of the property as a direct or indirect cost and transfers title to the property to the federal government under the contract and applicable federal acquisition regulations. The bill establishes that a sale for resale does not include the sale of tangible personal property or a taxable service to a purchaser who acquires the property or service for the purpose of performing a service that is not taxed under certain provisions of law relating to the limited sales, excise, and use tax, regardless of whether title transfers to the service provider's customer, unless the tangible personal property or taxable service is purchased for the purpose of reselling it to the United States in a contract, or a subcontract of a contract, with any branch of the Department of Defense, Department of Homeland Security, Department of Energy, National Aeronautics and Space Administration, Central Intelligence Agency, National Security Agency, National Oceanic and Atmospheric Administration, or National Reconnaissance Office to the extent allocated and billed to the contract with the federal government. The bill makes conforming changes and makes this article effective on passage or, if the bill does not receive the necessary vote, October 1, 2011.

Article 11. Remittance of Sales and Use Taxes

C.S.S.B. 1 amends the Tax Code to require a taxpayer who in August 2013 is required to pay the sales, excise, and use taxes on or before the 20th day of that month, who pays the taxes by electronic funds transfer, and who does not prepay as provided by state law, to remit to the comptroller of public accounts a tax prepayment that is equal to 25 percent of the amount the taxpayer is otherwise required to remit during August 2013. The bill establishes that the prepayment is in addition to the amount the taxpayer is otherwise required to remit during August 2013 and requires the taxpayer to remit the additional payment in conjunction with the payment otherwise required. The bill makes provisions of law relating to discount for sales and use tax prepayment inapplicable with respect to the additional prepayment. The bill authorizes a taxpayer who remits the additional payment to take a credit in the amount of the additional payment against the next payment due and sets these provisions to expire September 1, 2015.

C.S.S.B. 1 authorizes a taxpayer to report a credit in the amount of any tax prepayment remitted to the comptroller as required by the bill's provisions on the required tax report that is otherwise due in September 2013 and sets this authorization to expire September 1, 2015. The bill removes a provision establishing that a tax report for taxes required to be paid on or before August 30 is due on or before the 20th day of the following month.

C.S.S.B. 1 establishes that the expiration of the amendments made to the Tax Code in accordance with this article does not affect tax liability accruing before the expiration of those amendments, that that liability continues in effect as if the amendments had not expired, and that the former law is continued in effect for the collection of taxes due and for civil and criminal

enforcement of the liability for those taxes.

Article 12. Penalties for Failure to Report or Remit Certain Taxes or Fees

C.S.S.B. 1 amends the Tax Code to impose an additional penalty of \$50 for a failure to file or to timely file, as applicable, a required tax report, regardless of whether the taxpayer subsequently files the report or whether any taxes were due from the taxpayer for the reporting period under the required report, on the following persons: a person required to file a sales and use tax report; the owner of a motor vehicle subject to the tax on gross rental receipts; the seller of a motor vehicle sold in a seller-financed sale; a person required to file a hotel occupancy tax report; a person required to file a motor tax fuel report; a person required to file a franchise tax report; and a person required to file a mixed beverage tax report.

C.S.S.B. 1 establishes that a hearing in which the issue relates to an additional penalty imposed under certain provisions of law relating to a failure to report or pay sales and use tax, as added by this article, is not a contested case with regard to hearings conducted by the tax division of the State Office of Administrative Hearings.

C.S.S.B. 1 requires a permittee who fails to file a required mixed beverage tax report or who fails to pay a required mixed beverage tax when due to pay five percent of the amount due as a penalty and, if the permittee fails to file the report or pay the tax within 30 days after the day the tax or report is due, to pay an additional five percent of the amount due as an additional penalty. The bill sets the minimum penalty at \$1 and establishes that a delinquent tax draws interest beginning 60 days from the due date.

C.S.S.B. 1 repeals provisions relating to a failure to file a required report with regard to the sales and use tax on three or more occasions. The bill makes conforming changes.

C.S.S.B. 1 amends the Health and Safety Code to require a seller of a prepaid wireless telecommunications service who fails to remit the prepaid 9-1-1 emergency services fee or file a related report to pay five percent of the amount due and payable as a penalty, and, if the seller fails to file the report or remit the fee within 30 days after the day the fee or report is due, an additional five percent of the amount due and payable as an additional penalty. The bill imposes an additional penalty of \$50 on a seller who fails to file a report for the prepaid 9-1-1 emergency services fee and establishes that the penalty is assessed without regard to whether the seller subsequently files the report or whether any taxes were due from the seller for the reporting period under the required report.

C.S.S.B. 1 makes this article effective on passage or, if the bill does not receive the necessary vote, October 1, 2011.

Article 13. Fiscal Matters Related to Voter Registration

C.S.S.B. 1 amends the Election Code to remove a provision requiring the secretary of state to deliver written notice of a voter registrar's noncompliance with certain laws and rules to the comptroller and to make related conforming changes. The bill changes from the comptroller to the secretary of state the recipient to whom the registrar is required to submit a statement prepared by the registrar containing certain information relating to voter registration.

C.S.S.B. 1 requires the secretary of state after June 1 of each year to make payments pursuant to vouchers submitted by the registrar and approved by the secretary of state in amounts that in the aggregate do not exceed the registrar's entitlement, removes a requirement that the comptroller issue warrants pursuant to such vouchers, and makes related conforming changes. The bill repeals a provision authorizing the comptroller to require additional proof to substantiate certain information before issuing a certain warrant relating to voter registration.

Article 14. Certain Powers and Duties of the Comptroller of Public Accounts

C.S.S.B. 1 amends the Government Code, in a provision limiting the comptroller's authorization to execute a simplified version of a depository agreement with an eligible institution desiring to hold state deposits that are fully insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, to remove the specification that the eligible institution desires to hold \$98,000 or less in state deposits.

C.S.S.B. 1 changes the reference by which the meaning of "compensation" is provided as it relates to deductions for repayment of certain debts or tax delinquencies and establishes that this change applies to a deduction made on or after the bill's effective date for an indebtedness to a state agency regardless of the date the indebtedness accrued or the dates of the pay period for which the compensation from which the indebtedness is deducted is earned.

Article 15. Preparation and Publication of Certain Reports and Other Materials

C.S.S.B. 1 amends the Education Code to transfer from the comptroller to the Texas Higher Education Coordinating Board responsibility for preparing a report for each state fiscal year of the number of students registered in a medical branch, school, or college, the total amount of tuition charges collected by each institution, the total amount transferred to the comptroller under certain provisions of law relating to medical tuition set-asides, and the total amount available in the physician education loan repayment program account for the repayment of student loans of physicians. The bill makes related conforming changes.

C.S.S.B. 1 amends the Tax Code to require the comptroller to electronically publish all materials relating to the appraisal of property and the administration of property taxes, rather than providing a free copy of all such materials to local government officials who are responsible for administering the property tax system. The bill requires the comptroller to make the materials available to local governmental officials, in addition to members of the public, and authorizes the comptroller to charge a reasonable fee to offset the costs of preparing the materials, in addition to printing and distribution costs.

C.S.S.B. 1 specifies that the pamphlet explaining the remedies available to dissatisfied property taxpayers and the procedures to be followed in seeking remedial action published by the comptroller be electronically published and removes provisions requiring the comptroller to provide free copies of the pamphlet and authorizing the comptroller to charge a fee for multiple copies to offset costs.

C.S.S.B. 1 requires the comptroller to prepare a biennial report of the total appraised values and taxable values of taxable property by category and the tax rates of each county, municipality, and school district in effect for the two years preceding the year in which the report is prepared. The bill requires the comptroller, not later than December 31 of each even-numbered year, to electronically publish on the comptroller's Internet website the biennial report and to notify the governor, the lieutenant governor, and each member of the legislature that the report is available on the website. The bill removes a provision requiring the comptroller to publish an annual report of the operations of the appraisal districts and deliver a copy of each report to the governor, the lieutenant governor, and each member of the legislature.

C.S.S.B. 1 repeals Government Code provisions relating to the collection and making available of information on economic development activities and Local Government Code provisions relating to a report submitted to the comptroller by a municipal development corporation. The bill makes conforming and nonsubstantive changes.

Article 16. Surplus Lines and Independently Procured Insurance

C.S.S.B. 1 amends the Insurance Code to specify that the applicability of provisions of law relating to the surplus lines insurance premium tax to a surplus lines agent who collects gross premiums for surplus lines insurance be for any risk in which Texas is the home state of the insured. The bill prohibits the state, consistent with federal law, from imposing a premium tax on nonadmitted insurance premiums other than premiums paid for insurance in which Texas is the home state of the insured. The bill authorizes the comptroller by rule to establish an alternate basis for taxation for multistate and single-state policies for the purpose of achieving uniformity.

C.S.S.B. 1 increases the basis on which the surplus lines insurance premium tax is computed, if a surplus lines insurance policy covers risks or exposures only partially located in Texas, from the portion of the premium that is properly allocated to a risk or exposure located in Texas to the entire policy premium for any policy in which Texas is the home state of the insured and adds the condition to this computation that the state not have entered into a cooperative agreement, reciprocal agreement, or compact with another state for the collection of surplus lines tax. The bill removes a provision exempting premiums properly allocated to another state that are specifically exempt from taxation in that state from taxation in Texas.

C.S.S.B. 1 establishes that the surplus lines insurance premium tax is a transaction tax collected by the surplus lines agent of record and is in lieu of any other transaction taxes on these premiums, rather than in lieu of all other insurance taxes.

C.S.S.B. 1 requires the surplus lines insurance premium tax, if the state enters a cooperative agreement, reciprocal agreement, or compact with another state for the allocation of the surplus lines tax, to be allocated and reported in accordance with the terms of the agreement or compact.

C.S.S.B. 1 makes provisions of law relating to an independently procured insurance premium tax applicable to an insured who procures an independently procured insurance contract for any risk in which Texas is the home state of the insured, rather than to an insured who procures an insurance contract in accordance with provisions of law relating to unauthorized insurance. The bill makes related conforming changes.

C.S.S.B. 1 increases the basis on which the independently procured insurance premium tax is computed, if an independently procured insurance policy covers risks or exposures only partially located in Texas, from the portion of the premium that is properly allocated to a risk or exposure located in Texas to the entire policy premium for any policy in which Texas is the home state of the insured, and adds the condition to this computation that the state not have entered into a cooperative agreement, reciprocal agreement, or compact with another state for the allocation of nonadmitted insurance taxes. The bill requires the tax due on multistate policies, if the state enters into a cooperative agreement, reciprocal agreement, or compact with another state for the allocation of nonadmitted insurance taxes, to be allocated and reported in accordance with the agreement or compact. The bill makes conforming and nonsubstantive changes.

C.S.S.B. 1 repeals provisions establishing criteria for determining if a gross premium for surplus lines insurance is considered to be written on property or risks located or resident in Texas and authorizing the comptroller by rule to establish that all premiums are considered to be on risks located in Texas if the insured's home office or state of domicile or residence is located in Texas or to accommodate changes in federal statutes or regulations that would otherwise limit the comptroller's ability to directly collect the surplus lines insurance premium tax or the independently procured insurance premium tax.

C.S.S.B. 1 defines "affiliate," "affiliated group," "control," "home state," and "independently procured insurance" and redefines "premium" for purposes of certain provisions of law relating to surplus lines insurance premium tax and relating to unauthorized and independently procured insurance premium tax.

C.S.S.B. 1 makes the changes in law made by this article relating to the surplus lines insurance

premium tax and the independently procured insurance premium tax applicable only to an insurance policy that is delivered, issued for delivery, or renewed on or after July 21, 2011. The bill makes such provisions effective on passage or, if the bill does not receive the necessary vote, on the 91st day after the last day of the legislative session.

Article 17. Fiscal Matters Concerning Oil and Gas Regulation

C.S.S.B. 1, on this article's effective date, abolishes the oil-field cleanup fund, transfers any money remaining in the fund and any claim against the fund to the oil and gas regulation and cleanup fund created by the bill, and requires any amount required to be deposited to the credit of the oil-field cleanup fund to be deposited to the credit of the oil and gas regulation and cleanup fund. The bill repeals provisions of law relating to the oil-field cleanup fund and makes related conforming changes, including specifying that certain penalties formerly required to be deposited in the oil-field cleanup fund be deposited in the general revenue fund.

C.S.S.B. 1 amends the Natural Resources Code to exclude, rather than include, any penalties collected in connection with the fee for an application for an exception to a rule of the Railroad Commission of Texas from the fee proceeds two-thirds of which are required to be deposited to the oil and gas regulation and cleanup fund.

C.S.S.B. 1 creates the oil and gas regulation and cleanup fund as an account in the general revenue fund of the state treasury. The bill requires the Railroad Commission of Texas to certify to the comptroller of public accounts the date on which the balance in the fund equals or exceeds \$20 million. The bill prohibits the oil-field cleanup regulatory fees on oil and gas from being collected or required to be paid on or after the first day of the second month following the certification, but requires the comptroller to resume collecting the fees on receipt of a commission certification that the regulation and cleanup fund has fallen below \$10 million. The bill requires the comptroller to continue collecting the fees until collections are again suspended and sets out the components of the fund.

C.S.S.B. 1 authorizes money in the fund to be used by the commission or its employees or agents for any purposes related to the regulation of oil and gas development, including oil and gas monitoring and inspections, oil and gas remediation, oil and gas well plugging, public information and services related to those activities, and administrative costs and state benefits for personnel involved in those activities.

C.S.S.B. 1 requires the commission, through the legislative appropriations request process, to establish specific performance goals for the regulation and cleanup fund for the next biennium, including goals for each quarter of each state fiscal year of the biennium for the number of orphaned wells to be plugged with state-managed funds; abandoned sites to be investigated, assessed, or cleaned up with state funds; and surface locations to be remediated. The bill requires the commission to provide quarterly reports to the Legislative Budget Board and sets out the information to be included in such a report. The bill requires the commission to submit to the legislature and make available to the public, annually, a report that reviews the extent to which money in the fund has enabled the commission to better protect the environment through oil-field cleanup activities and sets out the information required to be included in the report.

C.S.S.B. 1 requires the commission by rule to provide for the imposition of reasonable surcharges as necessary on fees imposed by the commission that are required to be deposited to the credit of the fund in amounts sufficient to enable the commission to recover the costs of performing the functions specified in the fund's purpose from those fees and surcharges. The bill prohibits the commission from imposing a surcharge on an oil-field cleanup regulatory fee on oil or gas. The bill requires the commission by rule to establish a methodology for determining the amount of a surcharge that takes into account the time required for regulatory work associated with the activity in connection with which the surcharge is imposed; the number of individuals or entities from which the commission's costs may be recovered; the effect of the surcharge on

operators of all sizes, as measured by the number of oil and gas wells operated; the balance in the oil and gas regulation and cleanup fund; and any other factors the commission determines to be important to the fair and equitable imposition of the surcharge. The bill requires the commission to collect a surcharge on a fee at the time the fee is collected. The bill requires a collected surcharge to be deposited to the credit of the fund and caps the collected surcharge at an amount equal to 185 percent of the fee on which it is imposed.

C.S.S.B. 1 requires money appropriated to the commission under the General Appropriations Act for the purposes of the oil and gas regulation and cleanup fund to be paid from the fund and removes language requiring money appropriated to the oil and gas division of the commission under the General Appropriations Act to be paid from the general revenue fund.

C.S.S.B. 1 excludes, rather than includes, any penalties collected in connection with the oil-field cleanup regulatory fee on oil and gas from the fee proceeds required to be deposited to the oil and gas regulation and cleanup fund. The bill makes conforming and nonsubstantive changes to the Natural Resources Code.

C.S.S.B. 1 amends the Utilities Code to make conforming changes, to remove language specifying that the fee the commission is authorized by rule to adopt to be assessed annually against operators of natural gas distribution pipelines and their pipeline facilities and natural gas master metered pipelines and their pipeline facilities is an inspection fee, and to specify that the pipelines and pipeline facilities subject to the fee are those subject to provisions of law relating to gas regulation, rather than relating to gas pipelines. The bill includes the commission's pipeline regulatory program with the commission's pipeline safety program as it relates to the administration of the commission's pipeline safety fees.

C.S.S.B. 1 amends the Water Code to make a conforming change.

Article 18. Fiscal Matters Regarding Leasing Certain State Facilities

C.S.S.B. 1 amends the Government Code to authorize the Texas Facilities Commission (TFC) to lease to a private individual an individual parking space in a state-owned parking lot or garage located in the city of Austin that the TFC determines is not needed to accommodate the regular parking requirements of state employees who work near the lot or garage and visitors to nearby state government offices. The bill authorizes the TFC to lease to an institution of higher education or a local government all or a significant block of a state-owned parking lot or garage located in the city of Austin that the TFC determines is not needed to accommodate the regular parking requirements of state employees who work near the lot or garage and visitors to nearby state government offices. The bill requires money received from such leases to be deposited to the credit of the general revenue fund.

C.S.S.B. 1 requires TFC to ensure that such a lease does not restrict uses for parking lots and garages developed under certain provisions of law relating to lease of space in state-owned parking lots and garages, including special event parking related to institutions of higher education. The bill requires to TFC to give preference to an individual or entity who is currently leasing or previously leased the parking space or lot or garage or a block of the lot or garage, as applicable. The bill requires the TFC, on or before October 1 of each even-numbered year, to submit a report to the Legislative Budget Board describing the effectiveness of parking programs developed by the TFC, including the yearly revenue generated by the programs, the yearly administrative and enforcement costs of each program, yearly usage statistics for each program, and initiatives and suggestions by the TFC to modify administration of the programs and increase revenue generated by the programs. The bill makes this article effective on passage or, if the bill does not receive the necessary vote, on the 91st day after the last day of the legislative session.

Article 19. Fiscal Matters Relating to Secretary of State

C.S.S.B. 1 amends the Government Code to require the secretary of state, as soon as practicable after the closing of each legislative session, to publish and maintain electronically the bills enacted that session. The bill requires the electronic publication to be indexed by bill number and assigned chapter number for each bill and made available by an electronic link on the secretary of state's generally accessible Internet website. The bill repeals provisions of law relating to a contract for printing the general and special laws and resolutions passed by a regular or special session of each legislature. The bill makes the changes made by this article inapplicable to a contract for the publication of the laws of this state entered into before the effective date of this article. The bill makes this article effective on passage or, if the bill does not receive the necessary vote, on the 91st day after the last day of the legislative session.

Article 20. Fiscal Matters Regarding Attorney General

C.S.S.B. 1 amends the Government Code to authorize the attorney general to charge a reasonable fee for the electronic filing of a document. The bill requires that an invoice submitted to a state agency under a contract for legal services between an attorney and a state agency in the executive department be reviewed by the attorney general to determine whether the invoice is eligible for payment. The bill requires an attorney or law firm to pay an administrative fee to the attorney general for such a review when entering into a contract to provide legal services to a state agency. The bill authorizes the attorney general to adopt rules as necessary to implement and administer these provisions.

C.S.S.B. 1 amends the Transportation Code to require a toll project to pay a nonrefundable examination fee to the attorney general on submitting a proposed comprehensive development agreement for review. The bill requires the toll project entity, at the time the examination fee is paid, to also submit for review a complete transcript of proceedings related to the comprehensive development agreement. The bill requires the toll project entity, if submitting multiple proposed comprehensive development agreements relating to the same toll project for review, to pay the examination fee for each proposed agreement. The bill requires the attorney general to provide a legal sufficiency determination not later than the 60th business day after the date the examination fee and transcript of the proceedings are received. The bill, if the attorney general cannot provide a legal sufficiency determination within the 60-business-day period, requires the attorney general to notify the toll project entity in writing of the reason for the delay and authorizes the attorney general to extend the review period for not more than 30 business days.

C.S.S.B. 1 authorizes a toll project entity, after the attorney general issues a legal sufficiency determination, to supplement the transcript of proceedings or amend the comprehensive development agreement to facilitate a redetermination by the attorney general of the prior legal sufficiency determination issued under these provisions. The bill authorizes the toll project entity to collect or seek reimbursement of the examination fee from the private participant. The bill requires the attorney general by rule to set the examination fee in a reasonable amount and authorizes the attorney general to adopt other rules as necessary to implement these review and examination fee provisions. The bill prohibits the fee from being set in an amount that is determined by a percentage of the cost of the toll project and prohibits the amount of the fee from exceeding reasonable attorney's fees charged for similar legal services in the private sector.

C.S.S.B. 1 makes this article effective on passage or, if the bill does not receive the necessary vote, on the 91st day after the last day of the legislative session.

Article 21. Texas Preservation Trust Fund Account

C.S.S.B. 1 amends the Government Code to repeal provisions of law relating to the management of the Texas preservation trust fund account by the comptroller of public accounts, the distribution amounts from the account, the expenses of managing account investments, and disclosure of details concerning the investments of the account. The bill requires the comptroller

and the Texas Historical Commission to enter into a memorandum of understanding to facilitate the conversion of assets of the account into cash for deposit into the state treasury using a method that provides for the lowest amount of revenue loss to the state. The bill limits the use of money in the account, rather than distributions from the account, to the purposes set out in such provisions and authorizes, rather than prohibits, such money to be used to pay the operating expenses of the commission. The bill makes nonsubstantive changes to provisions relating to the account. The bill makes this article effective November 1, 2011.

Article 22. Fiscal Matters Concerning Information Technology

C.S.S.B. 1 amends the Government Code to authorize revenue derived from the collection of fees charged to a state agency that receives a service from a statewide technology center or that purchases certain information technology commodity items through the Department of Information Resources (DIR) to be appropriated to the DIR for developing statewide information resources technology policies and planning under certain provisions of law relating to information resources and the Texas computer network security system and for providing shared information resources technology services.

C.S.S.B. 1 requires the DIR to set and charge a fee to each entity that receives telecommunications services in an amount sufficient to cover the direct and indirect costs of providing the service. The bill authorizes the revenue derived from the collection of telecommunications services fees to be appropriated to the DIR for developing statewide information resources technology policies and planning under certain provisions of law relating to information resources and the Texas computer network security system and providing shared information resources technology services and network security services. The bill removes a provision requiring the DIR to certify amounts that exceed sufficient amounts to pay the bills of the consolidated telecommunications system and the centralized Capitol Complex telephone system to the comptroller and requiring the comptroller to transfer the excess amounts to the credit of the statewide network applications account.

C.S.S.B. 1 makes this article effective on passage or, if the bill does not receive the necessary vote, on the 91st day after the last day of the legislative session.

Article 23. Continuing Legal Education Requirements for Attorney Employed by Attorney General

C.S.S.B. 1 amends the Government Code to set out temporary provisions, set to expire January 1, 2014, to require the state bar to credit an attorney licensed in Texas with meeting the state bar's minimum continuing legal education requirements for a reporting year if during the reporting year the attorney is employed full-time as an attorney by the office of the attorney general. The bill requires an attorney so credited to meet the continuing legal education requirements of the state bar in legal ethics or professional responsibility. The bill limits the applicability of these provisions to the requirements for a continuing legal education compliance year that ends on or after October 1, 2011, and provides that the requirements for continuing legal education for a compliance year that ends before October 1, 2011, are covered by the law and rules in effect when the compliance year ended, and that that law and those rules are continued in effect for that purpose.

C.S.S.B. 1 sets out a temporary provision, set to expire January 1, 2014, to require the office of the attorney general to recognize, prepare, or administer continuing legal education programs that meet continuing legal education requirements for the attorneys employed by the office.

Article 24. Registration Fee and Registration Renewal Fee for Lobbyists

C.S.S.B. 1 amends the Government Code to increase the lobbyist registration fee and registration renewal fee for a registrant employed by a certain charitable or social welfare organization

exempted under the federal Internal Revenue Code of 1986 from \$100 to \$150 and adds a registrant employed by certain business leagues, chambers of commerce, boards of trade, and similar organizations exempted under the federal Internal Revenue Code of 1986 as subject to the registration fee and registration renewal fee. The bill increases the fee for a person required to register solely because the person is required to register under certain provisions of law relating to exceptions for certain activities for which compensation or reimbursement is received from \$50 to \$75. The bill increases the fee for any other registrant from \$500 to \$750.

Article 25. Public Assistance Reporting Information System

C.S.S.B. 1 amends the Government Code to limit the entities to which money in the fund for veterans' assistance may be appropriated to the Texas Veterans Commission. The bill requires, rather than authorizes, the use of money so appropriated to make grants to address veterans' needs and administer the fund. The bill includes among such required uses to analyze and investigate data received from the federal Public Assistance Reporting Information System that is administered by the Administration for Children and Families of the United States Department of Health and Human Services and removes from the authorized uses of fund money the enhancement and improvement of veterans' assistance programs, including veterans' representation and counseling.

Article 26. Regional Poison Control Center Management Controls and Efficiency

C.S.S.B. 1 amends the Health and Safety Code to authorize the Commission on State Emergency Communications to standardize the operations of and implement management controls to improve the efficiency of regional poison control centers and to remove language authorizing the commission to vote to designate a seventh regional or satellite poison control center in Harris County. The bill adds a temporary provision, set to expire January 1, 2013, to require the commission, if the commission implements management controls, to submit to the governor and the Legislative Budget Board a plan for implementing the controls not later than October 31, 2011.

Article 27. Authorized Uses for Certain Dedicated Permanent Funds

C.S.S.B. 1 amends the Government Code to authorize the legislature to appropriate money in the permanent fund for health and tobacco education and enforcement, the permanent fund for children and public health, and the permanent fund for emergency medical services and trauma care, including the corpus and available earnings of the funds, to pay the principal of or interest on a bond issued for the purposes of the Cancer Prevention and Research Institute of Texas. The bill establishes that these provisions do not authorize the appropriation of money subject to a limitation or requirement placed on a gift or grant by a donor or granting entity that is not consistent with the use of the money in accordance with these provisions. The bill makes this article effective on passage or, if the bill does not receive the necessary vote, on the 91st day after the last day of the legislative session.

Article 28. Fiscal Matters Concerning Surplus and Salvage Property

C.S.S.B. 1 amends the Government Code to establish that the Texas Facilities Commission (TFC) is responsible for the disposal of surplus and salvage property of Texas. The bill, in addition to making a conforming change, authorizes the TFC to authorize a state agency to dispose of surplus or salvage property if the agency demonstrates to the TFC its ability to dispose of the property under broader statutory provisions relating to surplus and salvage property, rather than more specific statutory provisions relating to the destruction of surplus or salvage property, in a manner that results in cost savings to the state. The bill requires a state agency that disposes of property under this provision to report the transaction to the TFC, including a description of the disposed property, the reasons for the disposal, the price paid for the disposed property, and the recipient of the disposed property. The bill requires the TFC, if

the TFC determines that a violation of a state rule or law has occurred based on a disposing state agency's report to the TFC, to report the violation to the Legislative Budget Board.

C.S.S.B. 1 makes statutory provisions relating to the disposition of surplus or salvage property applicable to a state agency delegated the authority to dispose of surplus or salvage property by the TFC and removes a provision that limited the applicability of such provisions applicable only to surplus and salvage property located in Travis County and certain other counties.

C.S.S.B. 1 requires a state agency that determines it has surplus or salvage property to inform the TFC of that fact for the purpose of determining the method of disposal of the property and removes a requirement that the TFC is responsible for the disposal of surplus or salvage property under broader provisions of law relating to the disposition of surplus or salvage property. The bill, in a provision requiring the TFC to determine, based on the property's condition, whether the property is surplus property that should be offered for transfer or sold or is salvage property, adds the condition that such determination be made in conjunction with the state agency. The bill requires the TFC, following such a determination, to direct a state agency to inform the comptroller of public accounts of certain details regarding the property's characteristics and makes a conforming change.

C.S.S.B. 1 requires the comptroller to provide the TFC access to all records in the state property accounting system related to surplus and salvage property. The bill requires, rather than authorizes, a state agency, political subdivision, or assistance organization, during the 10 business days after the date property is posted on the comptroller's website, to coordinate with the TFC for a transfer of the property at a price established by the commission. The bill removes a requirement that the TFC establish that price in cooperation with the transferring agency.

C.S.S.B. 1 authorizes the TFC to contract with a private vendor to assist with disposition of surplus or salvage property by competitive bidding, auction, or direct sale and excludes the cost of such assistance from the amount of the sale's proceeds that must be deposited to the credit of the general revenue fund. The bill increases from more than \$5,000 to more than \$25,000 the estimated value of an item or a lot of property to be sold, the sale of which item or property the TFC must advertise at least once in at least one newspaper of general circulation in the vicinity in which the property is located.

C.S.S.B. 1, in the program established for the sale of gambling equipment, includes, in addition to gambling equipment received from a commissioner's court, equipment received from a municipality or state agency. The bill requires that proceeds from the sale of gambling equipment from a municipality or commissioners court, less certain costs of sale, be divided according to an agreement between the TFC and the municipality or commissioners court. The bill requires the proceeds from the sale of gambling equipment from a state agency, less certain costs of the sale, to be deposited to the credit of the general revenue fund of the state treasury.

C.S.S.B. 1 moves and redesignates provisions relating to the disposition of data processing equipment, with the exception of provisions making surplus or salvage data processing equipment not otherwise disposed of available to the commissioner of education for use in a computer lending pilot program, that previously were incorporated in broader provisions relating to the direct transfer or other disposition of surplus or salvage property by a state agency that are repealed by the bill. The bill requires the TFC, on abolition of a state agency under the Texas Sunset Act, to take custody of all the agency's property or other assets as surplus property unless other law or the legislature designates another appropriate governmental entity to take custody of the property and assets.

C.S.S.B. 1 amends the Education Code and the Government Code to make conforming changes.

C.S.S.B. 1 repeals provisions of Government Code relating to the direct transfer or other disposition of surplus or salvage property by a state agency.

Article 29. Sales and Use Tax Collection and Allocation

C.S.S.B. 1 amends the Tax Code to include in the meaning of "seller" or "retailer," for purposes of provisions governing the state sales and use tax, a person who, under an agreement with another person, is entrusted with possession of tangible personal property with respect to which the other person has title or another ownership interest and who under that agreement is authorized to sell, lease, or rent the property without additional action by the person having title to or another ownership interest in the property.

C.S.S.B. 1 clarifies that a retailer is engaged in business in Texas if the retailer's place of business is a physical location where business is conducted. The bill establishes that a retailer is engaged in business in Texas if the retailer conducts certain activities at the retailer's distribution center, rather than place of distribution. The bill establishes that a retailer is engaged in business in Texas if the retailer derives receipts from the sale of tangible personal property situated in Texas as well as from the lease or rental of such property. The bill adds the following business activities that establish a retailer as being engaged in business in Texas:

- holding a substantial ownership interest in, or being owned in whole or in substantial part by, a person who maintains a location in Texas from which business is conducted if the retailer sells the same or a substantially similar line of products as the person with the location in Texas and sells those products under a business name that is the same as or substantially similar to the business name of the person with the location in Texas or if that person's facilities or employees in Texas are used to advertise, promote, or facilitate sales by the retailer to consumers or to perform any other activity on behalf of the retailer intended to establish or maintain a marketplace for the retailer in Texas, including receiving or exchanging returned merchandise; or
- holding a substantial ownership interest in, or being owned in whole or in substantial part by, a person that maintains a distribution center, warehouse, or similar location in Texas and that delivers property sold by the retailer to consumers.

C.S.S.B. 1 requires the comptroller of public accounts to deposit to the credit of the property tax relief fund an amount of the proceeds from the collection of sales and use taxes equal to the amount of revenue the state does not receive from the franchise tax because taxable entities, as defined by provisions of law relating to the franchise tax, that are corporations are entitled to claim unused franchise tax credits after December 31, 2012, and during that state fiscal year. The bill makes this requirement applicable only during the state fiscal years beginning September 1 of 2012, 2013, 2014, 2015, and 2016, and with respect to unused franchise tax credits described by Sections 18(e) and (f), Chapter 1 (H.B. 3), Acts of the 79th Legislature, 3rd Called Session, 2006. The bill sets these provisions to expire September 1, 2017.

C.S.S.B. 1 provides for the meaning of "ownership," defines "substantial," makes nonsubstantive changes, and makes this article effective January 1, 2012.

Article 30. Carryforward of Certain Franchise Tax Credits

C.S.S.B. 1 amends Sections 18(e) and (f), Chapter 1 (H.B. 3), Acts of the 79th Legislature, 3rd Called Session, 2006, to change the latest date that a corporation is authorized to carry forward unused franchise tax credits established under former state law for certain job creation activities or for certain capital investments. The bill changes that date from the earlier of the date the credit would have expired under former state law had it continued in existence or December 31, 2012, to the earlier of the date the credit would have expired under former state law had it continued in existence or December 31, 2016.

Article 31. State Purchasing

C.S.S.B. 1 amends the Government Code to authorize the comptroller of public accounts, in providing open market purchasing services for state agency purchases, to engage a consultant to assist with a particular procurement on behalf of a state agency and pay the consultant from the cost savings realized by the state agency if the state agency on behalf of which the procurement is to be made agrees. The bill makes technical corrections to provisions of law relating to providing certain purchasing services on a fee-for-service basis or through benefit funding.

Article 32. Period for Sales and Use Tax Holiday

C.S.S.B. 1 amends the Tax Code to change the period during which the sale of an article of clothing or footwear designed to be worn on or about the human body is exempted from the sales and use tax from a period beginning at 12:01 a.m. on the third Friday in August and ending at 12 midnight on the following Sunday to a period beginning at 12:01 a.m. on the Friday before the eighth day preceding the earliest date on which any school district, other than a district operating a year-round system, may begin instruction for the school year and ending at 12 midnight on the following Sunday.

Article 33. Economic and Workforce Development Programs

C.S.S.B. 1 amends the Government Code to add a temporary provision, set to expire September 1, 2013, to authorize the governor, during the state fiscal biennium that begins on September 1, 2011, to transfer money from the Texas Enterprise Fund to the Texas Workforce Commission to fund the Texas Back to Work Program established under the bill's provisions.

C.S.S.B. 1 amends the Labor Code to establish the Texas Back to Work Program within the Texas Workforce Commission. The bill establishes that the purpose of the program is to establish public-private partnerships with employers to transition Texas residents from receiving unemployment compensation to becoming employed as members of the workforce. The bill authorizes an employer that participates in the initiative to receive a wage subsidy for hiring one or more qualified applicants who are unemployed at the time of hire and authorizes the commission to adopt rules as necessary to implement these provisions. The bill defines "qualified applicant."

Article 34. Eligibility of Surviving Spouse of Disabled Veteran to Pay Ad Valorem Taxes on Residence Homestead in Installments

C.S.S.B. 1 amends the Tax Code to make provisions of law relating to installment payments of certain homestead taxes applicable to an individual who is the unmarried surviving spouse of a disabled veteran and qualified for an exemption under Tax Code provisions relating to certain exemptions for disabled veterans. The bill establishes that this article's provisions apply only to a property tax year that begins on or after the article's effective date. The bill makes this article effective January 1, 2012.

Article 35. Extension of Franchise Tax Exemption

C.S.S.B. 1 amends Section 1(c), Chapter 286 (H.B. 4765), Acts of the 81st Legislature, Regular Session, 2009, to extend until December 31, 2013, the temporary Tax Code provision increasing from \$300,000 to \$1 million the cap on the amount of total revenue from a taxable entity's entire business, per 12-month period on which the entity's margin is based for franchise tax computation purposes, that is exempt from that tax and for which a taxable entity with total annualized revenue at or below the cap has no franchise tax liability.

C.S.S.B. 1 amends Section 2(b), Chapter 286 (H.B. 4765), Acts of the 81st Legislature, Regular Session, 2009, to postpone from January 1, 2012, to January 1, 2014, the effective date for the Tax Code provision increasing from \$300,000 to \$600,000 the cap on the amount of total revenue from a taxable entity's entire business, per 12-month period on which the entity's margin

is based for franchise tax computation purposes, that is exempt from that tax and for which a taxable entity with total annualized revenue at or below the cap has no franchise tax liability.

C.S.S.B. 1 amends Section 3(b), Chapter 286 (H.B. 4765), Acts of the 81st Legislature, Regular Session, 2009, to postpone from January 1, 2012, to January 1, 2014, the effective date for the Tax Code provisions removing the franchise tax discounts for a taxable entity that has no tax liability as a result of the revised revenue threshold for incurring a tax liability and increasing from \$500,000 to \$600,000 the minimum amount of a taxable entity's total revenue for a taxable entity entitled to a 40 percent discount.

C.S.S.B. 1 removes contingency provisions that made that act's amendments contingent on passage of law that subsequently has been executed.

C.S.S.B. 1 makes this article effective on passage or, if the bill does not receive the necessary vote, on the 91st day after the last day of the legislative session.

Article 36. Fiscal Matters Regarding Assistant Prosecutors

C.S.S.B. 1 amends the Government Code to establish that, if sufficient funds are not available to meet the requests made by counties for funds for payment of assistant prosecutors qualified for longevity supplements, a county is not entitled to receive the balance of the funds at a later date and the longevity pay program is suspended to the extent of the insufficiency, in addition to the requirement that the comptroller of public accounts apportion the available funds to the eligible counties by reducing the amount payable to each county on an equal percentage basis. The bill removes language requiring a county that receives from the comptroller an amount of longevity pay supplement that is less than the amount certified by the county to the comptroller to apportion the funds received on an equal percentage basis, but exempting the use of county funds to make up any difference between the amounts certified and received.

C.S.S.B. 1 repeals a provision requiring the comptroller to take certain actions relating to longevity pay for assistant prosecutors if certain previous payments have been reduced for insufficient funds or if a county submits certain required information in an untimely manner.

Article 37. Fiscal Matters Regarding Process Servers

C.S.S.B. 1 amends the Government Code to establish that a person appointed to the process server review board established by Texas Supreme Court order serves without compensation but is entitled to reimbursement for actual and necessary expenses incurred in traveling and performing official board duties. The bill requires the Office of Court Administration of the Texas Judicial System to establish a certification division to oversee the regulatory programs assigned to the office by law or by the supreme court.

Article 38. Fiscal Matters Regarding Reimbursement of Jurors

C.S.S.B. 1 amends the Government Code to provide that, with a certain exception, during the state fiscal biennium beginning September 1, 2011, a person who reports for jury service in response to the process of a court, is entitled to receive as reimbursement for travel and other expenses an amount not less than \$6 for the first day or fraction of the first day the person is in attendance in court in response to the process and discharges the person's duty for that day and not less than the amount provided in the General Appropriations Act for each day or fraction of each day the person is in attendance in court in response to the process after the first day and discharges the person's duty for that day.

C.S.S.B. 1 requires the state, during the state fiscal biennium beginning September 1, 2011, to reimburse a county the appropriate amount as provided in the General Appropriations Act for the reimbursement paid to a person who reports for jury service in response to the process of a court

for each day or fraction of each day after the first day in attendance in court in response to the process. The bill provides that, during the state fiscal biennium beginning September 1, 2011, if a payment on a county's claim for reimbursement is reduced or if a county fails to file the claim for reimbursement in a timely manner, the comptroller may, as provided by rule, apportion the payment of the balance owed the county. The bill authorizes the comptroller's rules to permit a different rate of reimbursement for each of certain quarterly payments. The bill sets this article's provisions to expire September 1, 2013.

Article 39. Sexual Assault Program Fund; Fee Imposed on Certain Sexually Oriented Businesses

C.S.S.B. 1 amends the Business & Commerce Code to require the comptroller of public accounts to deposit the entire amount received from the fee imposed on certain sexually oriented businesses to the credit of the sexual assault program fund, rather than the first \$25 million received from the fee per state fiscal biennium, and to make a related conforming change.

C.S.S.B. 1 amends the Government Code to expand the list of entities to which and purposes for which the legislature is authorized to appropriate money deposited to the credit of the sexual assault program fund to include appropriations to the attorney general for grants to health science centers and related nonprofit charitable organizations exempted under the federal Internal Revenue Code of 1986 for research relating to the prevention and mitigation of sexual assault and for Internet Crimes Against Children Task Force locations in Texas recognized by the United States Department of Justice; and appropriations to the Department of Family and Protective Services (DFPS) for programs related to sexual assault prevention and intervention and research relating to how DFPS can effectively address the prevention of sexual assault. The bill requires a board, commission, department, office, or other agency in the executive or judicial branch of state government to which money is appropriated from the sexual assault program fund to provide to the Legislative Budget Board, not later than December 1 of each even-numbered year, a report stating, for the preceding fiscal biennium, the amount appropriated to the entity from the fund, the purposes for which the money was used, and any results of a program or research so funded. The bill requires the comptroller to collect the fee imposed on certain sexually oriented businesses until a court, in a final judgment upheld on appeal or no longer subject to appeal, finds the provisions of law imposing the fee to be unconstitutional.

C.S.S.B. 1 establishes that its provisions relating to the sexual assault program fund and the fee imposed on certain sexually oriented businesses prevail over any other act of the 82nd Legislature, Regular Session, 2011, or 1st Called Session, 2011, regardless of the relative dates of enactment, that purports to amend or repeal Subchapter B, Chapter 102, Business & Commerce Code, or any provision of Chapter 1206 (H.B. 1751), Acts of the 80th Legislature, Regular Session, 2007.

Article 40. Correctional Managed Health Care

C.S.S.B. 1 amends the Government Code to establish that the Correctional Managed Health Care Committee consists of five voting members and one nonvoting member, rather than nine members. The bill specifies that the committee consists of the following: one member employed full-time by the Texas Department of Criminal Justice (TDCJ), appointed by the executive director, rather than two members employed full-time by TDCJ, at least one of whom is a physician; one member who is a physician and employed full-time by The University of Texas Medical Branch at Galveston, appointed by the president of the medical branch, rather than two members employed full-time by the university, at least one of whom is a physician; one member who is a physician and employed full-time by the Texas Tech University Health Sciences Center, appointed by the president of the university, rather than two members employed full-time by the center, at least one of whom is a physician; and two, rather than three, public members appointed by the governor who are not affiliated with TDCJ or with any entity with which the committee has contracted to provide health care services, at least one, rather than two,

of whom is licensed to practice medicine in this state. The bill adds the state Medicaid director to serve ex officio as the nonvoting member of the committee.

C.S.S.B. 1 prohibits a person from being an appointed member of the committee, rather than a member in general, if the person is an officer, employee, or paid consultant of a Texas trade association in the field of health care or health care services or the person's spouse is an officer, manager, or paid consultant of a Texas trade association in the field of health care or health care services. The bill specifies that the committee members appointed by the governor serve staggered four-year terms, rather than six-year terms.

C.S.S.B. 1 authorizes TDCJ to enter into a contract to fully implement the managed health care plan for all persons confined by the department, rather than authorizing the committee to enter into such a contract on behalf of the department. The bill authorizes TDCJ, in cooperation with the committee, to contract with an individual or firm for a biennial review of, and report concerning, expenditures under the managed health care plan. The bill requires the review to be conducted by an individual or firm experienced in auditing the state's Medicaid expenditures and other medical expenditures. The bill requires TDCJ, not later than September 1 of each even-numbered year, to submit a copy of the report to the health care providers that are part of the managed health care provider network, the Legislative Budget Board, the governor, the lieutenant governor, and the speaker of the house of representatives.

C.S.S.B. 1 authorizes, rather than requires, the committee to develop statewide policies for the delivery of correctional health care; communicate with TDCJ and the legislature regarding the financial needs of the correctional health care system; monitor the expenditures of The University of Texas Medical Branch at Galveston and the Texas Tech University Health Sciences Center to ensure that those expenditures comply with applicable statutory and contractual requirements; serve as a dispute resolution forum in the event of a disagreement relating to inmate health care services between TDCJ and the health care providers or The University of Texas Medical Branch at Galveston and the Texas Tech University Health Sciences Center; address problems found through monitoring activities by TDCJ and health care providers; identify and address long-term needs of the correctional health care system; and report to the Texas Board of Criminal Justice at the board's regularly scheduled meeting each quarter on the committee's policy recommendations, rather than decisions, the financial status of the correctional health care system, and corrective actions taken by or required of TDCJ or the health care providers. The bill specifies that the authority of the committee to monitor the expenditures of The University of Texas Medical Branch at Galveston and the Texas Tech University Health Sciences Center applies to monitoring in conjunction with TDCJ. The bill removes requirements that the committee maintain contracts for health care services in consultation with TDCJ and the health care providers and allocate funding made available through legislative appropriations for correctional health care.

C.S.S.B. 1 provides that the Correctional Managed Health Care Committee, established under a certain Government Code relating to committee membership as that provision existed before amendment by this article is abolished effective November 30, 2011. The bill requires an appointing official to appoint the members of the committee under the bill's provisions not later than November 30, 2011. The bill requires the governor to appoint one public member to serve a term that expires February 1, 2013, and one public member to serve a term that expires February 1, 2015. The bill specifies that the term of a person who is serving as a member of the committee immediately before the abolition of that committee expires on November 30, 2011. The bill establishes that such a person is eligible for appointment by an appointing official to the new committee under appropriate provisions of the bill.

Article 41. General Housing Matters

C.S.S.B. 1 amends the Government Code to authorize the Texas Enterprise Fund to be used for the Texas homeless housing and services program administered by the Texas Department of

Housing and Community Affairs (TDHCA). The bill exempts a grant awarded for such a purpose from certain eligibility requirements relating to grants from the fund and from provisions of law relating to an economic and fiscal impact statement for certain grant proposals. The bill requires a report on the use of money in the fund, for grants awarded for use by the Texas homeless and housing services program, to include only the amount and purpose of each grant.

C.S.S.B. 1 authorizes the TDHCA to administer a homeless housing and services program in each municipality in Texas with a population of 285,500 or more to provide for the construction, development, or procurement of housing for homeless persons and to provide local programs to prevent and eliminate homelessness. The bill authorizes the TDHCA to adopt rules to govern the administration of the program, including rules that provide for the allocation of any available funding and provide detailed guidelines as to the scope of the local programs in the applicable municipalities. The bill authorizes the TDHCA to use any available revenue, including legislative appropriations. The bill requires the TDHCA to solicit and accept gifts and grants for the purposes of the program and to use such gifts and grants before using any other revenue. The bill makes this article effective on passage or, if the bill does not receive the necessary vote, on the 91st day after the last day of the legislative session.

Article 42. Uniform Grant and Contract Management

C.S.S.B. 1 amends the Government Code to make the office of the comptroller, rather than the governor's office, the state agency for uniform grant and contract management and to make related conforming changes

Article 43. Ad Valorem Taxation of Land Used to Raise or Keep Bees

C.S.S.B. 1 amends the Tax Code to specify that the term "agricultural use," for purposes of qualifying agricultural land for a property tax appraisal as qualified open-space land on the basis of the category of its agricultural use, includes the use of land to raise or keep bees for pollination or for the production of human food or other tangible products having a commercial value, provided that the land used is not less than 5 or more than 20 acres.

Article 44. Place of Business of a Retailer for Sales Tax Purposes

C.S.S.B. 1 amends the Tax Code, effective October 1, 2011, to clarify that an outlet, office, facility, or any location that contracts with a retail or commercial business to process for that business invoices, purchase orders, bills of lading, or other equivalent records onto which sales tax is added, including an office operated for the purpose of buying and selling taxable goods to be used or consumed by the retail or commercial business is not a "place of business of the retailer" if the comptroller of public accounts determines that the outlet, office, facility, or location functions or exists to avoid the tax imposed by the Municipal Sales and Use Tax Act or to rebate a portion of the tax imposed by that act to the contracting business.

Article 45. Texas Farm and Ranch Lands Conservation Program

C.S.S.B. 1 amends the Natural Resources Code to remove from the application requirements for a grant applicant who is a qualified easement holder under the Texas farm and ranch lands conservation program a demonstration that the applicant is able to match 50 percent of the amount of the grant being sought, considering that the Texas Farm and Ranch Lands Conservation Council may choose to allow a donation of part of the appraised value of the easement to be considered as in-kind matching funds.

Article 46. Quinquennial Reporting of Certain Information for Unclaimed Property

C.S.S.B. 1 amends the Government Code and the Labor Code to decrease from every year to

every fifth year the frequency at which the Department of Public Safety, the Teacher Retirement System of Texas, and the Texas Workforce Commission, respectively, are required to provide to the comptroller of public accounts, for the purpose of assisting the comptroller in the identification of persons entitled to unclaimed property, the name, address, social security number, date of birth, and driver's license or state identification number of each person about whom the applicable entity has such information in its records.

C.S.S.B. 1 amends Section 811.012(a), Government Code, as effective September 1, 2011, to decrease from every year to every fifth year the frequency at which the Employees Retirement System of Texas is required to provide to the comptroller, for the same purpose, the name, address, social security number, and date of birth of each member, retiree, and beneficiary from the applicable retirement system's records. The bill provides that the applicable agencies must provide the required information beginning in 2016.

Article 47. Ad Valorem Taxation of Certain Stored Property

C.S.S.B. 1 amends the Tax Code to prohibit a taxing unit from taxing goods-in-transit in a tax year that begins on or after January 1, 2012, unless the governing body of the taxing unit takes action on or after October 1, 2011, in the manner required for official action by the governing body, to provide for the taxation of the goods-in-transit. The bill requires official action to tax the goods-in-transit to be taken before January 1 of the first tax year in which the governing body proposes to tax goods-in-transit and requires the governing body of the taxing unit to conduct a public hearing required by the Texas Constitution before acting to tax the exempt property. The bill establishes that, if the governing body provides for such taxation, the tax exemption for goods-in-transit does not apply to that unit and that the goods-in-transit remain subject to taxation by the taxing unit until the governing body, in the manner required for official action, rescinds or repeals its previous action to tax goods-in-transit or otherwise determines that the exemption will apply to that taxing unit.

C.S.S.B. 1 authorizes the tax officials of a taxing unit, if the unit's governing body, before October 1, 2011, took the required official action to provide for the taxation of goods-in-transit and pledged the taxes imposed on the goods-in-transit for the payment of a debt of the taxing unit, to continue to impose the taxes against the goods-in-transit until the debt is discharged, if cessation of the imposition would impair the obligation of the contract by which the debt was created. The bill makes these provisions relating to the taxation of goods-in-transit, including changes conforming to a redefinition by the bill, effective October 1, 2011.

C.S.S.B. 1 redefines "goods-in-transit" as it relates to the property tax exemption for certain good-in-transit, in part, as tangible personal property that is stored under contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of the personal property for the account of the person who acquired or imported the property, rather than as such property that is detained at a location in Texas in which the owner of the property does not have a direct or indirect ownership interest for assembling, storing, manufacturing, processing, or fabricating purposes by the person who acquired or imported the property. The bill makes related conforming changes and limits the applicability of the redefinition to a property tax year that begins on or after January 1, 2012.

C.S.S.B. 1 defines "public warehouse operator" and provides for the meanings of "bailee" and "warehouse" by reference to the Business & Commerce Code. The bill makes this article effective January 1, 2012, except as otherwise provided.

Article 48. Fiscal Matters Concerning Advanced Placement

C.S.S.B. 1 amends the Education Code to add as a requirement for a public school student to be eligible to have advanced placement examinations paid for by the College Board and Educational Testing Service and the International Baccalaureate Organization the demonstration

of financial need as determined in accordance with guidelines adopted by the State Board of Education that are consistent with the definition of financial need adopted by the college board or the organization.

Article 49. Fiscal Matters Concerning Tuition Exemptions

C.S.S.B. 1 amends the Education Code to specify that the courses required for teacher certification in which a person is required to be enrolled to be eligible for the tuition exemption for educational aides be in one or more subject areas determined by the Texas Education Agency to be experiencing a critical shortage of teachers at Texas public schools. The bill makes this change in law applicable beginning with tuition and fees charged for the 2012 fall semester.

Article 50. Classification of Entities as Engaged in Retail Trade for Purposes of the Franchise Tax

C.S.S.B. 1 amends Tax Code provisions relating to the franchise tax to redefine "retail trade" to include apparel rental activities classified as Industry 5999 or 7299 of the 1987 Standard Industrial Classification Manual published by the federal Office of Management and Budget. The bill makes this article effective January 1, 2012, and applicable only to a report originally due on or after the bill's effective date.

Article 51. Retention of Certain Foundation School Fund Payments

C.S.S.B. 1 amends the Education Code to add temporary provisions, set to expire September 1, 2013, to authorize a school district that was provided with certain state aid under former law for the 2009-2010 or 2010-2011 school year based on the amount of aid to which the district would have been entitled under that law if that law, as it existed on January 1, 2009, applied to determination of the amount to which the district was entitled for that school year to retain such state aid. The bill sets out legislative intent with regard to this article.

Article 52. The State Compression Percentage

C.S.S.B. 1 amends the Education Code to require the commissioner of education, if a school district adopts a maintenance and operations (M&O) tax rate that is below the rate equal to the product of the state compression percentage multiplied by the M&O tax rate adopted by the district for the 2005 tax year, to reduce the district's entitlement to additional state aid to offset the loss of local revenue resulting from previously enacted tax rate reduction in proportion to the amount by which the adopted rate is less than the rate equal to the product of the state compression percentage multiplied by the rate adopted by the district for the 2005 tax year. The bill makes this reduction applicable beginning with the M&O tax rate adopted for the 2009 tax year.

Article 53. Texas Guaranteed Student Loan Corporation; Board of Directors

C.S.S.B. 1 amends the Education Code to decrease the membership of the Texas Guaranteed Student Loan Corporation board of directors from 11 to nine by omitting a member who must have knowledge of or experience in finance, including management of funds or business operations and by repealing a provision of law requiring the comptroller of public accounts or the comptroller's designee to serve as an ex officio voting member. The bill specifies that a postsecondary educational institution the faculty or administration of which four board members must be members be an eligible institution for purposes of the federal Higher Education Act of 1965, as amended, rather than an eligible postsecondary educational institution as defined by certain statutory provisions. The bill requires the governor to designate the chairman from among the board's membership and makes related conforming changes.

Article 54. Fiscal Matters Concerning Leases of Public Land for Mineral Development

C.S.S.B. 1 amends the Education Code to remove a provision requiring all money received under and by virtue of the lease of lands for oil, gas, and other mineral development under certain statutory provisions governing the administration of The Texas A&M University System to be deposited in the state treasury to the credit of The Texas A&M University System Special Mineral Investment Fund and managed under certain conditions with approval of the comptroller and to instead require such money to be deposited directly in the fund and managed by the board of regents of the university system. The bill specifies that money in the fund is considered to be institutional funds of the system and its component institutions. The bill removes a provision requiring the income from the investment of the special mineral investment fund to be appropriated by the legislature exclusively for the university system for established purposes and specifies that such income is considered to be institutional funds of the university system and its component institutions and is to be managed by the board of regents as part of The Texas A&M University System Special Mineral Income Fund. The bill makes related conforming changes.

C.S.S.B. 1 removes a provision requiring any money received by the board of regents of The Texas A&M University System from leased land under the exclusive control of the board owned by the State of Texas and acquired for the use of Texas A&M University--Kingsville and its divisions to be deposited in the state treasury to the credit of the Texas A&M University--Kingsville special mineral fund and instead requires such money to be deposited directly in the special fund and managed by the board. The bill specifies that money in the fund is considered to be institutional funds and removes a provision prohibiting such money from being expended from the fund except as authorized by the General Appropriations Act. The bill requires all deposits in and investments of the fund to be made in accordance with Education Code provisions relating to deposits and investments and exempts those funds from the naming convention for special mineral funds established under the Natural Resources Code.

C.S.S.B. 1 removes a provision requiring any money received by virtue of the management and lease of land under provisions governing the administration of the Texas State University System and any money received from the investment of such money to be deposited in the state treasury to the credit of the Texas State University System special mineral fund and instead requires such money to be deposited directly in the special fund and managed by the board of regents of the university system. The bill specifies that money in the fund is considered to be institutional funds of the system and its component institutions. The bill requires all deposits in and investments of the fund to be made in accordance with Education Code provisions relating to deposits and investments and exempts the fund from the naming convention for special mineral funds established under the Natural Resources Code. The bill removes a provision prohibiting money from being expended from the fund except as authorized by the General Appropriations Act.

C.S.S.B. 1 removes a provision requiring any money received by virtue of mineral leases and the disposition of subsequent proceeds under certain statutory provisions governing the Texas Tech University System to be deposited in the state treasury to the credit of the Texas Tech University special mineral fund and instead requires such money to be deposited directly in the special fund and managed by the board of regents of the university system. The bill specifies that money in the fund is considered to be institutional funds of the university. The bill requires all deposits in and investments of the fund to be made in accordance Education Code provisions relating to deposits and credits and exempts the fund from the naming convention for special mineral funds established under the Natural Resources Code. The bill removes a provision prohibiting money from being expended from the fund except as authorized by the General Appropriations Act.

C.S.S.B. 1 repeals a provision of law requiring the expenses of executing provisions of law relating to the lease of lands for oil, gas, and other mineral development with regard to The Texas A&M University System to be paid by warrants drawn by the comptroller of public accounts on the state treasury against the income from the special fund accumulated from leases, rentals, royalties, and other payments. The bill makes conforming and nonsubstantive changes and makes this article effective September 1, 2011.

Article 55. Foundation School Program Financing; Certain Tax Increment Fund Reporting Matters

C.S.S.B. 1 sets out temporary provisions, set to expire September 1, 2013, and applicable only to a school district that, before May 1, 2011, received from the commissioner of education a notice of a reduction in state funding for certain school years based on the district's reporting related to deposits of taxes into a tax increment fund, to require the commissioner to reduce by one-half the amounts of the reduction of entitlement amounts computed for purposes of adjusting entitlement amounts to account for taxes deposited into a tax increment fund for any of the applicable school years.

Article 56. Fiscal Matters Related to Public School Finance

C.S.S.B. 1 amends the Education Code, effective September 1, 2011, to incrementally reduce a charter holder's entitlement to funding for an open-enrollment charter school. The bill entitles the charter holder to funding for an open-enrollment charter school in an amount equal to the sum of the amount of funding per student in weighted average daily attendance (WADA), excluding enrichment funding under certain statutory provisions as they existed on January 1, 2009, that would have been received for the school during the 2009-2010 school year under the Foundation School Program as it existed on January 1, 2009, and the amount of \$120 per WADA, with that sum multiplied by 100 percent for the 2011-2012 school year, by 92.35 percent for the 2012-1013 school year, and by a percentage reduction established by the legislature by appropriation for each subsequent school year, if the entitlement funding computed in that manner is greater than the amount of funding per WADA, excluding enrichment funding, to which the charter holder would be entitled for the school if the school were a school district without a tier one local share and without any local revenue. The bill requires the commissioner of education, in determining funding for an open-enrollment charter school, to apply the regular program adjustment factor provided under the bill's provisions to calculate the regular program allotment to which a charter school is entitled.

C.S.S.B. 1, effective September 1, 2017, entitles a charter holder to receive for an open-enrollment charter school funding equal to the amount of funding per WADA, excluding enrichment funding, to which the charter holder would be entitled for the school if the school were a school district without a tier one local share. The bill removes the alternative entitlement to funding equal to the sum of the amount of funding per WADA, exclusive of enrichment funding, that would have been received for the school during the 2009-2010 school year under the Foundation School Program as it existed on January 1, 2009, and an amount of \$120 per WADA.

C.S.S.B. 1, effective September 1, 2011, revises the formula for computing the minimum monthly salary that a school district must pay each classroom teacher, full-time librarian, full-time counselor certified under Subchapter B, or full-time school nurse by replacing the amount of state and local funds per WADA available to a district under certain conditions in the formula with the amount of the basic allotment for a school district with a maintenance and operations (M&O) tax rate at least equal to the state maximum compressed tax rate, as defined by law. The bill requires the commissioner of education, not later than June 1 of each year, to determine the basic allotment and resulting monthly salaries to be paid by school districts as provided by the revised formula. The bill reduces each of the salary factors per step used in the formula. The bill sets out a monthly salary for each year of experience and requires each school district to pay a monthly salary to each classroom teacher, full-time speech pathologist, full-time librarian, certified full-time counselor, and full-time school nurse that is at least equal to the monthly salary set out by the bill or the monthly salary determined by the commissioner, whichever is greater. The bill removes a provision requiring each school district to increase the monthly salary of such district staff by the greater of a specified dollar amount or an amount computed as specified by statute.

C.S.S.B. 1 adds a temporary provision, set to expire September 1, 2013, requiring the commissioner of education, not later than January 1, 2013, to submit to the governor, the lieutenant governor, the speaker of the house of representatives, and the presiding officer of each legislative standing committee with primary jurisdiction over primary and secondary education a written report that evaluates and provides recommendations regarding the salary schedule.

C.S.S.B. 1, effective September 1, 2017, establishes that, if the minimum monthly salary determined under the formula for a particular level of experience is less than the minimum monthly salary for that level in the preceding year, the minimum monthly salary is the minimum monthly salary for the preceding year.

C.S.S.B. 1 sets the basic allotment at an amount equal to the lesser of \$4,765 or the amount resulting from the formula $A = \$4,765 \times (\text{DCR}/\text{MCR})$, where "A" is the resulting amount for a district. The bill removes references to that allotment as a school district's entitlement to an allotment for each student in average daily attendance (ADA), excluding the time students spend in certain programs for which an additional allotment is made. The bill authorizes the provision of a greater amount for any school year for the basic allotment by appropriation. The bill establishes a new regular program allotment to which a school district is entitled, sets the level of that allotment at an amount equal to the amount resulting from the formula $\text{RPA} = \text{ADA} \times \text{AA} \times \text{RPAF}$, where "RPA" is the regular program allotment to which a district is entitled; "ADA" is the number of district students in average daily attendance, with certain exclusions; "AA" is the district's adjusted basic allotment, as determined and, if applicable, further adjusted under the applicable statutory provisions; and "RPAF" is the regular program adjustment factor, which is an amount established by appropriation. The bill adds a temporary provision, set to expire September 1, 2013, setting the RPAF at 0.9239 for the 2011-2012 school year and at 0.98 for the 2012-2013 school year.

C.S.S.B. 1 replaces the adjusted basic allotment with the regular program allotment as the basis for the sparsity adjustment for school districts with student enrollments at or below certain specified levels and replaces the basic allotment with the regular program allotment as a component, together with the various special allotments, of the tier one allotments.

C.S.S.B. 1 entitles a school district, including a district otherwise ineligible for state aid under the Foundation School Program, to state aid for each school year in an amount equal to the amount the district is required to pay into the tax increment fund for a reinvestment zone.

C.S.S.B. 1, effective September 1, 2011, makes the requirement for the commissioner to determine the state compression percentage in the manner specified by law contingent on the state compression rate not being established by appropriation for a school year. The bill incrementally reduces the amount of the additional state aid for tax reduction to which a district is entitled to offset the loss of local tax revenue resulting from the reduction in school district property tax rates by multiplying the sum of its entitlement to the amount of state and local revenue per WADA for maintenance and operations that the district would have received during the 2009-2010 school year under the applicable school finance provisions as those provisions existed on January 1, 2009, at a specified M&O tax rate and its entitlement to an amount of \$120 per WADA by 100 percent for the 2011-2012 school year, by 92.35 percent for the 2012-2013 school year, and by a percentage reduction established by the legislature by appropriation for each subsequent school year. The bill removes a provision including in the computation of such state aid an amount equal to the amount the district is required to pay into the tax increment fund for a reinvestment zone in the current tax year. The bill requires the commissioner, in determining the amount of state and local revenue per WADA to which a district is entitled as additional state aid for tax reduction as described above, to include the specified percentage of any amounts received by the district during the 2008-2009 school year under Rider 86, page III-23, Chapter 1428 (H.B. 1), Acts of the 80th Legislature, Regular Session, 2007 (the General Appropriations Act). The bill specifies the percentage to be applied for such purposes at 100.00

percent for the 2011-2012 school year and 92.35 percent for the 2012-2013 school year. The bill requires the legislature to establish by appropriation the percentage reduction to be applied for the 2013-2014 school year and each subsequent school year.

C.S.S.B. 1, effective September 1, 2017, requires the commissioner of education, if the state compression percentage is not established by appropriation for a school year, to determine the state compression percentage for each school year based on the percentage by which a district is able to reduce its M&O tax rate for that year, as compared to the district's adopted M&O tax rate for the 2005 tax year, as a result of state funds appropriated for that year from the property tax relief fund or from another funding source available for school district property tax relief. The bill removes a reference to the appropriation of state funds for distribution under certain statutory provisions for providing for additional state aid for tax reduction.

C.S.S.B. 1, effective September 1, 2011, reduces the additional state aid for the South Texas Independent School District by multiplying its \$120 per WADA increase over the amount the district would have received per WADA during the 2009-2010 school year under the Foundation School Program, as it existed on January 1, 2009, at a specified M&O tax rate by 100 percent for the 2011-2012 school year, by 92.35 percent for the 2013-2014 school year, and by a percentage reduction established by the legislature by appropriation for each subsequent school year.

C.S.S.B. 1 grants the commissioner of education the authority to ensure that Department of Defense school districts do not receive more than an eight percent reduction should the federal government reduce appropriations to those schools.

C.S.S.B. 1, effective September 1, 2011, requires the commissioner of education, if the legislature fails during the regular session to enact the proposed transfer to the foundation school fund from the economic stabilization fund and the appropriation for the purpose of increases in allocations from the foundation school fund and there are not funds available for distribution to school districts of the amount to which school districts are entitled for a school year, to adjust the total amounts due to each school district under the Foundation School Program and the total amounts necessary for each school district to comply with the equalized wealth level by an amount determined by applying to each district, including a district receiving additional state aid for tax reduction, the same percentage adjustment so that the total amount of the adjustment to all districts results in an amount equal to the total adjustment necessary. The bill establishes that a school district is not entitled to reimbursement in a subsequent fiscal year of the amount resulting from the adjustment authorized by this provision. The bill removes provisions requiring the commissioner to reduce the total amount of state funds allocated to each school district under such conditions according to a specified method and increasing a school district's entitlement for the following fiscal year by an amount equal to the reduction made under these provisions. The bill, effective September 1, 2017, amends the preceding provisions to remove the reference to including a district receiving additional state aid for tax reduction.

C.S.S.B. 1, in a provision requiring the Texas Education Agency to recover funds that have been overallocated to a school district by withholding from subsequent allocations of state funds or by requesting and obtaining a refund, specifies that such withholding applies to a withholding from subsequent allocation of state funds for the current or subsequent school year. The bill authorizes the agency to recover an overallocation of state funds over a period not to exceed the subsequent five school years if the commissioner of education determines that the overallocation was the result of exceptional circumstances reasonably caused by statutory changes to the equalized wealth level, provisions for assistance with payment of existing debt, or the Foundation School Program and related reporting requirements.

C.S.S.B. 1 removes a requirement for the commissioner to certify to each school district or each charter school participating in the uniform group coverage program under the Texas School Employees Uniform Group Health Coverage Act the amount of additional state aid to which the district or charter school is entitled for staff salary increases.

C.S.S.B. 1 establishes that, if a school district's debt service tax rate calculated to provide the amount of tax revenue required, when combined with certain state aid and any remaining balances from the prior year's interest and sinking (I&S) tax collection, to service the district's debt decreases after the publication of the required notice of the budget and tax rate meeting, the president of the board of trustees is not required to publish another notice or call another meeting to discuss and adopt the budget and the proposed lower tax rate.

C.S.S.B. 1 amends the Tax Code to specify that the tax rate for purposes of a school district's I&S fund is the tax rate calculated to provide the amount required to service the district's debt rather than the published I&S tax rate. The bill, effective September 1, 2017, removes from the calculation of a school district's effective M&O tax rate, consideration of state funds to be distributed to the district in that school year as additional state aid for tax reduction. The bill, in a provision requiring a school district to pay into the tax increment fund for a reinvestment zone an additional amount equal to the amount by which the amount of taxes the district would have been required to pay into the fund in the current year if the district levied taxes at the rate the district levied in 2005 exceeds the amount the district is otherwise required to pay into the fund in the year of the reduction, caps that additional amount at the amount the school district receives as additional state aid for tax increment financing payments for the current tax year. The bill requires such school district to pay the additional amount after the district receives the state aid for tax increment financing payments to which the district is entitled for the current tax year.

C.S.S.B. 1 requires the speaker of the house of representatives and the lieutenant governor to establish a joint legislative interim committee to conduct a comprehensive study of the public school finance system in Texas; requires the committee to make recommendations to the 83rd Legislature not later than January 15, 2013, regarding changes to the public school finance system; and provides for the committee's dissolution September 1, 2013.

C.S.S.B. 1 states the legislature's intent, between fiscal year 2014 and fiscal year 2018, to continue reducing the amount of additional state aid for tax reduction to which a school district is entitled under Section 42.2516, Education Code, and to increase the basic allotment to which a school district is entitled under Section 42.101, Education Code.

C.S.S.B. 1 makes its changes to the Education Code provisions relating to the Foundation School Program applicable beginning with the 2011-2012 school year, except as otherwise provided, and makes its change to provisions relating to notice of a budget and tax rate meeting and rate adoption applicable beginning with adoption of a tax rate for the 2011 tax year.

Repealed Provisions

C.S.S.B. 1 repeals the following provisions:

- Section 102.055, Business & Commerce Code
- Section 19.002(c), Election Code
- Section 403.030, Government Code
- Section 552.143(e), Government Code
- Subchapter F, Chapter 379A, Local Government Code
- Section 91.111, Natural Resources Code
- Section 91.112, Natural Resources Code
- Subchapter C, Chapter 2175, Government Code
- Section 41.255(g), Government Code
- Section 57.13(d), Education Code

Effective September 1, 2011, the following provisions are repealed:

- Sections 21.402(c-2), (c-3), and (e), Education Code
- Section 42.008, Education Code
- Sections 42.101(a-1) and (a-2), Education Code

- Section 85.72, Education Code

Effective on passage or, if the bill does not receive the necessary vote, on the 91st day after the last day of the legislative session, the following provisions are repealed:

- Sections 225.004(d) and (d-1), Insurance Code
- Section 226.053(b-1), Insurance Code
- Subchapter B, Chapter 2158, Government Code

Effective on passage or, if the bill does not receive the necessary vote, October 1, 2011, Section 151.7031, Tax Code, is repealed.

Effective November 1, 2011, Sections 442.015(h), (i), (j), (k), and (l), Government Code are repealed.

Effective September 1, 2017, the following provisions are repealed:

- Section 41.0041, Education Code
- Sections 42.2516(b), (b-1), (b-2), (c), (d), (e), (f), (f-1), (f-2), (f-3), and (i), Education Code
- Section 42.25161, Education Code
- Section 42.2523(c), Education Code
- Section 42.2524(g), Education Code
- Section 42.253(c-1), Education Code
- Section 42.261, Education Code
- Sections 26.08(i-1) and (j), Tax Code

EFFECTIVE DATE

Except as otherwise provided, September 1, 2011, or, if the bill does not receive the necessary vote, on the 91st day after the last day of the legislative session.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.S.B. 1 omits articles included in the original relating to the following:

- state sales and franchise tax refunds for certain ad valorem taxpayers;
- process server certification fees;
- fiscal matters concerning early high school graduation;
- fiscal matters concerning retired teachers;
- coastal erosion;
- fiscal matters concerning parks and wildlife contributions;
- state debt;
- assessment of a premium differential on certain public employees who use tobacco;
- employer enrollment fee for participation in certain health benefit plans;
- law enforcement and custodial officer supplemental retirement fund;
- Legislative Budget Board meetings;
- the collection improvement program;
- franchise tax applicability and exclusions;
- enterprise and emerging technology funds;
- certain contribution rate computations;

- fiscal matters concerning dual high school and junior college credit; and
- mixed beverage tax reimbursements.

C.S.S.B. 1 omits a provision included in the original establishing that the bill's article relating to unclaimed property has no effect if H.B. 257, Acts of the 82nd Legislature, Regular Session, 2011, becomes law.

C.S.S.B. 1 omits a provision included in the original establishing that the bill's article relating to fiscal matters regarding petroleum industry regulation has no effect if H.B. 2694, Acts of the 82nd Legislature, Regular Session, 2011, becomes law. The substitute contains a provision not included in the original establishing that the fee applicable to a delivery of a petroleum product on withdrawal from bulk of that product is the maximum amount of the fee applicable to that delivery until TCEQ adopts and implements a fee applicable to that delivery.

C.S.S.B. 1 contains a provision not included in the original making the bill's article relating to a cigarette tax stamping allowance effective October 1, 2011.

C.S.S.B. 1 differs from the original by making the bill's article relating to penalties for failure to report or remit certain taxes or fees effective on passage or, if the bill does not receive the necessary vote, October 1, 2011, whereas the original makes those provisions effective October 1, 2011.

C.S.S.B. 1 omits a provision included in the original establishing that the bill's article relating to fiscal matters regarding leasing certain state facilities has no effect if S.B. 1068, Acts of the 82nd Legislature, Regular Session, 2011, becomes law.

C.S.S.B. 1 omits a provision included in the original establishing that certain fee and fee-related provisions of the article relating to fiscal matters regarding the attorney general have no effect if S.B. 367, Acts of the 82nd Legislature, Regular Session, 2011, or S.B. 731, Acts of the 82nd Legislature, Regular Session, 2011, become law, as applicable.

C.S.S.B. 1 omits a provision included in the original establishing that the bill's article relating to fiscal matters concerning information technology has no effect if H.B. 2499, Acts of the 82nd Legislature, Regular Session, 2011, becomes law. The substitute contains a provision not included in the original making the article effective on passage or, if the bill does not receive the necessary vote, the 91st day after the last day of the legislative session.

C.S.S.B. 1 omits a provision included in the original requiring the comptroller of public accounts to credit to the fund for veterans' assistance the savings generated from the use of the federal Public Assistance Reporting Information System to analyze and investigate data.

C.S.S.B. 1 contains an article not included in the original relating to the sexual assault program fund and a fee imposed on certain sexually oriented businesses.

C.S.S.B. 1 omits provisions included in the original providing for the effect of H.B. 2457, Acts of the 82nd Legislature, Regular Session, 2011, if it becomes law, and the effect if it does not become law, on provisions from which a grant from the Texas Enterprise Fund for the Texas homeless housing and services program administered by the Texas Department of Housing and

Community Affairs is exempt.

C.S.S.B. 1 differs from the original by making the bill's article relating to general housing matters effective on passage or, if the bill does not receive the necessary vote, the 91st day after the last day of the legislative session, whereas the original makes the article effective on the later of the earliest day on which those provisions may take effect if the bill receives the necessary vote or June 20, 2011.

C.S.S.B. 1 omits a provision included in the original establishing that the bill's article relating to the place of business of a retailer for sales tax purposes has no effect if H.B. 590, Acts of the 82nd Legislature, Regular Session, 2011, becomes law. The substitute omits a provision included in the original establishing that the bill's article relating to the Texas farm and ranch lands conservation program has no effect if S.B. 1044, Acts of the 82nd Legislature, Regular Session, 2011, becomes law. The substitute omits a provision included in the original establishing that the bill's article relating to the Texas Guaranteed Student Loan Corporation and board of directors has no effect if S.B. 40, Acts of the 82nd Legislature, Regular Session, 2011, becomes law.

C.S.S.B. 1 contains a provision not included in the original making the bill's article relating to fiscal matters concerning leases of public land for mineral development effective September 1, 2011.

C.S.S.B. 1 grants the commissioner of education the authority to ensure that Department of Defense school districts do not receive more than an eight percent reduction should the federal government reduce appropriations to those schools, rather than granting the commissioner the authority to ensure that school districts receiving federal impact aid due to the presence of a military installation or significant concentrations of military students do not receive more than an eight percent reduction should the federal government reduce appropriations to those schools, as in the original.

C.S.S.B. 1 omits a provision included in the original providing that a bill provision that purports to take effect on September 1, 2011, takes effect on the 91st day after the last day of the legislative session.

C.S.S.B. 1 differs from the original in nonsubstantive ways.