

By: Duncan, Shapiro, Deuell

S.B. No. 1

A BILL TO BE ENTITLED

AN ACT

relating to certain state fiscal matters; providing penalties.

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

ARTICLE 1. FOUNDATION SCHOOL PROGRAM PAYMENTS

SECTION 1.01. Subsections (c), (d), and (f), Section 42.259, Education Code, are amended to read as follows:

(c) Payments from the foundation school fund to each category 2 school district shall be made as follows:

(1) 22 percent of the yearly entitlement of the district shall be paid in an installment to be made on or before the 25th day of September of a fiscal year;

(2) 18 percent of the yearly entitlement of the district shall be paid in an installment to be made on or before the 25th day of October;

(3) 9.5 percent of the yearly entitlement of the district shall be paid in an installment to be made on or before the 25th day of November;

(4) 7.5 percent of the yearly entitlement of the district shall be paid in an installment to be made on or before the 25th day of April;

(5) five percent of the yearly entitlement of the district shall be paid in an installment to be made on or before the 25th day of May;

(6) 10 percent of the yearly entitlement of the

1 district shall be paid in an installment to be made on or before the
2 25th day of June;

3 (7) 13 percent of the yearly entitlement of the
4 district shall be paid in an installment to be made on or before the
5 25th day of July; and

6 (8) 15 percent of the yearly entitlement of the
7 district shall be paid in an installment to be made after the 5th
8 day of September and not later than the 10th day of September of the
9 calendar year following the calendar year of the payment made under
10 Subdivision (1) [~~on or before the 25th day of August~~].

11 (d) Payments from the foundation school fund to each
12 category 3 school district shall be made as follows:

13 (1) 45 percent of the yearly entitlement of the
14 district shall be paid in an installment to be made on or before the
15 25th day of September of a fiscal year;

16 (2) 35 percent of the yearly entitlement of the
17 district shall be paid in an installment to be made on or before the
18 25th day of October; and

19 (3) 20 percent of the yearly entitlement of the
20 district shall be paid in an installment to be made after the 5th
21 day of September and not later than the 10th day of September of the
22 calendar year following the calendar year of the payment made under
23 Subdivision (1) [~~on or before the 25th day of August~~].

24 (f) Except as provided by Subsection (c)(8) or (d)(3), any
25 [Any] previously unpaid additional funds from prior fiscal years
26 owed to a district shall be paid to the district together with the
27 September payment of the current fiscal year entitlement.

1 SECTION 1.02. Subsection (c), Section 466.355, Government
2 Code, is amended to read as follows:

3 (c) Each August the comptroller shall:

4 (1) estimate the amount to be transferred to the
5 foundation school fund on or before September 15; and

6 (2) notwithstanding Subsection (b)(4), transfer the
7 amount estimated in Subdivision (1) to the foundation school fund
8 before August 25 [~~installment payments are made under Section~~
9 ~~42.259, Education Code~~].

10 SECTION 1.03. The changes made by this article to Section
11 42.259, Education Code, apply only to a payment from the foundation
12 school fund that is made on or after the effective date of this Act.
13 A payment to a school district from the foundation school fund that
14 is made before that date is governed by Section 42.259, Education
15 Code, as it existed before amendment by this article, and the former
16 law is continued in effect for that purpose.

17 ARTICLE 2. FISCAL MATTERS REGARDING REGULATION AND TAXATION OF
18 INSURERS

19 SECTION 2.01. Section 221.006, Insurance Code, is amended
20 by adding Subsection (c) to read as follows:

21 (c) An insurer is not entitled to a credit under Subsection
22 (a) for an examination or evaluation fee paid in calendar year 2012
23 or 2013. This subsection expires January 1, 2014.

24 SECTION 2.02. Section 222.007, Insurance Code, is amended
25 by adding Subsection (c) to read as follows:

26 (c) An insurer or health maintenance organization is not
27 entitled to a credit under Subsection (a) for an examination or

1 evaluation fee paid in calendar year 2012 or 2013. This subsection
2 expires January 1, 2014.

3 SECTION 2.03. Section 223.009, Insurance Code, is amended
4 by adding Subsection (c) to read as follows:

5 (c) A title insurance company is not entitled to a credit
6 under Subsection (a) for an examination or evaluation fee paid in
7 calendar year 2012 or 2013. This subsection expires January 1,
8 2014.

9 SECTION 2.04. Section 401.151, Insurance Code, is amended
10 by adding Subsection (f) to read as follows:

11 (f) An insurer is not entitled to a credit under Subsection
12 (e) for an examination or evaluation fee paid in calendar year 2012
13 or 2013. This subsection expires January 1, 2014.

14 SECTION 2.05. Section 401.154, Insurance Code, is amended
15 to read as follows:

16 Sec. 401.154. TAX CREDIT AUTHORIZED. (a) An insurer is
17 entitled to a credit on the amount of premium taxes to be paid by the
18 insurer for all examination fees paid under Section 401.153. The
19 insurer may take the credit for the taxable year during which the
20 examination fees are paid and may take the credit to the same extent
21 the insurer may take a credit for examination fees paid when a
22 salaried department examiner conducts the examination.

23 (b) An insurer is not entitled to a credit under Subsection
24 (a) for an examination fee paid in calendar year 2012 or 2013. This
25 subsection expires January 1, 2014.

26 SECTION 2.06. Section 463.160, Insurance Code, is amended
27 to read as follows:

1 Sec. 463.160. PREMIUM TAX CREDIT FOR CLASS A ASSESSMENT.
2 The amount of a Class A assessment paid by a member insurer in each
3 taxable year shall be allowed as a credit on the amount of premium
4 taxes due [~~in the same manner as a credit is allowed under Section~~
5 ~~401.151(e)~~].

6 SECTION 2.07. The changes in law made by this article apply
7 only to a tax credit for an examination or evaluation fee paid on or
8 after January 1, 2012. Tax credits for examination or evaluation
9 fees paid before January 1, 2012, are governed by the law in effect
10 immediately before the effective date of this Act, and that law is
11 continued in effect for that purpose.

12 ARTICLE 3. STATE SALES AND FRANCHISE TAX REFUNDS FOR CERTAIN AD
13 VALOREM TAXPAYERS

14 SECTION 3.01. Subchapter F, Chapter 111, Tax Code, is
15 repealed.

16 SECTION 3.02. The repeal of Subchapter F, Chapter 111, Tax
17 Code, by this article does not affect an eligible person's right to
18 claim a refund of state sales and use and state franchise taxes that
19 was established under Section 111.301, Tax Code, in relation to
20 taxes paid before the effective date of this article in a calendar
21 year for which the person paid ad valorem taxes to a school district
22 as provided by Section 111.301, Tax Code, before the effective date
23 of this article. An eligible person's right to claim a refund of
24 state sales and use and state franchise taxes that was established
25 under Section 111.301, Tax Code, in relation to taxes paid before
26 the effective date of this article in a calendar year for which the
27 person paid ad valorem taxes to a school district as provided by

1 Section 111.301, Tax Code, before the effective date of this
2 article is governed by the law in effect on the date the right to
3 claim the refund was established, and the former law is continued in
4 effect for that purpose.

5 SECTION 3.03. This article takes effect October 1, 2011.

6 ARTICLE 4. TAX RECORDS

7 SECTION 4.01. Section 2153.201, Occupations Code, is
8 amended by amending Subsection (b) and adding Subsection (c) to
9 read as follows:

10 (b) A record required under Subsection (a) must:

11 (1) be available at all times for inspection by the
12 attorney general, the comptroller, or an authorized representative
13 of the attorney general or comptroller as provided by Subsection
14 (c);

15 (2) include information relating to:

16 (A) the kind of each machine;

17 (B) the date each machine is:

18 (i) acquired or received in this state; and

19 (ii) placed in operation;

20 (C) the location of each machine, including the:

21 (i) county;

22 (ii) municipality, if any; and

23 (iii) street or rural route number;

24 (D) the name and complete address of each
25 operator of each machine;

26 (E) if the owner is an individual, the full name
27 and address of the owner; and

1 (F) if the owner is not an individual, the name
2 and address of each principal officer or member of the owner; and

3 (3) be maintained[+
4 [~~(A)~~] at a permanent address in this state
5 designated on the application for a license under Section
6 2153.153[~~+~~ and

7 [~~(B)~~ until the second anniversary of the date the
8 owner ceases ownership of the machine that is the subject of the
9 record].

10 (c) A record required under Subsection (a) must be available
11 for inspection under Subsection (b) for at least four years and as
12 required by Section 111.0041, Tax Code.

13 SECTION 4.02. Section 111.0041, Tax Code, is amended to
14 read as follows:

15 Sec. 111.0041. RECORDS; BURDEN TO PRODUCE AND SUBSTANTIATE
16 CLAIMS. (a) Except as provided by Subsection (b), a [~~Any~~]
17 taxpayer who is required by this title to keep records shall keep
18 those records open to inspection by the comptroller, the attorney
19 general, or the authorized representatives of either of them for at
20 least four years.

21 (b) A taxpayer is required to keep records open for
22 inspection under Subsection (a) for more than four years throughout
23 any period when:

24 (1) any tax, penalty, or interest may be assessed,
25 collected, or refunded by the comptroller; or

26 (2) an administrative hearing is pending before the
27 comptroller, or a judicial proceeding is pending, to determine the

1 amount of the tax, penalty, or interest that is to be assessed,
2 collected, or refunded.

3 (c) A taxpayer shall produce contemporaneous records and
4 supporting documentation appropriate to the tax or fee for the
5 period in question to substantiate and enable verification of the
6 taxpayer's claim related to the amount of tax, penalty, or interest
7 to be assessed, collected, or refunded in an administrative or
8 judicial proceeding. Contemporaneous records and supporting
9 documentation appropriate to the tax or fee include invoices,
10 vouchers, checks, shipping records, contracts, and other
11 equivalent records, such as electronically stored images of such
12 documents, reflecting legal relationships and taxes collected or
13 paid.

14 (d) Summary records submitted by the taxpayer, including
15 accounting journals and ledgers, without supporting
16 contemporaneous records and documentation for the period in
17 question are not sufficient to substantiate and enable verification
18 of the taxpayer's claim regarding the amount of tax, penalty, or
19 interest that may be assessed, collected, or refunded.

20 (e) This section prevails over any other conflicting
21 provision of this title.

22 SECTION 4.03. Section 112.052, Tax Code, is amended by
23 adding Subsection (d) to read as follows:

24 (d) A taxpayer shall produce contemporaneous records and
25 supporting documentation appropriate to the tax or fee for the
26 period in question to substantiate and enable verification of a
27 taxpayer's claim relating to the amount of the tax, penalty, or

1 interest that is to be assessed, collected, or refunded, as
2 required by Section 111.0041.

3 SECTION 4.04. Section 112.151, Tax Code, is amended by
4 adding Subsection (f) to read as follows:

5 (f) A taxpayer shall produce contemporaneous records and
6 supporting documentation appropriate to the tax or fee for the
7 period in question to substantiate and enable verification of a
8 taxpayer's claim relating to the amount of the tax, penalty, or
9 interest that is to be assessed, collected, or refunded, as
10 required by Section 111.0041.

11 SECTION 4.05. Subsection (b), Section 151.025, Tax Code, is
12 amended to read as follows:

13 (b) A record required by Subsection (a) [~~of this section~~]
14 shall be kept for not less than four years from the date [~~day~~] that
15 it is made unless:

16 (1) the comptroller authorizes in writing its
17 destruction at an earlier date; or

18 (2) Section 111.0041 requires that the record be kept
19 for a longer period.

20 SECTION 4.06. Section 152.063, Tax Code, is amended by
21 adding Subsection (h) to read as follows:

22 (h) Section 111.0041 applies to a person required to keep
23 records under this chapter.

24 SECTION 4.07. Section 152.0635, Tax Code, is amended by
25 adding Subsection (e) to read as follows:

26 (e) Section 111.0041 applies to a person required to keep
27 records under this chapter.

1 SECTION 4.08. Subsection (a), Section 154.209, Tax Code, is
2 amended to read as follows:

3 (a) Except as provided by Section 111.0041, each ~~[Each]~~
4 permit holder shall keep records available for inspection and
5 copying by the comptroller and the attorney general for at least
6 four years.

7 SECTION 4.09. Subsection (a), Section 155.110, Tax Code, is
8 amended to read as follows:

9 (a) Except as provided by Section 111.0041, each ~~[Each]~~
10 permit holder shall keep records available for inspection and
11 copying by the comptroller and the attorney general for at least
12 four years.

13 SECTION 4.10. Section 160.046, Tax Code, is amended by
14 adding Subsection (g) to read as follows:

15 (g) A person required to keep records under this section
16 shall also keep the records as required by Section 111.0041.

17 SECTION 4.11. Subchapter A, Chapter 162, Tax Code, is
18 amended by adding Section 162.0125 to read as follows:

19 Sec. 162.0125. DUTY TO KEEP RECORDS. A person required to
20 keep a record under this chapter shall also keep the record as
21 required by Section 111.0041.

22 SECTION 4.12. This article takes effect immediately if this
23 Act receives a vote of two-thirds of all the members elected to each
24 house, as provided by Section 39, Article III, Texas Constitution.
25 If this Act does not receive the vote necessary for immediate
26 effect, this article takes effect October 1, 2011.

ARTICLE 5. UNCLAIMED PROPERTY

SECTION 5.01. Subsection (a), Section 72.101, Property Code, is amended to read as follows:

(a) Except as provided by this section and Sections 72.1015, 72.1016, 72.1017, and 72.102, personal property is presumed abandoned if, for longer than three years:

(1) the existence and location of the owner of the property is unknown to the holder of the property; and

(2) according to the knowledge and records of the holder of the property, a claim to the property has not been asserted or an act of ownership of the property has not been exercised.

SECTION 5.02. Subchapter B, Chapter 72, Property Code, is amended by adding Section 72.1017 to read as follows:

Sec. 72.1017. UTILITY DEPOSITS. (a) In this section:

(1) "Utility" has the meaning assigned by Section 183.001, Utilities Code.

(2) "Utility deposit" is a refundable money deposit a utility requires a user of the utility service to pay as a condition of initiating the service.

(b) Notwithstanding Section 73.102, a utility deposit is presumed abandoned on the latest of:

(1) the first anniversary of the date a refund check for the utility deposit was payable to the owner of the deposit;

(2) the first anniversary of the date the utility last received documented communication from the owner of the utility deposit; or

1 (3) the first anniversary of the date the utility
2 issued a refund check for the deposit payable to the owner of the
3 deposit if, according to the knowledge and records of the utility or
4 payor of the check, during that period, a claim to the check has not
5 been asserted or an act of ownership by the payee has not been
6 exercised.

7 SECTION 5.03. Subsection (c), Section 72.102, Property
8 Code, is amended to read as follows:

9 (c) A money order to which Subsection (a) applies is
10 presumed to be abandoned on the latest of:

11 (1) the third [~~seventh~~] anniversary of the date on
12 which the money order was issued;

13 (2) the third [~~seventh~~] anniversary of the date on
14 which the issuer of the money order last received from the owner of
15 the money order communication concerning the money order; or

16 (3) the third [~~seventh~~] anniversary of the date of the
17 last writing, on file with the issuer, that indicates the owner's
18 interest in the money order.

19 SECTION 5.04. Section 72.103, Property Code, is amended to
20 read as follows:

21 Sec. 72.103. PRESERVATION OF PROPERTY. Notwithstanding any
22 other provision of this title except a provision of this section or
23 Section 72.1016 relating to a money order or a stored value card, a
24 holder of abandoned property shall preserve the property and may
25 not at any time, by any procedure, including a deduction for
26 service, maintenance, or other charge, transfer or convert to the
27 profits or assets of the holder or otherwise reduce the value of the

1 property. For purposes of this section, value is determined as of
2 the date of the last transaction or contact concerning the
3 property, except that in the case of a money order, value is
4 determined as of the date the property is presumed abandoned under
5 Section 72.102(c). If a holder imposes service, maintenance, or
6 other charges on a money order prior to the time of presumed
7 abandonment, such charges may not exceed the amount of \$1 [~~50 cents~~]
8 per month for each month the money order remains uncashed prior to
9 the month in which the money order is presumed abandoned.

10 SECTION 5.05. Section 73.101, Property Code, is amended by
11 amending Subsection (a) and adding Subsection (c) to read as
12 follows:

13 (a) An account or safe deposit box is presumed abandoned if:

14 (1) except as provided by Subsection (c), the account
15 or safe deposit box has been inactive for at least five years as
16 determined under Subsection (b);

17 (2) the location of the depositor of the account or
18 owner of the safe deposit box is unknown to the depository; and

19 (3) the amount of the account or the contents of the
20 box have not been delivered to the comptroller in accordance with
21 Chapter 74.

22 (c) If the account is a checking or savings account or is a
23 matured certificate of deposit, the account is presumed abandoned
24 if the account has been inactive for at least three years as
25 determined under Subsection (b)(1).

26 SECTION 5.06. Subsection (a), Section 74.101, Property
27 Code, is amended to read as follows:

1 (a) Each holder who on March 1 [~~June 30~~] holds property that
2 is presumed abandoned under Chapter 72, 73, or 75 of this code or
3 under Chapter 154, Finance Code, shall file a report of that
4 property on or before the following July [~~November~~] 1. The
5 comptroller may require the report to be in a particular format,
6 including a format that can be read by a computer.

7 SECTION 5.07. Subsection (a), Section 74.1011, Property
8 Code, is amended to read as follows:

9 (a) Except as provided by Subsection (b), a holder who on
10 March 1 [~~June 30~~] holds property valued at more than \$250 that is
11 presumed abandoned under Chapter 72, 73, or 75 of this code or
12 Chapter 154, Finance Code, shall, on or before the following May
13 [~~August~~] 1, mail to the last known address of the known owner
14 written notice stating that:

- 15 (1) the holder is holding the property; and
16 (2) the holder may be required to deliver the property
17 to the comptroller on or before July [~~November~~] 1 if the property is
18 not claimed.

19 SECTION 5.08. Subsections (a) and (c), Section 74.301,
20 Property Code, are amended to read as follows:

21 (a) Except as provided by Subsection (c), each holder who on
22 March 1 [~~June 30~~] holds property that is presumed abandoned under
23 Chapter 72, 73, or 75 shall deliver the property to the comptroller
24 on or before the following July [~~November~~] 1 accompanied by the
25 report required to be filed under Section 74.101.

26 (c) If the property subject to delivery under Subsection (a)
27 is the contents of a safe deposit box, the comptroller may instruct

1 a holder to deliver the property on a specified date before July
2 [~~November~~] 1 of the following year.

3 SECTION 5.09. Subsection (e), Section 74.601, Property
4 Code, is amended to read as follows:

5 (e) The comptroller on receipt or from time to time may
6 [~~from time to time~~] sell securities, including stocks, bonds, and
7 mutual funds, received under this chapter or any other statute
8 requiring the delivery of unclaimed property to the comptroller and
9 use the proceeds to buy, exchange, invest, or reinvest in
10 marketable securities. When making or selling the investments, the
11 comptroller shall exercise the judgment and care of a prudent
12 person.

13 SECTION 5.10. Section 74.708, Property Code, is amended to
14 read as follows:

15 Sec. 74.708. PROPERTY HELD IN TRUST. A holder who on March
16 1 [~~June 30~~] holds property presumed abandoned under Chapters 72-75
17 holds the property in trust for the benefit of the state on behalf
18 of the missing owner and is liable to the state for the full value of
19 the property, plus any accrued interest and penalty. A holder is
20 not required by this section to segregate or establish trust
21 accounts for the property provided the property is timely delivered
22 to the comptroller in accordance with Section 74.301.

23 SECTION 5.11. (a) Except as provided by Subsection (b) or
24 (c) of this section, this article takes effect on the 91st day after
25 the last day of the legislative session.

26 (b) Except as provided by Subsection (c) of this section,
27 Subsection (a), Section 74.101, Subsection (a), Section 74.1011,

1 Subsections (a) and (c), Section 74.301, and Section 74.708,
2 Property Code, as amended by this article, take effect January 1,
3 2013.

4 (c) If H.B. No. 257, Acts of the 82nd Legislature, Regular
5 Session, 2011, becomes law, this article has no effect.

6 SECTION 5.12. A charge imposed on a money order under
7 Section 72.103, Property Code, by a holder before the effective
8 date of this article is governed by the law applicable to the charge
9 immediately before the effective date of this article, and the
10 holder may retain the charge.

11 ARTICLE 6. CLASSIFICATION OF JUDICIAL AND COURT PERSONNEL
12 TRAINING FUND

13 SECTION 6.01. Section 56.001, Government Code, is amended
14 to read as follows:

15 Sec. 56.001. JUDICIAL AND COURT PERSONNEL TRAINING FUND.

16 (a) The judicial and court personnel training fund is an account
17 in the general revenue fund. Money in the judicial and court
18 personnel training fund may be appropriated only to [~~created in the~~
19 ~~state treasury and shall be administered by~~] the court of criminal
20 appeals for the uses authorized in Section 56.003.

21 (b) [~~(i)~~] On requisition of the court of criminal appeals,
22 the comptroller shall draw a warrant on the fund for the amount
23 specified in the requisition for a use authorized in Section
24 56.003. A warrant may not exceed the amount appropriated for any
25 one fiscal year. [~~At the end of each state fiscal year, any~~
26 ~~unexpended balance in the fund in excess of \$500,000 shall be~~
27 ~~transferred to the general revenue fund.~~]

1 ARTICLE 7. PROCESS SERVER CERTIFICATION FEES

2 SECTION 7.01. Subchapter A, Chapter 51, Government Code, is
3 amended by adding Section 51.008 to read as follows:

4 Sec. 51.008. FEES FOR PROCESS SERVER CERTIFICATION.

5 (a) The process server review board established by supreme court
6 order may recommend to the supreme court the fees to be charged for
7 process server certification and renewal of certification. The
8 supreme court must approve the fees recommended by the process
9 server review board before the fees may be collected.

10 (b) If a certification is issued or renewed for a term that
11 is less than the certification period provided by supreme court
12 rule, the fee for the certification shall be prorated so that the
13 process server pays only that portion of the fee that is allocable
14 to the period during which the certification is valid. On renewal
15 of the certification on the new expiration date, the process server
16 must pay the entire certification renewal fee.

17 (c) The Office of Court Administration of the Texas Judicial
18 System may collect the fees recommended by the process server
19 review board and approved by the supreme court. Fees collected
20 under this section shall be sent to the comptroller for deposit to
21 the credit of the general revenue fund.

22 (d) Fees collected under this section may be appropriated to
23 the Office of Court Administration of the Texas Judicial System for
24 the support of regulatory programs for process servers and
25 guardians.

26 SECTION 7.02. (a) The fees recommended and approved under
27 Section 51.008, Government Code, as added by this article, apply

1 to:

2 (1) each person who holds a process server
3 certification on the effective date of this article; and

4 (2) each person who applies for process server
5 certification on or after the effective date of this article.

6 (b) The Office of Court Administration of the Texas Judicial
7 System shall prorate the process server certification fee so that a
8 person who holds a process server certification on the effective
9 date of this article pays only that portion of the fee that is
10 allocable to the period during which the certification is valid. On
11 renewal of the certification on the new expiration date, the entire
12 certification renewal fee is payable.

13 SECTION 7.03. If H.B. No. 1614, Acts of the 82nd
14 Legislature, Regular Session, 2011, becomes law, this article has
15 no effect.

16 ARTICLE 8. FISCAL MATTERS REGARDING PETROLEUM INDUSTRY REGULATION

17 SECTION 8.01. Section 26.3574, Water Code, is amended by
18 amending Subsection (b) and adding Subsection (b-1) to read as
19 follows:

20 (b) A fee is imposed on the delivery of a petroleum product
21 on withdrawal from bulk of that product as provided by this
22 subsection. Each operator of a bulk facility on withdrawal from
23 bulk of a petroleum product shall collect from the person who orders
24 the withdrawal a fee in an amount determined as follows:

25 (1) not more than \$3.125 [~~\$3.75~~] for each delivery
26 into a cargo tank having a capacity of less than 2,500 gallons [~~for~~
27 ~~the state fiscal year beginning September 1, 2007, through the~~

1 ~~state fiscal year ending August 31, 2011];~~

2 (2) not more than \$6.25 [~~\$7.50~~] for each delivery into
3 a cargo tank having a capacity of 2,500 gallons or more but less
4 than 5,000 gallons [~~for the state fiscal year beginning September~~
5 ~~1, 2007, through the state fiscal year ending August 31, 2011];~~

6 (3) not more than \$9.37 [~~\$11.75~~] for each delivery
7 into a cargo tank having a capacity of 5,000 gallons or more but
8 less than 8,000 gallons [~~for the state fiscal year beginning~~
9 ~~September 1, 2007, through the state fiscal year ending August 31,~~
10 ~~2011];~~

11 (4) not more than \$12.50 [~~\$15.00~~] for each delivery
12 into a cargo tank having a capacity of 8,000 gallons or more but
13 less than 10,000 gallons [~~for the state fiscal year beginning~~
14 ~~September 1, 2007, through the state fiscal year ending August 31,~~
15 ~~2011]; and~~

16 (5) not more than \$6.25 [~~\$7.50~~] for each increment of
17 5,000 gallons or any part thereof delivered into a cargo tank having
18 a capacity of 10,000 gallons or more [~~for the state fiscal year~~
19 ~~beginning September 1, 2007, through the state fiscal year ending~~
20 ~~August 31, 2011].~~

21 (b-1) The commission by rule shall set the amount of the fee
22 in Subsection (b) in an amount not to exceed the amount necessary to
23 cover the agency's costs of administering this subchapter, as
24 indicated by the amount appropriated by the legislature from the
25 petroleum storage tank remediation account for that purpose.

26 SECTION 8.02. If H.B. No. 2694, Acts of the 82nd
27 Legislature, Regular Session, 2011, becomes law, this article has

1 no effect.

2 ARTICLE 9. REMITTANCE AND ALLOCATION OF CERTAIN MOTOR FUELS TAXES

3 SECTION 9.01. Section 162.113, Tax Code, is amended by
4 adding Subsections (a-1), (a-2), (a-3), and (a-4) to read as
5 follows:

6 (a-1) On August 28, 2013, each licensed distributor and
7 licensed importer shall remit to the supplier or permissive
8 supplier, as applicable, a tax prepayment in an amount equal to 25
9 percent of the tax imposed by Section 162.101 for gasoline removed
10 at the terminal rack during July 2013 by the licensed distributor or
11 licensed importer, without accounting for any credit or allowance
12 to which the licensed distributor or licensed importer is entitled.
13 The supplier or permissive supplier shall remit the tax prepayment
14 received under this subsection to the comptroller by electronic
15 funds transfer on August 30, 2013, without accounting for any
16 credit or allowance to which the supplier or permissive supplier is
17 entitled. Subsections (c)-(e) do not apply to the tax prepayment
18 under this subsection.

19 (a-2) A licensed distributor or licensed importer may take a
20 credit against the amount of tax imposed by Section 162.101 for
21 gasoline removed at a terminal rack during August 2013 that is
22 required to be remitted to the supplier or permissive supplier, as
23 applicable, under Subsection (a) in September 2013. The amount of
24 the credit is equal to the amount of any tax prepayment remitted by
25 the licensed distributor or licensed importer as required by
26 Subsection (a-1).

27 (a-3) Subsections (a-1) and (a-2) apply to a supplier or an

1 affiliate of a supplier who removes gasoline at the terminal rack
2 for distribution to the same extent and in the same manner that
3 those subsections apply to a licensed distributor or licensed
4 importer.

5 (a-4) Subsections (a-1), (a-2), and (a-3) and this
6 subsection expire September 1, 2015.

7 SECTION 9.02. Section 162.214, Tax Code, is amended by
8 adding Subsections (a-1), (a-2), (a-3), and (a-4) to read as
9 follows:

10 (a-1) On August 28, 2013, each licensed distributor and
11 licensed importer shall remit to the supplier or permissive
12 supplier, as applicable, a tax prepayment in an amount equal to 25
13 percent of the tax imposed by Section 162.201 for diesel fuel
14 removed at the terminal rack during July 2013 by the licensed
15 distributor or licensed importer, without accounting for any credit
16 or allowance to which the licensed distributor or licensed importer
17 is entitled. The supplier or permissive supplier shall remit the
18 tax prepayment received under this subsection to the comptroller by
19 electronic funds transfer on August 30, 2013, without accounting
20 for any credit or allowance to which the supplier or permissive
21 supplier is entitled. Subsections (c)-(e) do not apply to the tax
22 prepayment under this subsection.

23 (a-2) A licensed distributor or licensed importer may take a
24 credit against the amount of tax imposed by Section 162.201 for
25 diesel fuel removed at a terminal rack during August 2013 that is
26 required to be remitted to the supplier or permissive supplier, as
27 applicable, under Subsection (a) in September 2013. The amount of

1 the credit is equal to any tax prepayment remitted by the licensed
2 distributor or licensed importer as required by Subsection (a-1).

3 (a-3) Subsections (a-1) and (a-2) apply to a supplier or an
4 affiliate of a supplier who removes diesel fuel at the terminal rack
5 for distribution to the same extent and in the same manner that
6 those subsections apply to a licensed distributor or licensed
7 importer.

8 (a-4) Subsections (a-1), (a-2), and (a-3) and this
9 subsection expire September 1, 2015.

10 SECTION 9.03. Section 162.503, Tax Code, is amended to read
11 as follows:

12 Sec. 162.503. ALLOCATION OF GASOLINE TAX. (a) On or
13 before the fifth workday after the end of each month, the
14 comptroller, after making all deductions for refund purposes and
15 for the amounts allocated under Sections 162.502 and 162.5025,
16 shall allocate the net remainder of the taxes collected under
17 Subchapter B as follows:

18 (1) one-fourth of the tax shall be deposited to the
19 credit of the available school fund;

20 (2) one-half of the tax shall be deposited to the
21 credit of the state highway fund for the construction and
22 maintenance of the state road system under existing law; and

23 (3) from the remaining one-fourth of the tax the
24 comptroller shall:

25 (A) deposit to the credit of the county and road
26 district highway fund all the remaining tax receipts until a total
27 of \$7,300,000 has been credited to the fund each fiscal year; and

1 (B) after the amount required to be deposited to
2 the county and road district highway fund has been deposited,
3 deposit to the credit of the state highway fund the remainder of the
4 one-fourth of the tax, the amount to be provided on the basis of
5 allocations made each month of the fiscal year, which sum shall be
6 used by the Texas Department of Transportation for the
7 construction, improvement, and maintenance of farm-to-market
8 roads.

9 (b) Notwithstanding Subsection (a), the comptroller may not
10 allocate revenue otherwise required to be allocated under
11 Subsection (a) during July and August 2013 before the first workday
12 of September 2013. The revenue shall be allocated as otherwise
13 provided by Subsection (a) not later than the fifth workday of
14 September 2013. This subsection expires September 1, 2015.

15 SECTION 9.04. Section 162.504, Tax Code, is amended to read
16 as follows:

17 Sec. 162.504. ALLOCATION OF DIESEL FUEL TAX. (a) On or
18 before the fifth workday after the end of each month, the
19 comptroller, after making deductions for refund purposes, for the
20 administration and enforcement of this chapter, and for the amounts
21 allocated under Section 162.5025, shall allocate the remainder of
22 the taxes collected under Subchapter C as follows:

23 (1) one-fourth of the taxes shall be deposited to the
24 credit of the available school fund; and

25 (2) three-fourths of the taxes shall be deposited to
26 the credit of the state highway fund.

27 (b) Notwithstanding Subsection (a), the comptroller may not

1 allocate revenue otherwise required to be allocated under
2 Subsection (a) during July and August 2013 before the first workday
3 of September 2013. The revenue shall be allocated as otherwise
4 provided by Subsection (a) not later than the fifth workday of
5 September 2013. This subsection expires September 1, 2015.

6 SECTION 9.05. The expiration of the amendments made to the
7 Tax Code in accordance with this article does not affect tax
8 liability accruing before the expiration of those amendments. That
9 liability continues in effect as if the amendments had not expired,
10 and the former law is continued in effect for the collection of
11 taxes due and for civil and criminal enforcement of the liability
12 for those taxes.

13 SECTION 9.06. This article takes effect October 1, 2011.

14 ARTICLE 10. REMITTANCE OF MIXED BEVERAGE TAXES AND TAXES AND FEES
15 ON CERTAIN ALCOHOLIC BEVERAGES

16 SECTION 10.01. Section 34.04, Alcoholic Beverage Code, is
17 amended by adding Subsections (c), (d), and (e) to read as follows:

18 (c) In August 2013, a permittee shall remit a tax prepayment
19 of taxes due to be remitted in September 2013 that is equal to 25
20 percent of the amount the permittee is otherwise required to remit
21 during August 2013 under the reporting system prescribed by the
22 commission. The prepayment is in addition to the amount the
23 permittee is otherwise required to remit during August. The
24 permittee shall remit the additional payment in conjunction with
25 the report and payment otherwise required during that month.

26 (d) A permittee who remits the additional payment as
27 required by Subsection (c) may take a credit in the amount of the

1 additional payment against the next payment due under the reporting
2 system prescribed by the commission.

3 (e) Subsections (c) and (d) and this subsection expire
4 September 1, 2015.

5 SECTION 10.02. Section 48.04, Alcoholic Beverage Code, is
6 amended by adding Subsections (c), (d), and (e) to read as follows:

7 (c) In August 2013, a permittee shall remit a tax prepayment
8 of taxes due to be remitted in September 2013 that is equal to 25
9 percent of the amount the permittee is otherwise required to remit
10 during August 2013 under the reporting system prescribed by the
11 commission. The prepayment is in addition to the amount the
12 permittee is otherwise required to remit during August. The
13 permittee shall remit the additional payment in conjunction with
14 the report and payment otherwise required during that month.

15 (d) A permittee who remits the additional payment as
16 required by Subsection (c) may take a credit in the amount of the
17 additional payment against the next payment due under the reporting
18 system prescribed by the commission.

19 (e) Subsections (c) and (d) and this subsection expire
20 September 1, 2015.

21 SECTION 10.03. Section 201.07, Alcoholic Beverage Code, is
22 amended to read as follows:

23 Sec. 201.07. DUE DATE. (a) The tax on liquor is due and
24 payable on the 15th of the month following the first sale, together
25 with a report on the tax due.

26 (b) In August 2013, each permittee who is liable for the
27 taxes imposed by this subchapter shall remit a tax prepayment of

1 taxes due to be remitted in September 2013 that is equal to 25
2 percent of the amount the permittee is otherwise required to remit
3 during August 2013 under Subsection (a). The prepayment is in
4 addition to the amount the permittee is otherwise required to remit
5 during August. The permittee shall remit the additional payment in
6 conjunction with the report and payment otherwise required during
7 that month.

8 (c) A permittee who remits the additional payment as
9 required by Subsection (b) may take a credit in the amount of the
10 additional payment against the next payment due under Subsection
11 (a).

12 (d) Subsections (b) and (c) and this subsection expire
13 September 1, 2015.

14 SECTION 10.04. Section 201.43, Alcoholic Beverage Code, is
15 amended by amending Subsection (b) and adding Subsections (c), (d),
16 and (e) to read as follows:

17 (b) The tax is due and payable on the 15th day of the month
18 following the month in which the taxable first sale occurs,
19 together with a report on the tax due.

20 (c) In August 2013, each permittee who is liable for the tax
21 imposed by this subchapter shall remit a tax prepayment of taxes due
22 to be remitted in September 2013 that is equal to 25 percent of the
23 amount the permittee is otherwise required to remit during August
24 2013 under Subsection (b). The prepayment is in addition to the
25 amount the permittee is otherwise required to remit during August.
26 The permittee shall remit the additional payment in conjunction
27 with the report and payment otherwise required during that month.

1 (d) A permittee who remits the additional payment as
2 required by Subsection (c) may take a credit in the amount of the
3 additional payment against the next payment due under Subsection
4 (b).

5 (e) Subsections (c) and (d) and this subsection expire
6 September 1, 2015.

7 SECTION 10.05. Section 203.03, Alcoholic Beverage Code, is
8 amended by amending Subsection (b) and adding Subsections (c), (d),
9 and (e) to read as follows:

10 (b) The tax is due and payable on the 15th day of the month
11 following the month in which the taxable first sale occurs,
12 together with a report on the tax due.

13 (c) Each licensee who is liable for the tax imposed by this
14 chapter shall remit a tax prepayment of taxes due to be remitted in
15 September 2013 that is equal to 25 percent of the amount the
16 licensee is otherwise required to remit during August 2013 under
17 Subsection (b). The prepayment is in addition to the amount the
18 licensee is otherwise required to remit during August. The
19 licensee shall remit the additional payment in conjunction with the
20 report and payment otherwise required during that month.

21 (d) A licensee who remits the additional payment as required
22 by Subsection (c) may take a credit in the amount of the additional
23 payment against the next payment due under Subsection (b).

24 (e) Subsections (c) and (d) and this subsection expire
25 September 1, 2015.

26 SECTION 10.06. Section 183.023, Tax Code, is amended to
27 read as follows:

1 Sec. 183.023. PAYMENT. (a) The tax due for the preceding
2 month shall accompany the return and shall be payable to the state.

3 (b) The comptroller shall deposit the revenue received
4 under this section in the general revenue fund.

5 (c) In August 2013, each permittee who is liable for the tax
6 imposed by this subchapter shall remit a tax prepayment of taxes due
7 to be remitted in September 2013 that is equal to 25 percent of the
8 amount the permittee is otherwise required to remit during August
9 2013 under Subsection (a). The prepayment is in addition to the
10 amount the permittee is otherwise required to remit during August.
11 The permittee shall remit the additional payment in conjunction
12 with the return and payment otherwise required during that month.

13 (d) A permittee who remits the additional payment as
14 required by Subsection (c) may take a credit in the amount of the
15 additional payment against the next payment due under Subsection
16 (a).

17 (e) Subsections (c) and (d) and this subsection expire
18 September 1, 2015.

19 SECTION 10.07. The expiration of the amendments made to the
20 Alcoholic Beverage Code and Tax Code in accordance with this
21 article does not affect tax liability accruing before the
22 expiration of those amendments. That liability continues in effect
23 as if the amendments had not expired, and the former law is
24 continued in effect for the collection of taxes due and for civil
25 and criminal enforcement of the liability for those taxes.

26 ARTICLE 11. CIGARETTE TAX STAMPING ALLOWANCE

27 SECTION 11.01. Subsection (a), Section 154.052, Tax Code,

1 is amended to read as follows:

2 (a) A distributor is, subject to the provisions of Section
3 154.051, entitled to 2.5 [~~three~~] percent of the face value of stamps
4 purchased as a stamping allowance for providing the service of
5 affixing stamps to cigarette packages, except that an out-of-state
6 distributor is entitled to receive only the same percentage of
7 stamping allowance as that given to Texas distributors doing
8 business in the state of the distributor.

9 SECTION 11.02. This article applies only to cigarette
10 stamps purchased on or after the effective date of this article.
11 Cigarette stamps purchased before the effective date of this
12 article are governed by the law in effect on the date the cigarette
13 stamps were purchased, and that law is continued in effect for that
14 purpose.

15 ARTICLE 12. SALES FOR RESALE

16 SECTION 12.01. Section 151.006, Tax Code, is amended by
17 amending Subsection (a) and adding Subsection (c) to read as
18 follows:

19 (a) "Sale for resale" means a sale of:

20 (1) tangible personal property or a taxable service to
21 a purchaser who acquires the property or service for the purpose of
22 reselling it with or as a taxable item in the United States of
23 America or a possession or territory of the United States of America
24 or in the United Mexican States in the normal course of business in
25 the form or condition in which it is acquired or as an attachment to
26 or integral part of other tangible personal property or taxable
27 service;

1 (2) tangible personal property to a purchaser for the
2 sole purpose of the purchaser's leasing or renting it in the United
3 States of America or a possession or territory of the United States
4 of America or in the United Mexican States in the normal course of
5 business to another person, but not if incidental to the leasing or
6 renting of real estate;

7 (3) tangible personal property to a purchaser who
8 acquires the property for the purpose of transferring it in the
9 United States of America or a possession or territory of the United
10 States of America or in the United Mexican States as an integral
11 part of a taxable service; ~~or~~

12 (4) a taxable service performed on tangible personal
13 property that is held for sale by the purchaser of the taxable
14 service; or

15 (5) except as provided by Subsection (c), tangible
16 personal property to a purchaser who acquires the property for the
17 purpose of transferring it as an integral part of performing a
18 contract, or a subcontract of a contract, with the federal
19 government only if the purchaser:

20 (A) allocates and bills to the contract the cost
21 of the property as a direct or indirect cost; and

22 (B) transfers title to the property to the
23 federal government under the contract and applicable federal
24 acquisition regulations.

25 (c) A sale for resale does not include the sale of tangible
26 personal property or a taxable service to a purchaser who acquires
27 the property or service for the purpose of performing a service that

1 is not taxed under this chapter, regardless of whether title
2 transfers to the service provider's customer, unless the tangible
3 personal property or taxable service is purchased for the purpose
4 of reselling it to the United States in a contract, or a subcontract
5 of a contract, with any branch of the Department of Defense,
6 Department of Homeland Security, Department of Energy, National
7 Aeronautics and Space Administration, Central Intelligence Agency,
8 National Security Agency, National Oceanic and Atmospheric
9 Administration, or National Reconnaissance Office to the extent
10 allocated and billed to the contract with the federal government.

11 SECTION 12.02. This article takes effect immediately if
12 this Act receives a vote of two-thirds of all the members elected to
13 each house, as provided by Section 39, Article III, Texas
14 Constitution. If this Act does not receive the vote necessary for
15 immediate effect, this article takes effect October 1, 2011.

16 ARTICLE 13. REMITTANCE OF SALES AND USE TAXES

17 SECTION 13.01. Section 151.401, Tax Code, is amended by
18 adding Subsections (c), (d), and (e) to read as follows:

19 (c) In August 2013, a taxpayer who is required to pay the
20 taxes imposed by this chapter on or before the 20th day of that
21 month under Subsection (a), who pays the taxes imposed by this
22 chapter by electronic funds transfer, and who does not prepay as
23 provided by Section 151.424 shall remit to the comptroller a tax
24 prepayment that is equal to 25 percent of the amount the taxpayer is
25 otherwise required to remit during August 2013 under Subsection
26 (a). The prepayment is in addition to the amount the taxpayer is
27 otherwise required to remit during August. The taxpayer shall

1 remit the additional payment in conjunction with the payment
2 otherwise required during that month. Section 151.424 does not
3 apply with respect to the additional payment required by this
4 subsection.

5 (d) A taxpayer who remits the additional payment as required
6 by Subsection (c) may take a credit in the amount of the additional
7 payment against the next payment due under Subsection (a).

8 (e) Subsections (c) and (d) and this subsection expire
9 September 1, 2015.

10 SECTION 13.02. Section 151.402, Tax Code, is amended to
11 read as follows:

12 Sec. 151.402. TAX REPORT DATES. (a) A ~~[Except as provided~~
13 ~~by Subsection (b) of this section, a]~~ tax report required by this
14 chapter for a reporting period is due on the same date that the tax
15 payment for the period is due as provided by Section 151.401.

16 (b) A taxpayer may report a credit in the amount of any tax
17 prepayment remitted to the comptroller as required by Section
18 151.401(c) on the tax report required by this chapter that is
19 otherwise due in September 2013 ~~[for taxes required by Section~~
20 ~~151.401(a) to be paid on or before August 20 is due on or before the~~
21 ~~20th day of the following month].~~ This subsection expires
22 September 1, 2015.

23 SECTION 13.03. The expiration of the amendments made to the
24 Tax Code in accordance with this article does not affect tax
25 liability accruing before the expiration of those amendments. That
26 liability continues in effect as if the amendments had not expired,
27 and the former law is continued in effect for the collection of

1 taxes due and for civil and criminal enforcement of the liability
2 for those taxes.

3 ARTICLE 14. PENALTIES FOR FAILURE TO REPORT OR REMIT CERTAIN TAXES
4 OR FEES

5 SECTION 14.01. Subsection (b), Section 111.00455, Tax Code,
6 is amended to read as follows:

7 (b) The following are not contested cases under Subsection
8 (a) and Section 2003.101, Government Code:

9 (1) a show cause hearing or any hearing not related to
10 the collection, receipt, administration, or enforcement of the
11 amount of a tax or fee imposed, or the penalty or interest
12 associated with that amount, except for a hearing under Section
13 151.157(f), 151.1575(c), 151.712(g), 154.1142, or 155.0592;

14 (2) a property value study hearing under Subchapter M,
15 Chapter 403, Government Code;

16 (3) a hearing in which the issue relates to:

17 (A) Chapters 72-75, Property Code;

18 (B) forfeiture of a right to do business;

19 (C) a certificate of authority;

20 (D) articles of incorporation;

21 (E) a penalty imposed under Section 151.703(d)
22 [~~151.7031~~];

23 (F) the refusal or failure to settle under
24 Section 111.101; or

25 (G) a request for or revocation of an exemption
26 from taxation; and

27 (4) any other hearing not related to the collection,

1 receipt, administration, or enforcement of the amount of a tax or
2 fee imposed, or the penalty or interest associated with that
3 amount.

4 SECTION 14.02. Subsection (a), Section 151.468, Tax Code,
5 as effective September 1, 2011, is amended to read as follows:

6 (a) If a person fails to file a report required by this
7 subchapter or fails to file a complete report, the comptroller may
8 impose a civil or criminal penalty, or both, under Section
9 151.703(d) [~~151.7031~~] or 151.709.

10 SECTION 14.03. Section 151.703, Tax Code, is amended by
11 adding Subsection (d) to read as follows:

12 (d) In addition to any other penalty authorized by this
13 section, a person who fails to file a report as required by this
14 chapter shall pay a penalty of \$50. The penalty provided by this
15 subsection is assessed without regard to whether the taxpayer
16 subsequently files the report or whether any taxes were due from the
17 taxpayer for the reporting period under the required report.

18 SECTION 14.04. Section 152.045, Tax Code, is amended by
19 adding Subsection (d) to read as follows:

20 (d) In addition to any other penalty provided by law, the
21 owner of a motor vehicle subject to the tax on gross rental receipts
22 who is required to file a report as provided by this chapter and who
23 fails to timely file the report shall pay a penalty of \$50. The
24 penalty provided by this subsection is assessed without regard to
25 whether the taxpayer subsequently files the report or whether any
26 taxes were due from the taxpayer for the reporting period under the
27 required report.

1 SECTION 14.05. Section 152.047, Tax Code, is amended by
2 adding Subsection (j) to read as follows:

3 (j) In addition to any other penalty provided by law, the
4 seller of a motor vehicle sold in a seller-financed sale who is
5 required to file a report as provided by this chapter and who fails
6 to timely file the report shall pay a penalty of \$50. The penalty
7 provided by this subsection is assessed without regard to whether
8 the taxpayer subsequently files the report or whether any taxes
9 were due from the taxpayer for the reporting period under the
10 required report.

11 SECTION 14.06. Section 156.202, Tax Code, is amended by
12 amending Subsection (c) and adding Subsection (d) to read as
13 follows:

14 (c) The minimum penalty under Subsections (a) and (b) [~~this~~
15 ~~section~~] is \$1.

16 (d) In addition to any other penalty authorized by this
17 section, a person who fails to file a report as required by this
18 chapter shall pay a penalty of \$50. The penalty provided by this
19 subsection is assessed without regard to whether the taxpayer
20 subsequently files the report or whether any taxes were due from the
21 taxpayer for the reporting period under the required report.

22 SECTION 14.07. Section 162.401, Tax Code, is amended by
23 adding Subsection (d) to read as follows:

24 (d) In addition to any other penalty authorized by this
25 section, a person who fails to file a report as required by this
26 chapter shall pay a penalty of \$50. The penalty provided by this
27 subsection is assessed without regard to whether the taxpayer

1 subsequently files the report or whether any taxes were due from the
2 taxpayer for the reporting period under the required report.

3 SECTION 14.08. Section 171.362, Tax Code, is amended by
4 amending Subsection (c) and adding Subsection (f) to read as
5 follows:

6 (c) The minimum penalty under Subsections (a) and (b) [~~this~~
7 ~~section~~] is \$1.

8 (f) In addition to any other penalty authorized by this
9 section, a taxable entity who fails to file a report as required by
10 this chapter shall pay a penalty of \$50. The penalty provided by
11 this subsection is assessed without regard to whether the taxable
12 entity subsequently files the report or whether any taxes were due
13 from the taxable entity for the reporting period under the required
14 report.

15 SECTION 14.09. Subchapter B, Chapter 183, Tax Code, is
16 amended by adding Section 183.024 to read as follows:

17 Sec. 183.024. FAILURE TO PAY TAX OR FILE REPORT. (a) A
18 permittee who fails to file a report as required by this chapter or
19 who fails to pay a tax imposed by this chapter when due shall pay
20 five percent of the amount due as a penalty, and if the permittee
21 fails to file the report or pay the tax within 30 days after the day
22 the tax or report is due, the permittee shall pay an additional five
23 percent of the amount due as an additional penalty.

24 (b) The minimum penalty under Subsection (a) is \$1.

25 (c) A delinquent tax draws interest beginning 60 days from
26 the due date.

27 (d) In addition to any other penalty authorized by this

1 section, a permittee who fails to file a report as required by this
2 chapter shall pay a penalty of \$50. The penalty provided by this
3 subsection is assessed without regard to whether the permittee
4 subsequently files the report or whether any taxes were due from the
5 permittee for the reporting period under the required report.

6 SECTION 14.10. Section 771.0712, Health and Safety Code, is
7 amended by adding Subsections (c) and (d) to read as follows:

8 (c) A seller who fails to file a report or remit a fee
9 collected or payable as provided by this section and comptroller
10 rules shall pay five percent of the amount due and payable as a
11 penalty, and if the seller fails to file the report or remit the fee
12 within 30 days after the day the fee or report is due, the seller
13 shall pay an additional five percent of the amount due and payable
14 as an additional penalty.

15 (d) In addition to any other penalty authorized by this
16 section, a seller who fails to file a report as provided by this
17 section shall pay a penalty of \$50. The penalty provided by this
18 subsection is assessed without regard to whether the seller
19 subsequently files the report or whether any taxes were due from the
20 seller for the reporting period under the required report.

21 SECTION 14.11. Section 151.7031, Tax Code, is repealed.

22 SECTION 14.12. The change in law made by this article
23 applies only to a report due or a tax or fee due and payable on or
24 after the effective date of this article. A report due or a tax or
25 fee due and payable before the effective date of this article is
26 governed by the law in effect at that time, and that law is
27 continued in effect for that purpose.

1 SECTION 14.13. This article takes effect October 1, 2011.

2 ARTICLE 15. FISCAL MATTERS RELATED TO VOTER REGISTRATION

3 SECTION 15.01. Subsections (b), (c), and (d), Section
4 18.065, Election Code, are amended to read as follows:

5 (b) On determining that a registrar is not in substantial
6 compliance, the secretary shall deliver written notice of the
7 noncompliance to[+]

8 [~~(1)~~] the registrar and include[~~, including~~] in the
9 notice a description of the violation and an explanation of the
10 action necessary for substantial compliance and of the consequences
11 of noncompliance[~~, and~~

12 [~~(2) the comptroller of public accounts, including in~~
13 ~~the notice the identity of the noncomplying registrar].~~

14 (c) On determining that a noncomplying registrar has
15 corrected the violation and is in substantial compliance, the
16 secretary shall deliver written notice to the registrar [~~and to the~~
17 ~~comptroller~~] that the registrar is in substantial compliance.

18 (d) [~~The comptroller shall retain a notice received under~~
19 ~~this section on file until July 1 following the voting year in which~~
20 ~~it is received.~~] The secretary shall retain a copy of each notice
21 the secretary delivers under this section for two years after the
22 date the notice is delivered.

23 SECTION 15.02. Subsection (a), Section 19.001, Election
24 Code, is amended to read as follows:

25 (a) Before May 15 of each year, the registrar shall prepare
26 and submit to the secretary of state [~~comptroller of public~~
27 ~~accounts~~] a statement containing:

1 (1) the total number of initial registrations for the
2 previous voting year;

3 (2) the total number of registrations canceled under
4 Sections 16.031(a)(1), 16.033, and 16.0332 for the previous voting
5 year; and

6 (3) the total number of registrations for which
7 information was updated for the previous voting year.

8 SECTION 15.03. The heading to Section 19.002, Election
9 Code, is amended to read as follows:

10 Sec. 19.002. PAYMENTS [~~ISSUANCE OF WARRANTS BY~~
11 ~~COMPTROLLER~~].

12 SECTION 15.04. Subsections (b) and (d), Section 19.002,
13 Election Code, are amended to read as follows:

14 (b) After June 1 of each year, the secretary of state
15 [~~comptroller of public accounts~~] shall make payments [~~issue~~
16 ~~warrants~~] pursuant to vouchers submitted by the registrar and
17 approved by the secretary of state in amounts that in the aggregate
18 do not exceed the registrar's entitlement. The secretary of state
19 shall prescribe the procedures necessary to implement this
20 subsection.

21 (d) The secretary of state [~~comptroller~~] may not make a
22 payment under Subsection (b) [~~issue a warrant~~] if on June 1 of the
23 year in which the payment [~~warrant~~] is to be made [~~issued the most~~
24 ~~recent notice received by the comptroller from the secretary of~~
25 ~~state under Section 18.065 indicates that~~] the registrar is not in
26 substantial compliance with Section 15.083, 16.032, 18.042, or
27 18.065 or with rules implementing the registration service program.

1 SECTION 15.05. The heading to Section 19.0025, Election
2 Code, is amended to read as follows:

3 Sec. 19.0025. ELECTRONIC ADMINISTRATION OF VOUCHERS AND
4 PAYMENTS [~~WARRANTS~~].

5 SECTION 15.06. Subsection (a), Section 19.0025, Election
6 Code, is amended to read as follows:

7 (a) The secretary of state shall establish and maintain an
8 online electronic system for administering vouchers submitted and
9 payments made [~~warrants issued~~] under Section 19.002.

10 SECTION 15.07. Subsection (c), Section 19.002, Election
11 Code, is repealed.

12 ARTICLE 16. CERTAIN POWERS AND DUTIES OF THE COMPTROLLER OF
13 PUBLIC ACCOUNTS

14 SECTION 16.01. Subsection (d), Section 403.0551,
15 Government Code, is amended to read as follows:

16 (d) This section does not authorize the comptroller to
17 deduct the amount of a state employee's indebtedness to a state
18 agency from any amount of compensation owed by the agency to the
19 employee, the employee's successor, or the assignee of the employee
20 or successor. In this subsection, "compensation" has the meaning
21 assigned by Section 403.055 and [~~"compensation,"~~] "indebtedness,"
22 "state agency," "state employee," and "successor" have the meanings
23 assigned by Section 666.001.

24 SECTION 16.02. Subsection (h), Section 404.022, Government
25 Code, is amended to read as follows:

26 (h) The comptroller may execute a simplified version of a
27 depository agreement with an eligible institution desiring to hold

1 [~~\$98,000 or less in~~] state deposits that are fully insured by the
2 Federal Deposit Insurance Corporation or the National Credit Union
3 Share Insurance Fund.

4 SECTION 16.03. Subsection (d), Section 403.0551,
5 Government Code, as amended by this article, applies to a deduction
6 made on or after the effective date of this Act for an indebtedness
7 to a state agency regardless of:

- 8 (1) the date the indebtedness accrued; or
9 (2) the dates of the pay period for which the
10 compensation from which the indebtedness is deducted is earned.

11 ARTICLE 17. PREPARATION AND PUBLICATION OF CERTAIN REPORTS AND
12 OTHER MATERIALS

13 SECTION 17.01. Subsection (c), Section 61.539, Education
14 Code, is amended to read as follows:

15 (c) As soon as practicable after each state fiscal year, the
16 board [~~comptroller~~] shall prepare a report for that fiscal year of
17 the number of students registered in a medical branch, school, or
18 college, the total amount of tuition charges collected by each
19 institution, the total amount transferred to the comptroller under
20 this section, and the total amount available in the physician
21 education loan repayment program account for the repayment of
22 student loans of physicians under this subchapter. The board
23 [~~comptroller~~] shall deliver a copy of the report to [~~the board and~~
24 ~~to~~] the governor, lieutenant governor, and speaker of the house of
25 representatives not later than January 1 following the end of the
26 fiscal year covered by the report.

27 SECTION 17.02. Subsection (c), Section 5.05, Tax Code, is

1 amended to read as follows:

2 (c) The comptroller shall electronically publish all
3 materials under this section [~~provide without charge one copy of~~
4 ~~all materials to officials of local government who are responsible]~~
5 for administering the property tax system. [~~If a local government~~
6 ~~official requests more than one copy, the comptroller may charge a~~
7 ~~reasonable fee to offset the costs of printing and distributing the~~
8 ~~materials.~~] The comptroller shall make the materials available to
9 local governmental officials and members of the public but may
10 charge a reasonable fee to offset the costs of preparing, printing,
11 and distributing the materials.

12 SECTION 17.03. Section 5.06, Tax Code, is amended to read as
13 follows:

14 Sec. 5.06. EXPLANATION OF TAXPAYER REMEDIES. [~~(a)~~] The
15 comptroller shall prepare and electronically publish a pamphlet
16 explaining the remedies available to dissatisfied taxpayers and the
17 procedures to be followed in seeking remedial action. The
18 comptroller shall include in the pamphlet advice on preparing and
19 presenting a protest.

20 [~~(b) The comptroller shall provide without charge a~~
21 ~~reasonable number of copies of the pamphlet to any person on~~
22 ~~request. The comptroller may charge a person who requests multiple~~
23 ~~copies of the pamphlet a reasonable fee to offset the costs of~~
24 ~~printing and distributing those copies. The comptroller at its~~
25 ~~discretion shall determine the number of copies that a person may~~
26 ~~receive without charge.~~]

27 SECTION 17.04. Section 5.09, Tax Code, is amended to read as

1 follows:

2 Sec. 5.09. BIENNIAL [~~ANNUAL~~] REPORTS. (a) The comptroller
3 shall prepare a biennial [~~publish an annual~~] report of [~~the~~
4 ~~operations of the appraisal districts. The report shall include~~
5 ~~for each appraisal district, each county, and each school district~~
6 ~~and may include for other taxing units]~~ the total appraised
7 values[~~, assessed values,~~] and taxable values of taxable property
8 by category [~~class of property, the assessment ratio,~~] and the tax
9 rates of each county, municipality, and school district in effect
10 for the two years preceding the year in which the report is prepared
11 [~~rate~~].

12 (b) Not later than December 31 of each even-numbered year,
13 the [~~The~~] comptroller shall:

14 (1) electronically publish on the comptroller's
15 Internet website the [~~deliver a copy of each annual~~] report
16 required by [~~published under~~] Subsection (a); and

17 (2) notify [~~of this section to~~] the governor, the
18 lieutenant governor, and each member of the legislature that the
19 report is available on the website.

20 SECTION 17.05. The following are repealed:

21 (1) Section 403.030 and Subsection (e), Section
22 552.143, Government Code; and

23 (2) Subchapter F, Chapter 379A, Local Government Code.

24 ARTICLE 18. SURPLUS LINES AND INDEPENDENTLY PROCURED INSURANCE

25 SECTION 18.01. Subsection (b), Section 101.053, Insurance
26 Code, is amended to read as follows:

27 (b) Sections 101.051 and 101.052 do not apply to:

- 1 (1) the lawful transaction of surplus lines insurance
2 under Chapter 981;
- 3 (2) the lawful transaction of reinsurance by insurers;
- 4 (3) a transaction in this state that:
- 5 (A) involves a policy that:
- 6 (i) is lawfully solicited, written, and
7 delivered outside this state; and
- 8 (ii) covers, at the time the policy is
9 issued, only subjects of insurance that are not resident, located,
10 or expressly to be performed in this state; and
- 11 (B) takes place after the policy is issued;
- 12 (4) a transaction:
- 13 (A) that involves an insurance contract
14 independently procured by the insured from an insurance company not
15 authorized to do insurance business in this state through
16 negotiations occurring entirely outside this state;
- 17 (B) that is reported; and
- 18 (C) on which premium tax, if applicable, is paid
19 in accordance with Chapter 226;
- 20 (5) a transaction in this state that:
- 21 (A) involves group life, health, or accident
22 insurance, other than credit insurance, and group annuities in
23 which the master policy for the group was lawfully issued and
24 delivered in a state in which the insurer or person was authorized
25 to do insurance business; and
- 26 (B) is authorized by a statute of this state;
- 27 (6) an activity in this state by or on the sole behalf

1 of a nonadmitted captive insurance company that insures solely:

2 (A) directors' and officers' liability insurance
3 for the directors and officers of the company's parent and
4 affiliated companies;

5 (B) the risks of the company's parent and
6 affiliated companies; or

7 (C) both the individuals and entities described
8 by Paragraphs (A) and (B);

9 (7) the issuance of a qualified charitable gift
10 annuity under Chapter 102; or

11 (8) a lawful transaction by a servicing company of the
12 Texas workers' compensation employers' rejected risk fund under
13 Section 4.08, Article 5.76-2, as that article existed before its
14 repeal.

15 SECTION 18.02. Section 225.001, Insurance Code, is amended
16 to read as follows:

17 Sec. 225.001. DEFINITIONS [~~DEFINITION~~]. In this chapter:

18 (1) "Affiliate" means, with respect to an insured, a
19 person or entity that controls, is controlled by, or is under common
20 control with the insured.

21 (2) "Affiliated group" means a group of entities whose
22 members are all affiliated.

23 (3) "Control" means, with respect to determining the
24 home state of an affiliated entity:

25 (A) to directly or indirectly, acting through one
26 or more persons, own, control, or hold the power to vote at least 25
27 percent of any class of voting security of the affiliated entity; or

1 (B) to control in any manner the election of the
2 majority of directors or trustees of the affiliated entity.

3 (4) "Home state" means:

4 (A) for an insured that is not an affiliated
5 group described by Paragraph (B):

6 (i) the state in which the insured
7 maintains the insured's principal residence, if the insured is an
8 individual;

9 (ii) the state in which an insured that is
10 not an individual maintains its principal place of business; or

11 (iii) if 100 percent of the insured risk is
12 located outside of the state in which the insured maintains the
13 insured's principal residence or maintains the insured's principal
14 place of business, as applicable, the state to which the largest
15 percentage of the insured's taxable premium for the insurance
16 contract that covers the risk is allocated; or

17 (B) for an affiliated group with respect to which
18 more than one member is a named insured on a single insurance
19 contract subject to this chapter, the home state of the member, as
20 determined under Paragraph (A), that has the largest percentage of
21 premium attributed to it under the insurance contract.

22 (5) "Premium" means any payment made in consideration
23 for insurance and [~~7~~, "~~premium~~"] includes:

24 (A) [~~(1)~~] a premium;

25 (B) premium deposits;

26 (C) [~~(2)~~] a membership fee;

27 (D) a registration fee;

- 1 (E) [~~(3)~~] an assessment;
- 2 (F) [~~(4)~~] dues; and
- 3 (G) [~~(5)~~] any other compensation given in
- 4 consideration for surplus lines insurance.

5 SECTION 18.03. Section 225.002, Insurance Code, is amended
6 to read as follows:

7 Sec. 225.002. APPLICABILITY OF CHAPTER. This chapter
8 applies to a surplus lines agent who collects gross premiums for
9 surplus lines insurance for any risk in which this state is the home
10 state of the insured.

11 SECTION 18.04. Section 225.004, Insurance Code, is amended
12 by adding Subsections (a-1) and (f) and amending Subsections (b),
13 (c), and (e) to read as follows:

14 (a-1) Consistent with 15 U.S.C. Section 8201 et seq., this
15 state may not impose a premium tax on nonadmitted insurance
16 premiums other than premiums paid for insurance in which this state
17 is the home state of the insured.

18 (b) Taxable gross premiums under this section are based on
19 gross premiums written or received for surplus lines insurance
20 placed through an eligible surplus lines insurer during a calendar
21 year. Notwithstanding the tax basis described by this subsection,
22 the comptroller by rule may establish an alternate basis for
23 taxation for multistate and single-state policies for the purpose
24 of achieving uniformity.

25 (c) If a surplus lines insurance policy covers risks or
26 exposures only partially located in this state, and this state has
27 not entered into a cooperative agreement, reciprocal agreement, or

1 compact with another state for the collection of surplus lines tax
2 as authorized by Chapter 229, the tax is computed on the entire
3 policy [~~portion of the~~] premium for any policy in which this state
4 is the home state of the insured [~~that is properly allocated to a~~
5 ~~risk or exposure located in this state~~].

6 (e) Premiums [~~The following premiums are not taxable in~~
7 ~~this state:~~

8 [~~(1) premiums properly allocated to another state that~~
9 ~~are specifically exempt from taxation in that state; and~~

10 [~~(2) premiums~~] on risks or exposures that are properly
11 allocated to federal or international waters or are under the
12 jurisdiction of a foreign government are not taxable in this state.

13 (f) If this state enters a cooperative agreement,
14 reciprocal agreement, or compact with another state for the
15 allocation of surplus lines tax as authorized by Chapter 229, taxes
16 due on multistate policies shall be allocated and reported in
17 accordance with the agreement or compact.

18 SECTION 18.05. Section 225.005, Insurance Code, is amended
19 to read as follows:

20 Sec. 225.005. TAX EXCLUSIVE. The tax imposed by this
21 chapter is a transaction tax collected by the surplus lines agent of
22 record and is in lieu of any [~~all~~] other transaction [~~insurance~~]
23 taxes on these premiums.

24 SECTION 18.06. Section 225.009, Insurance Code, is amended
25 by adding Subsection (d) to read as follows:

26 (d) Notwithstanding Subsections (a), (b), and (c), if this
27 state enters a cooperative agreement, reciprocal agreement, or

1 compact with another state for the allocation of surplus lines tax
2 as authorized by Chapter 229, the tax shall be allocated and
3 reported in accordance with the terms of the agreement or compact.

4 SECTION 18.07. Section 226.051, Insurance Code, is amended
5 to read as follows:

6 Sec. 226.051. DEFINITIONS [~~DEFINITION~~]. In this
7 subchapter:

8 (1) "Affiliate" means, with respect to an insured, a
9 person or entity that controls, is controlled by, or is under common
10 control with the insured.

11 (2) "Affiliated group" means a group of entities whose
12 members are all affiliated.

13 (3) "Control" means, with respect to determining the
14 home state of an affiliated entity:

15 (A) to directly or indirectly, acting through one
16 or more persons, own, control, or hold the power to vote at least 25
17 percent of any class of voting security of the affiliated entity; or

18 (B) to control in any manner the election of the
19 majority of directors or trustees of the affiliated entity.

20 (4) "Home state" means:

21 (A) for an insured that is not an affiliated
22 group described by Paragraph (B):

23 (i) the state in which the insured
24 maintains the insured's principal residence, if the insured is an
25 individual;

26 (ii) the state in which an insured that is
27 not an individual maintains its principal place of business; or

1 (iii) if 100 percent of the insured risk is
2 located outside of the state in which the insured maintains the
3 insured's principal residence or maintains the insured's principal
4 place of business, as applicable, the state to which the largest
5 percentage of the insured's taxable premium for the insurance
6 contract that covers the risk is allocated; or

7 (B) for an affiliated group with respect to which
8 more than one member is a named insured on a single insurance
9 contract subject to this chapter, the home state of the member, as
10 determined under Paragraph (A), that has the largest percentage of
11 premium attributed to it under the insurance contract.

12 (5) "Independently procured insurance" means
13 insurance procured directly by an insured from a nonadmitted
14 insurer.

15 (6) "Premium" means any payment made in consideration
16 for insurance and~~[, "premium"]~~ includes ~~[any consideration for~~
17 ~~insurance, including]:~~

18 (A) [~~(1)~~] a premium;

19 (B) premium deposits;

20 (C) [~~(2)~~] a membership fee; [~~or~~]

21 (D) a registration fee;

22 (E) an assessment;

23 (F) [~~(3)~~] dues; and

24 (G) any other compensation given in
25 consideration for insurance.

26 SECTION 18.08. Section 226.052, Insurance Code, is amended
27 to read as follows:

1 Sec. 226.052. APPLICABILITY OF SUBCHAPTER. This subchapter
2 applies to an insured who procures an independently procured
3 insurance contract for any risk in which this state is the home
4 state of the insured [~~in accordance with Section 101.053(b)(4)~~].

5 SECTION 18.09. Section 226.053, Insurance Code, is amended
6 by amending Subsections (a) and (b) and adding Subsection (d) to
7 read as follows:

8 (a) A tax is imposed on each insured at the rate of 4.85
9 percent of the premium paid for the insurance contract procured in
10 accordance with Section 226.052 [~~101.053(b)(4)~~].

11 (b) If an independently procured insurance policy
12 [~~contract~~] covers risks or exposures only partially located in this
13 state and this state has not joined a cooperative agreement,
14 reciprocal agreement, or compact with another state for the
15 allocation of nonadmitted insurance taxes as authorized by Chapter
16 229, the tax is computed on the entire policy [~~portion of the~~]
17 premium for any policy in which this state is the home state of the
18 insured [~~that is properly allocated to a risk or exposure located in~~
19 ~~this state~~].

20 (d) If this state enters into a cooperative agreement,
21 reciprocal agreement, or compact with another state for the
22 allocation of nonadmitted insurance taxes as authorized by Chapter
23 229, the tax due on multistate policies shall be allocated and
24 reported in accordance with the agreement or compact.

25 SECTION 18.10. Section 981.008, Insurance Code, is amended
26 to read as follows:

27 Sec. 981.008. SURPLUS LINES INSURANCE PREMIUM TAX. The

1 premiums charged for surplus lines insurance are subject to the
2 premium tax, if applicable, imposed under Chapter 225.

3 SECTION 18.11. The following provisions are repealed:

4 (1) Subsections (d) and (d-1), Section 225.004,
5 Insurance Code; and

6 (2) Subsection (b-1), Section 226.053, Insurance
7 Code.

8 SECTION 18.12. The changes in law made by this article to
9 Chapters 225 and 226, Insurance Code, apply only to an insurance
10 policy that is delivered, issued for delivery, or renewed on or
11 after July 21, 2011. A policy that is delivered, issued for
12 delivery, or renewed before July 21, 2011, is governed by the law as
13 it existed immediately before the effective date of this article,
14 and that law is continued in effect for that purpose.

15 SECTION 18.13. This article takes effect immediately if
16 this Act receives a vote of two-thirds of all the members elected to
17 each house, as provided by Section 39, Article III, Texas
18 Constitution. If this Act does not receive the vote necessary for
19 immediate effect, this article takes effect on the 91st day after
20 the last day of the legislative session.

21 ARTICLE 19. FISCAL MATTERS CONCERNING EARLY HIGH SCHOOL
22 GRADUATION

23 SECTION 19.01. Subchapter K, Chapter 56, Education Code, is
24 amended by adding Section 56.2012 to read as follows:

25 Sec. 56.2012. EXPIRATION OF SUBCHAPTER; ELIGIBILITY
26 CLOSED. (a) This subchapter expires September 1, 2017.

27 (b) Notwithstanding Section 56.203, a person may not

1 receive an award under this subchapter if the person graduates from
2 high school on or after September 1, 2011.

3 SECTION 19.02. (a) Subsection (b), Section 54.213,
4 Education Code, is amended to read as follows:

5 (b) [~~Savings to the foundation school fund that occur as a~~
6 ~~result of the Early High School Graduation Scholarship program~~
7 ~~created in Subchapter K, Chapter 56, and that are not required for~~
8 ~~the funding of state credits for tuition and mandatory fees under~~
9 ~~Section 56.204 or school district credits under Section 56.2075~~
10 ~~shall be used first to provide tuition exemptions under Section~~
11 ~~54.212. Any of those savings remaining after providing tuition~~
12 ~~exemptions under Section 54.212 shall be used to provide tuition~~
13 ~~exemptions under Section 54.214.] The Texas Education Agency shall
14 [also] accept and make available to provide tuition exemptions
15 under Section 54.214 gifts, grants, and donations made to the
16 agency for that purpose. The commissioner of education shall
17 transfer those funds to the Texas Higher Education Coordinating
18 Board to distribute to institutions of higher education that
19 provide exemptions under that section [~~Payment of funds under this~~
20 ~~subsection shall be made in the manner provided by Section 56.207~~
21 ~~for state credits under Subchapter K, Chapter 56].~~~~

22 (b) If S.B. No. 32, Acts of the 82nd Legislature, Regular
23 Session, 2011, becomes law, effective January 1, 2012, Subsection
24 (b), Section 54.362, Education Code, as transferred and
25 redesignated by Section 1 of that bill, is further amended to read
26 as follows:

27 (b) [~~Savings to the foundation school fund that occur as a~~

1 ~~result of the Early High School Graduation Scholarship program~~
2 ~~created in Subchapter K, Chapter 56, and that are not required for~~
3 ~~the funding of state credits for tuition and mandatory fees under~~
4 ~~Section 56.204 or school district credits under Section 56.2075~~
5 ~~shall be used first to provide tuition exemptions under Section~~
6 ~~54.361. Any of those savings remaining after providing tuition~~
7 ~~exemptions under Section 54.361 shall be used to provide tuition~~
8 ~~exemptions under Section 54.363.]~~ The Texas Education Agency shall
9 [also] accept and make available to provide tuition exemptions
10 under Section 54.363 gifts, grants, and donations made to the
11 agency for that purpose. The commissioner of education shall
12 transfer those funds to the Texas Higher Education Coordinating
13 Board to distribute to institutions of higher education that
14 provide exemptions under that section [~~Payment of funds under this~~
15 ~~subsection shall be made in the manner provided by Section 56.207~~
16 ~~for state credits under Subchapter K, Chapter 56].~~

17 (c) If H.B. No. 3708, Acts of the 82nd Legislature, Regular
18 Session, 2011, becomes law, Subsection (a) of this section has no
19 effect.

20 SECTION 19.03. Section 56.210, Education Code, is repealed.

21 ARTICLE 20. FISCAL MATTERS CONCERNING RETIRED TEACHERS

22 SECTION 20.01. Notwithstanding Subsection (a), Section
23 825.404, Government Code, for the state fiscal year ending August
24 31, 2012, the amount of the state contribution to the Teacher
25 Retirement System of Texas under that section may be less than the
26 amount contributed by members during that fiscal year.

27 SECTION 20.02. Notwithstanding Subsection (a), Section

1 1575.202, Insurance Code, for the state fiscal year ending August
2 31, 2013, the state may contribute an amount to the retired school
3 employees group insurance fund that is less than one percent of the
4 salary of each active employee.

5 SECTION 20.03. For purposes of interpreting and
6 implementing Section 825.406, Government Code, the Teacher
7 Retirement System of Texas may not consider salaries of personnel
8 paid wholly or partly from the Education Jobs Fund distributed to
9 school districts under Title I of Pub. L. No. 111-226 as being paid
10 from federal funds.

11 SECTION 20.04. If S.B. No. 1667, Acts of the 82nd
12 Legislature, Regular Session, 2011, becomes law, Sections 20.01 and
13 20.02 of this article have no effect.

14 ARTICLE 21. COASTAL EROSION

15 SECTION 21.01. Section 33.608, Natural Resources Code, is
16 amended to read as follows:

17 Sec. 33.608. REPORT TO LEGISLATURE. (a) Each biennium,
18 the commissioner shall submit to the legislature a report listing:

- 19 (1) each critical erosion area;
- 20 (2) each proposed erosion response study or project;
- 21 (3) an estimate of the cost of each proposed study or
22 project described by Subdivision (2);
- 23 (4) each coastal erosion response study or project
24 funded under this subchapter during the preceding biennium;
- 25 (5) the economic and natural resource benefits from
26 each coastal erosion response study or project described by
27 Subdivision (4);

1 (6) the financial status of the account; and

2 (7) an estimate of the cost of implementing this
3 subchapter during the succeeding biennium.

4 (b) The report must include a plan for coastal erosion
5 response studies and projects that may be funded, wholly or partly,
6 from money in the account and may be undertaken during the next 10
7 or more years.

8 ARTICLE 22. FISCAL MATTERS CONCERNING PARKS AND WILDLIFE
9 CONTRIBUTIONS

10 SECTION 22.01. Subchapter D, Chapter 502, Transportation
11 Code, is amended by adding Sections 502.1747 and 502.1748 to read as
12 follows:

13 Sec. 502.1747. VOLUNTARY CONTRIBUTION TO PARKS AND WILDLIFE
14 DEPARTMENT. (a) When a person registers or renews the
15 registration of a motor vehicle under this chapter, the person may
16 contribute \$5 or more to the Parks and Wildlife Department.

17 (b) The department shall:

18 (1) include space on each motor vehicle registration
19 renewal notice, on the page that states the total fee for
20 registration renewal, that allows a person renewing a registration
21 to indicate the amount that the person is voluntarily contributing
22 to the state parks account;

23 (2) provide an opportunity to contribute to the state
24 parks account similar to the opportunity described by Subsection
25 (a) and in the manner described by Subdivision (1) in any
26 registration renewal system that succeeds the system in place on
27 September 1, 2011; and

1 (3) provide an opportunity for a person to contribute
2 to the state parks account during the registration renewal process
3 on the department's Internet website.

4 (c) If a person makes a contribution under this section and
5 does not pay the full amount of a registration fee, the county
6 assessor-collector may credit all or a portion of the contribution
7 to the person's registration fee.

8 (d) The county assessor-collector shall send any
9 contribution made under this section to the comptroller for deposit
10 to the credit of the state parks account under Section 11.035, Parks
11 and Wildlife Code. Money received by the Parks and Wildlife
12 Department under this section may be used only for the operation and
13 maintenance of state parks, historic sites, or natural areas under
14 the jurisdiction of the Parks and Wildlife Department.

15 (e) The department shall consult with the Parks and Wildlife
16 Department in performing the department's duties under this
17 section.

18 Sec. 502.1748. DISPOSITION OF CERTAIN VOLUNTARY
19 CONTRIBUTIONS. If a person makes a voluntary contribution under
20 Section 502.1746 or 502.1747 at the time the person registers or
21 renews the registration of a motor vehicle under this chapter but
22 the person does not clearly specify the entity to which the person
23 intends to contribute, the county assessor-collector shall divide
24 the contribution between the entities authorized to receive
25 contributions under those sections.

26 SECTION 22.02. Sections 502.1747 and 502.1748,
27 Transportation Code, as added by this article, apply only to a motor

1 vehicle registration renewal notice issued for a registration that
2 expires on or after January 1, 2012.

3 SECTION 22.03. If H.B. No. 1301, Acts of the 82nd
4 Legislature, Regular Session, 2011, becomes law, this article has
5 no effect.

6 ARTICLE 23. FISCAL MATTERS CONCERNING OIL AND GAS REGULATION

7 SECTION 23.01. Subsection (c), Section 81.0521, Natural
8 Resources Code, is amended to read as follows:

9 (c) Two-thirds of the proceeds from this fee, excluding
10 [~~including~~] any penalties collected in connection with the fee,
11 shall be deposited to the oil and gas regulation and [~~oil-field~~]
12 cleanup fund as provided by Section 81.067 [~~91.111~~].

13 SECTION 23.02. Subchapter C, Chapter 81, Natural Resources
14 Code, is amended by adding Sections 81.067 through 81.070 to read as
15 follows:

16 Sec. 81.067. OIL AND GAS REGULATION AND CLEANUP FUND.

17 (a) The oil and gas regulation and cleanup fund is created as an
18 account in the general revenue fund of the state treasury.

19 (b) The commission shall certify to the comptroller the date
20 on which the balance in the fund equals or exceeds \$20 million. The
21 oil-field cleanup regulatory fees on oil and gas shall not be
22 collected or required to be paid on or after the first day of the
23 second month following the certification, except that the
24 comptroller shall resume collecting the fees on receipt of a
25 commission certification that the fund has fallen below \$10
26 million. The comptroller shall continue collecting the fees until
27 collections are again suspended in the manner provided by this

1 subsection.

2 (c) The fund consists of:

3 (1) proceeds from bonds and other financial security
4 required by this chapter and benefits under well-specific plugging
5 insurance policies described by Section 91.104(c) that are paid to
6 the state as contingent beneficiary of the policies, subject to the
7 refund provisions of Section 91.1091, if applicable;

8 (2) private contributions, including contributions
9 made under Section 89.084;

10 (3) expenses collected under Section 89.083;

11 (4) fees imposed under Section 85.2021;

12 (5) costs recovered under Section 91.457 or 91.459;

13 (6) proceeds collected under Sections 89.085 and
14 91.115;

15 (7) interest earned on the funds deposited in the
16 fund;

17 (8) oil and gas waste hauler permit application fees
18 collected under Section 29.015, Water Code;

19 (9) costs recovered under Section 91.113(f);

20 (10) hazardous oil and gas waste generation fees
21 collected under Section 91.605;

22 (11) oil-field cleanup regulatory fees on oil
23 collected under Section 81.116;

24 (12) oil-field cleanup regulatory fees on gas
25 collected under Section 81.117;

26 (13) fees for a reissued certificate collected under
27 Section 91.707;

- 1 (14) fees collected under Section 91.1013;
- 2 (15) fees collected under Section 89.088;
- 3 (16) fees collected under Section 91.142;
- 4 (17) fees collected under Section 91.654;
- 5 (18) costs recovered under Sections 91.656 and 91.657;
- 6 (19) two-thirds of the fees collected under Section
- 7 81.0521;
- 8 (20) fees collected under Sections 89.024 and 89.026;
- 9 (21) legislative appropriations; and
- 10 (22) any surcharges collected under Section 81.070.

11 Sec. 81.068. PURPOSE OF OIL AND GAS REGULATION AND CLEANUP
12 FUND. Money in the oil and gas regulation and cleanup fund may be
13 used by the commission or its employees or agents for any purpose
14 related to the regulation of oil and gas development, including oil
15 and gas monitoring and inspections, oil and gas remediation, oil
16 and gas well plugging, public information and services related to
17 those activities, and administrative costs and state benefits for
18 personnel involved in those activities.

19 Sec. 81.069. REPORTING ON PROGRESS IN MEETING PERFORMANCE
20 GOALS FOR THE OIL AND GAS REGULATION AND CLEANUP FUND. (a) The
21 commission, through the legislative appropriations request
22 process, shall establish specific performance goals for the oil and
23 gas regulation and cleanup fund for the next biennium, including
24 goals for each quarter of each state fiscal year of the biennium for
25 the number of:

- 26 (1) orphaned wells to be plugged with state-managed
- 27 funds;

1 (2) abandoned sites to be investigated, assessed, or
2 cleaned up with state funds; and

3 (3) surface locations to be remediated.

4 (b) The commission shall provide quarterly reports to the
5 Legislative Budget Board that include:

6 (1) the following information with respect to the
7 period since the last report was provided as well as cumulatively:

8 (A) the amount of money deposited in the oil and
9 gas regulation and cleanup fund;

10 (B) the amount of money spent from the fund for
11 the purposes described by Subsection (a);

12 (C) the balance of the fund; and

13 (D) the commission's progress in meeting the
14 quarterly performance goals established under Subsection (a) and,
15 if the number of orphaned wells plugged with state-managed funds,
16 abandoned sites investigated, assessed, or cleaned up with state
17 funds, or surface locations remediated is at least five percent
18 less than the number projected in the applicable goal established
19 under Subsection (a), an explanation of the reason for the
20 variance; and

21 (2) any additional information or data requested in
22 writing by the Legislative Budget Board.

23 (c) The commission shall submit to the legislature and make
24 available to the public, annually, a report that reviews the extent
25 to which money provided under Section 81.067 has enabled the
26 commission to better protect the environment through oil-field
27 cleanup activities. The report must include:

- 1 (1) the performance goals established under
2 Subsection (a) for that state fiscal year, the commission's
3 progress in meeting those performance goals, and, if the number of
4 orphaned wells plugged with state-managed funds, abandoned sites
5 investigated, assessed, or cleaned up with state funds, or surface
6 locations remediated is at least five percent less than the number
7 projected in the applicable goal established under Subsection (a),
8 an explanation of the reason for the variance;
- 9 (2) the number of orphaned wells plugged with
10 state-managed funds, by region;
- 11 (3) the number of wells orphaned, by region;
- 12 (4) the number of inactive wells not currently in
13 compliance with commission rules, by region;
- 14 (5) the status of enforcement proceedings for all
15 wells in violation of commission rules and the period during which
16 the wells have been in violation, by region in which the wells are
17 located;
- 18 (6) the number of surface locations remediated, by
19 region;
- 20 (7) a detailed accounting of expenditures of money in
21 the fund for oil-field cleanup activities, including expenditures
22 for plugging of orphaned wells, investigation, assessment, and
23 cleaning up of abandoned sites, and remediation of surface
24 locations;
- 25 (8) the method by which the commission sets priorities
26 by which it determines the order in which orphaned wells are
27 plugged;

1 (9) a projection of the amount of money needed for the
2 next biennium for plugging orphaned wells, investigating,
3 assessing, and cleaning up abandoned sites, and remediating surface
4 locations; and

5 (10) the number of sites successfully remediated under
6 the voluntary cleanup program under Subchapter O, Chapter 91, by
7 region.

8 Sec. 81.070. ESTABLISHMENT OF SURCHARGES ON FEES.

9 (a) Except as provided by Subsection (b), the commission by rule
10 shall provide for the imposition of reasonable surcharges as
11 necessary on fees imposed by the commission that are required to be
12 deposited to the credit of the oil and gas regulation and cleanup
13 fund as provided by Section 81.067 in amounts sufficient to enable
14 the commission to recover the costs of performing the functions
15 specified by Section 81.068 from those fees and surcharges.

16 (b) The commission may not impose a surcharge on an
17 oil-field cleanup regulatory fee on oil collected under Section
18 81.116 or an oil-field cleanup regulatory fee on gas collected
19 under Section 81.117.

20 (c) The commission by rule shall establish a methodology for
21 determining the amount of a surcharge that takes into account:

22 (1) the time required for regulatory work associated
23 with the activity in connection with which the surcharge is
24 imposed;

25 (2) the number of individuals or entities from which
26 the commission's costs may be recovered;

27 (3) the effect of the surcharge on operators of all

1 sizes, as measured by the number of oil or gas wells operated;

2 (4) the balance in the oil and gas regulation and
3 cleanup fund; and

4 (5) any other factors the commission determines to be
5 important to the fair and equitable imposition of the surcharge.

6 (d) The commission shall collect a surcharge on a fee at the
7 time the fee is collected.

8 (e) A surcharge collected under this section shall be
9 deposited to the credit of the oil and gas regulation and cleanup
10 fund as provided by Section 81.067.

11 (f) A surcharge collected under this section shall not
12 exceed an amount equal to 185 percent of the fee on which it is
13 imposed.

14 SECTION 23.03. Section 81.115, Natural Resources Code, is
15 amended to read as follows:

16 Sec. 81.115. APPROPRIATIONS [PAYMENTS] TO COMMISSION FOR
17 OIL AND GAS REGULATION AND CLEANUP PURPOSES [DIVISION]. Money
18 appropriated to the [~~oil and gas division of the~~] commission under
19 the General Appropriations Act for the purposes described by
20 Section 81.068 shall be paid from the oil and gas regulation and
21 cleanup fund [~~General Revenue Fund~~].

22 SECTION 23.04. Subsections (d) and (e), Section 81.116,
23 Natural Resources Code, are amended to read as follows:

24 (d) The comptroller shall suspend collection of the fee in
25 the manner provided by Section 81.067 [~~91.111~~]. The exemptions and
26 reductions set out in Sections 202.052, 202.054, 202.056, 202.057,
27 202.059, and 202.060, Tax Code, do not affect the fee imposed by

1 this section.

2 (e) Proceeds from the fee, excluding [~~including~~] any
3 penalties collected in connection with the fee, shall be deposited
4 to the oil and gas regulation and [~~oil-field~~] cleanup fund as
5 provided by Section 81.067 [~~91.111 of this code~~].

6 SECTION 23.05. Subsections (d) and (e), Section 81.117,
7 Natural Resources Code, are amended to read as follows:

8 (d) The comptroller shall suspend collection of the fee in
9 the manner provided by Section 81.067 [~~91.111~~]. The exemptions and
10 reductions set out in Sections 201.053, 201.057, 201.058, and
11 202.060, Tax Code, do not affect the fee imposed by this section.

12 (e) Proceeds from the fee, excluding [~~including~~] any
13 penalties collected in connection with the fee, shall be deposited
14 to the oil and gas regulation and [~~oil-field~~] cleanup fund as
15 provided by Section 81.067 [~~91.111 of this code~~].

16 SECTION 23.06. Subsection (d), Section 85.2021, Natural
17 Resources Code, is amended to read as follows:

18 (d) All fees collected under this section shall be deposited
19 in the oil and gas regulation and [~~state oil-field~~] cleanup fund.

20 SECTION 23.07. Subsection (d), Section 89.024, Natural
21 Resources Code, is amended to read as follows:

22 (d) An operator who files an abeyance of plugging report
23 must pay an annual fee of \$100 for each well covered by the report.
24 A fee collected under this section shall be deposited in the oil and
25 gas regulation and [~~oil-field~~] cleanup fund.

26 SECTION 23.08. Subsection (d), Section 89.026, Natural
27 Resources Code, is amended to read as follows:

1 (d) An operator who files documentation described by
2 Subsection (a) must pay an annual fee of \$50 for each well covered
3 by the documentation. A fee collected under this section shall be
4 deposited in the oil and gas regulation and [~~oil-field~~] cleanup
5 fund.

6 SECTION 23.09. Subsection (d), Section 89.048, Natural
7 Resources Code, is amended to read as follows:

8 (d) On successful plugging of the well by the well plugger,
9 the surface estate owner may submit documentation to the commission
10 of the cost of the well-plugging operation. The commission shall
11 reimburse the surface estate owner from money in the oil and gas
12 regulation and [~~oil-field~~] cleanup fund in an amount not to exceed
13 50 percent of the lesser of:

- 14 (1) the documented well-plugging costs; or
15 (2) the average cost incurred by the commission in the
16 preceding 24 months in plugging similar wells located in the same
17 general area.

18 SECTION 23.10. Subsection (j), Section 89.083, Natural
19 Resources Code, is amended to read as follows:

20 (j) Money collected in a suit under this section shall be
21 deposited in the oil and gas regulation and [~~state oil-field~~]
22 cleanup fund.

23 SECTION 23.11. Subsection (d), Section 89.085, Natural
24 Resources Code, is amended to read as follows:

25 (d) The commission shall deposit money received from the
26 sale of well-site equipment or hydrocarbons under this section to
27 the credit of the oil and gas regulation and [~~oil-field~~] cleanup

1 fund. The commission shall separately account for money and credit
2 received for each well.

3 SECTION 23.12. The heading to Section 89.086, Natural
4 Resources Code, is amended to read as follows:

5 Sec. 89.086. CLAIMS AGAINST OIL AND GAS REGULATION AND [~~THE~~
6 ~~OIL-FIELD~~] CLEANUP FUND.

7 SECTION 23.13. Subsections (a) and (h) through (k), Section
8 89.086, Natural Resources Code, are amended to read as follows:

9 (a) A person with a legal or equitable ownership or security
10 interest in well-site equipment or hydrocarbons disposed of under
11 Section 89.085 [~~of this code~~] may make a claim against the oil and
12 gas regulation and [~~oil-field~~] cleanup fund unless an element of
13 the transaction giving rise to the interest occurs after the
14 commission forecloses its statutory lien under Section 89.083.

15 (h) The commission shall suspend an amount of money in the
16 oil and gas regulation and [~~oil-field~~] cleanup fund equal to the
17 amount of the claim until the claim is finally resolved. If the
18 provisions of Subsection (k) [~~of this section~~] prevent suspension
19 of the full amount of the claim, the commission shall treat the
20 claim as two consecutively filed claims, one in the amount of funds
21 available for suspension and the other in the remaining amount of
22 the claim.

23 (i) A claim made by or on behalf of the operator or a
24 nonoperator of a well or a successor to the rights of the operator
25 or nonoperator is subject to a ratable deduction from the proceeds
26 or credit received for the well-site equipment to cover the costs
27 incurred by the commission in removing the equipment or

1 hydrocarbons from the well or in transporting, storing, or
2 disposing of the equipment or hydrocarbons. A claim made by a
3 person who is not an operator or nonoperator is subject to a ratable
4 deduction for the costs incurred by the commission in removing the
5 equipment from the well. If a claimant is a person who is
6 responsible under law or commission rules for plugging the well or
7 cleaning up pollution originating on the lease or if the claimant
8 owes a penalty assessed by the commission or a court for a violation
9 of a commission rule or order, the commission may recoup from or
10 offset against a valid claim an expense incurred by the oil and gas
11 regulation and [~~oil-field~~] cleanup fund that is not otherwise
12 reimbursed or any penalties owed. An amount recouped from,
13 deducted from, or offset against a claim under this subsection
14 shall be treated as an invalid portion of the claim and shall remain
15 suspended in the oil and gas regulation and [~~oil-field~~] cleanup
16 fund in the manner provided by Subsection (j) [~~of this section~~].

17 (j) If the commission finds that a claim is valid in whole or
18 in part, the commission shall pay the valid portion of the claim
19 from the suspended amount in the oil and gas regulation and
20 [~~oil-field~~] cleanup fund not later than the 30th day after the date
21 of the commission's decision. If the commission finds that a claim
22 is invalid in whole or in part, the commission shall continue to
23 suspend in the oil and gas regulation and [~~oil-field~~] cleanup fund
24 an amount equal to the invalid portion of the claim until the period
25 during which the commission's decision may be appealed has expired
26 or, if appealed, during the period the case is under judicial
27 review. If on appeal the district court finds the claim valid in

1 whole or in part, the commission shall pay the valid portion of the
2 claim from the suspended amount in the oil and gas regulation and
3 ~~[oil-field]~~ cleanup fund not later than 30 days after the date the
4 court's judgment becomes unappealable. On the date the
5 commission's decision is not subject to judicial review, the
6 commission shall release from the suspended amount in the oil and
7 gas regulation and ~~[oil-field]~~ cleanup fund the amount of the claim
8 held to be invalid.

9 (k) If the aggregate of claims paid and money suspended that
10 relates to well-site equipment or hydrocarbons from a particular
11 well equals the total of the actual proceeds and credit realized
12 from the disposition of that equipment or those hydrocarbons, the
13 oil and gas regulation and ~~[oil-field]~~ cleanup fund is not liable
14 for any subsequently filed claims that relate to the same equipment
15 or hydrocarbons unless and until the commission releases from the
16 suspended amount money derived from the disposition of that
17 equipment or those hydrocarbons. If the commission releases money,
18 then the commission shall suspend money in the amount of
19 subsequently filed claims in the order of filing.

20 SECTION 23.14. Subsection (b), Section 89.121, Natural
21 Resources Code, is amended to read as follows:

22 (b) Civil penalties collected for violations of this
23 chapter or of rules relating to plugging that are adopted under this
24 code shall be deposited in the general revenue ~~[state oil-field~~
25 ~~cleanup]~~ fund.

26 SECTION 23.15. Subsection (c), Section 91.1013, Natural
27 Resources Code, is amended to read as follows:

1 (c) Fees collected under this section shall be deposited in
2 the oil and gas regulation and [~~state oil-field~~] cleanup fund.

3 SECTION 23.16. Section 91.108, Natural Resources Code, is
4 amended to read as follows:

5 Sec. 91.108. DEPOSIT AND USE OF FUNDS. Subject to the
6 refund provisions of Section 91.1091, if applicable, proceeds from
7 bonds and other financial security required pursuant to this
8 chapter and benefits under well-specific plugging insurance
9 policies described by Section 91.104(c) that are paid to the state
10 as contingent beneficiary of the policies shall be deposited in the
11 oil and gas regulation and [~~oil-field~~] cleanup fund and,
12 notwithstanding Sections 81.068 [~~91.112~~] and 91.113, may be used
13 only for actual well plugging and surface remediation.

14 SECTION 23.17. Subsection (a), Section 91.109, Natural
15 Resources Code, is amended to read as follows:

16 (a) A person applying for or acting under a commission
17 permit to store, handle, treat, reclaim, or dispose of oil and gas
18 waste may be required by the commission to maintain a performance
19 bond or other form of financial security conditioned that the
20 permittee will operate and close the storage, handling, treatment,
21 reclamation, or disposal site in accordance with state law,
22 commission rules, and the permit to operate the site. However, this
23 section does not authorize the commission to require a bond or other
24 form of financial security for saltwater disposal pits, emergency
25 saltwater storage pits (including blow-down pits), collecting
26 pits, or skimming pits provided that such pits are used in
27 conjunction with the operation of an individual oil or gas lease.

1 Subject to the refund provisions of Section 91.1091 [~~of this code~~],
2 proceeds from any bond or other form of financial security required
3 by this section shall be placed in the oil and gas regulation and
4 [~~oil-field~~] cleanup fund. Each bond or other form of financial
5 security shall be renewed and continued in effect until the
6 conditions have been met or release is authorized by the
7 commission.

8 SECTION 23.18. Subsections (a) and (f), Section 91.113,
9 Natural Resources Code, are amended to read as follows:

10 (a) If oil and gas wastes or other substances or materials
11 regulated by the commission under Section 91.101 are causing or are
12 likely to cause the pollution of surface or subsurface water, the
13 commission, through its employees or agents, may use money in the
14 oil and gas regulation and [~~oil-field~~] cleanup fund to conduct a
15 site investigation or environmental assessment or control or clean
16 up the oil and gas wastes or other substances or materials if:

17 (1) the responsible person has failed or refused to
18 control or clean up the oil and gas wastes or other substances or
19 materials after notice and opportunity for hearing;

20 (2) the responsible person is unknown, cannot be
21 found, or has no assets with which to control or clean up the oil and
22 gas wastes or other substances or materials; or

23 (3) the oil and gas wastes or other substances or
24 materials are causing the pollution of surface or subsurface water.

25 (f) If the commission conducts a site investigation or
26 environmental assessment or controls or cleans up oil and gas
27 wastes or other substances or materials under this section, the

1 commission may recover all costs incurred by the commission from
2 any person who was required by law, rules adopted by the commission,
3 or a valid order of the commission to control or clean up the oil and
4 gas wastes or other substances or materials. The commission by
5 order may require the person to reimburse the commission for those
6 costs or may request the attorney general to file suit against the
7 person to recover those costs. At the request of the commission,
8 the attorney general may file suit to enforce an order issued by the
9 commission under this subsection. A suit under this subsection may
10 be filed in any court of competent jurisdiction in Travis County.
11 Costs recovered under this subsection shall be deposited to the oil
12 and gas regulation and ~~oil-field~~ cleanup fund.

13 SECTION 23.19. Subsection (c), Section 91.264, Natural
14 Resources Code, is amended to read as follows:

15 (c) A penalty collected under this section shall be
16 deposited to the credit of the general revenue ~~oil-field cleanup~~
17 fund ~~[account]~~.

18 SECTION 23.20. Subsection (b), Section 91.457, Natural
19 Resources Code, is amended to read as follows:

20 (b) If a person ordered to close a saltwater disposal pit
21 under Subsection (a) ~~[of this section]~~ fails or refuses to close the
22 pit in compliance with the commission's order and rules, the
23 commission may close the pit using money from the oil and gas
24 regulation and ~~oil-field~~ cleanup fund and may direct the attorney
25 general to file suits in any courts of competent jurisdiction in
26 Travis County to recover applicable penalties and the costs
27 incurred by the commission in closing the saltwater disposal pit.

1 SECTION 23.21. Subsection (c), Section 91.459, Natural
2 Resources Code, is amended to read as follows:

3 (c) Any [~~penalties or~~] costs recovered by the attorney
4 general under this subchapter shall be deposited in the oil and gas
5 regulation and [~~oil-field~~] cleanup fund.

6 SECTION 23.22. Subsection (e), Section 91.605, Natural
7 Resources Code, is amended to read as follows:

8 (e) The fees collected under this section shall be deposited
9 in the oil and gas regulation and [~~oil-field~~] cleanup fund.

10 SECTION 23.23. Subsection (e), Section 91.654, Natural
11 Resources Code, is amended to read as follows:

12 (e) Fees collected under this section shall be deposited to
13 the credit of the oil and gas regulation and [~~oil-field~~] cleanup
14 fund under Section 81.067 [~~91.111~~].

15 SECTION 23.24. Subsection (b), Section 91.707, Natural
16 Resources Code, is amended to read as follows:

17 (b) Fees collected under this section shall be deposited to
18 the oil and gas regulation and [~~oil-field~~] cleanup fund.

19 SECTION 23.25. The heading to Section 121.211, Utilities
20 Code, is amended to read as follows:

21 Sec. 121.211. PIPELINE SAFETY AND REGULATORY FEES.

22 SECTION 23.26. Subsections (a) through (e) and (h), Section
23 121.211, Utilities Code, are amended to read as follows:

24 (a) The railroad commission by rule may adopt a [~~an~~
25 ~~inspection~~] fee to be assessed annually against operators of
26 natural gas distribution pipelines and their pipeline facilities
27 and natural gas master metered pipelines and their pipeline

1 facilities subject to this title [~~chapter~~].

2 (b) The railroad commission by rule shall establish the
3 method by which the fee will be calculated and assessed. In
4 adopting a fee structure, the railroad commission may consider any
5 factors necessary to provide for the equitable allocation among
6 operators of the costs of administering the railroad commission's
7 pipeline safety and regulatory program under this title [~~chapter~~].

8 (c) The total amount of fees estimated to be collected under
9 rules adopted by the railroad commission under this section may not
10 exceed the amount estimated by the railroad commission to be
11 necessary to recover the costs of administering the railroad
12 commission's pipeline safety and regulatory program under this
13 title [~~chapter~~], excluding costs that are fully funded by federal
14 sources.

15 (d) The commission may assess each operator of a natural gas
16 distribution system subject to this title [~~chapter~~] an annual
17 [~~inspection~~] fee not to exceed one dollar for each service line
18 reported by the system on the Distribution Annual Report, Form RSPA
19 F7100.1-1, due on March 15 of each year. The fee is due March 15 of
20 each year.

21 (e) The railroad commission may assess each operator of a
22 natural gas master metered system subject to this title [~~chapter~~]
23 an annual [~~inspection~~] fee not to exceed \$100 for each master
24 metered system. The fee is due June 30 of each year.

25 (h) A fee collected under this section shall be deposited to
26 the credit of the general revenue fund to be used for the pipeline
27 safety and regulatory program.

1 SECTION 23.27. Section 29.015, Water Code, is amended to
2 read as follows:

3 Sec. 29.015. APPLICATION FEE. With each application for
4 issuance, renewal, or material amendment of a permit, the applicant
5 shall submit to the railroad commission a nonrefundable fee of
6 \$100. Fees collected under this section shall be deposited in the
7 oil and gas regulation and [oil-field] cleanup fund.

8 SECTION 23.28. The following provisions of the Natural
9 Resources Code are repealed:

- 10 (1) Section 91.111; and
- 11 (2) Section 91.112.

12 SECTION 23.29. On the effective date of this article:

- 13 (1) the oil-field cleanup fund is abolished;
- 14 (2) any money remaining in the oil-field cleanup fund
15 is transferred to the oil and gas regulation and cleanup fund;
- 16 (3) any claim against the oil-field cleanup fund is
17 transferred to the oil and gas regulation and cleanup fund; and
- 18 (4) any amount required to be deposited to the credit
19 of the oil-field cleanup fund shall be deposited to the credit of
20 the oil and gas regulation and cleanup fund.

21 ARTICLE 24. FISCAL MATTERS REGARDING LEASING CERTAIN STATE
22 FACILITIES

23 SECTION 24.01. The heading to Section 2165.2035, Government
24 Code, is amended to read as follows:

25 Sec. 2165.2035. LEASE OF SPACE IN STATE-OWNED PARKING LOTS
26 AND GARAGES; USE AFTER HOURS.

27 SECTION 24.02. Subchapter E, Chapter 2165, Government Code,

1 is amended by adding Sections 2165.204, 2165.2045, and 2165.2046 to
2 read as follows:

3 Sec. 2165.204. LEASE OF SPACE IN STATE-OWNED PARKING LOTS
4 AND GARAGES; EXCESS INDIVIDUAL PARKING SPACES. (a) The commission
5 may lease to a private individual an individual parking space in a
6 state-owned parking lot or garage located in the city of Austin that
7 the commission determines is not needed to accommodate the regular
8 parking requirements of state employees who work near the lot or
9 garage and visitors to nearby state government offices.

10 (b) Money received from a lease under this section shall be
11 deposited to the credit of the general revenue fund.

12 (c) In leasing a parking space under Subsection (a), the
13 commission must ensure that the lease does not restrict uses for
14 parking lots and garages developed under Section 2165.2035,
15 including special event parking related to institutions of higher
16 education.

17 (d) In leasing or renewing a lease for a parking space under
18 Subsection (a), the commission shall give preference to an
19 individual who is currently leasing or previously leased the
20 parking space.

21 Sec. 2165.2045. LEASE OF SPACE IN STATE-OWNED PARKING LOTS
22 AND GARAGES; EXCESS BLOCKS OF PARKING SPACE. (a) The commission
23 may lease to an institution of higher education or a local
24 government all or a significant block of a state-owned parking lot
25 or garage located in the city of Austin that the commission
26 determines is not needed to accommodate the regular parking
27 requirements of state employees who work near the lot or garage and

1 visitors to nearby state government offices.

2 (b) Money received from a lease under this section shall be
3 deposited to the credit of the general revenue fund.

4 (c) In leasing all or a block of a state-owned parking lot or
5 garage under Subsection (a), the commission must ensure that the
6 lease does not restrict uses for parking lots and garages developed
7 under Section 2165.2035, including special event parking related to
8 institutions of higher education.

9 (d) In leasing or renewing a lease for all or a block of a
10 state-owned parking lot or garage under Subsection (a), the
11 commission shall give preference to an entity that is currently
12 leasing or previously leased the lot or garage or a block of the lot
13 or garage.

14 Sec. 2165.2046. REPORTS ON PARKING PROGRAMS. On or before
15 October 1 of each even-numbered year, the commission shall submit a
16 report to the Legislative Budget Board describing the effectiveness
17 of parking programs developed by the commission under this
18 subchapter. The report must, at a minimum, include:

- 19 (1) the yearly revenue generated by the programs;
20 (2) the yearly administrative and enforcement costs of
21 each program;
22 (3) yearly usage statistics for each program; and
23 (4) initiatives and suggestions by the commission to:
24 (A) modify administration of the programs; and
25 (B) increase revenue generated by the programs.

26 SECTION 24.03. (a) Except as provided by Subsection (b) of
27 this section:

1 (1) this article takes effect immediately if this Act
2 receives a vote of two-thirds of all the members elected to each
3 house, as provided by Section 39, Article III, Texas Constitution;
4 and

5 (2) if this Act does not receive the vote necessary for
6 immediate effect, this article takes effect on the 91st day after
7 the last day of the legislative session.

8 (b) If S.B. No. 1068, Acts of the 82nd Legislature, Regular
9 Session, 2011, becomes law, this article has no effect.

10 ARTICLE 25. FISCAL MATTERS RELATING TO SECRETARY OF STATE

11 SECTION 25.01. Section 405.014, Government Code, is amended
12 to read as follows:

13 Sec. 405.014. ACTS OF THE LEGISLATURE. (a) At each
14 session of the legislature the secretary of state shall obtain the
15 bills that have become law. Immediately after the closing of each
16 session of the legislature, the secretary of state shall bind all
17 enrolled bills and resolutions in volumes on which the date of the
18 session is placed.

19 (b) As soon as practicable after the closing of each session
20 of the legislature, the secretary of state shall publish and
21 maintain electronically the bills enacted at that session. The
22 electronic publication must be:

23 (1) indexed by bill number and assigned chapter number
24 for each bill; and

25 (2) made available by an electronic link on the
26 secretary of state's generally accessible Internet website.

27 SECTION 25.02. Subchapter B, Chapter 2158, Government Code,

1 is repealed.

2 SECTION 25.03. The change in law made by this article does
3 not apply to a contract for the publication of the laws of this
4 state entered into before the effective date of this article.

5 SECTION 25.04. This article takes effect immediately if
6 this Act receives a vote of two-thirds of all the members elected to
7 each house, as provided by Section 39, Article III, Texas
8 Constitution. If this Act does not receive the vote necessary for
9 immediate effect, this article takes effect on the 91st day after
10 the last day of the legislative session.

11 ARTICLE 26. FISCAL MATTERS REGARDING ATTORNEY GENERAL

12 SECTION 26.01. Section 402.006, Government Code, is amended
13 by adding Subsection (e) to read as follows:

14 (e) The attorney general may charge a reasonable fee for the
15 electronic filing of a document.

16 SECTION 26.02. The heading to Section 402.0212, Government
17 Code, is amended to read as follows:

18 Sec. 402.0212. PROVISION OF LEGAL SERVICES--OUTSIDE
19 COUNSEL; FEEES.

20 SECTION 26.03. Section 402.0212, Government Code, is
21 amended by amending Subsections (b) and (c) and adding Subsections
22 (d), (e), and (f) to read as follows:

23 (b) An invoice submitted to a state agency under a contract
24 for legal services as described by Subsection (a) must be reviewed
25 by the attorney general to determine whether the invoice is
26 eligible for payment.

27 (c) An attorney or law firm must pay an administrative fee

1 to the attorney general for the review described in Subsection (b)
2 when entering into a contract to provide legal services to a state
3 agency.

4 (d) For purposes of this section, the functions of a hearing
5 examiner, administrative law judge, or other quasi-judicial
6 officer are not considered legal services.

7 (e) [~~(c)~~] This section shall not apply to the Texas Turnpike
8 Authority division of the Texas Department of Transportation.

9 (f) The attorney general may adopt rules as necessary to
10 implement and administer this section.

11 SECTION 26.04. Section 371.051, Transportation Code, is
12 amended to read as follows:

13 Sec. 371.051. ATTORNEY GENERAL REVIEW AND EXAMINATION FEE.

14 (a) A toll project entity may not enter into a comprehensive
15 development agreement unless the attorney general reviews the
16 proposed agreement and determines that it is legally sufficient.

17 (b) A toll project entity shall pay a nonrefundable
18 examination fee to the attorney general on submitting a proposed
19 comprehensive development agreement for review. At the time the
20 examination fee is paid, the toll project entity shall also submit
21 for review a complete transcript of proceedings related to the
22 comprehensive development agreement.

23 (c) If the toll project entity submits multiple proposed
24 comprehensive development agreements relating to the same toll
25 project for review, the entity shall pay the examination fee under
26 Subsection (b) for each proposed comprehensive development
27 agreement.

1 (d) The attorney general shall provide a legal sufficiency
2 determination not later than the 60th business day after the date
3 the examination fee and transcript of the proceedings required
4 under Subsection (b) are received. If the attorney general cannot
5 provide a legal sufficiency determination within the
6 60-business-day period, the attorney general shall notify the toll
7 project entity in writing of the reason for the delay and may extend
8 the review period for not more than 30 business days.

9 (e) After the attorney general issues a legal sufficiency
10 determination, a toll project entity may supplement the transcript
11 of proceedings or amend the comprehensive development agreement to
12 facilitate a redetermination by the attorney general of the prior
13 legal sufficiency determination issued under this section.

14 (f) The toll project entity may collect or seek
15 reimbursement of the examination fee under Subsection (b) from the
16 private participant.

17 (g) The attorney general by rule shall set the examination
18 fee required under Subsection (b) in a reasonable amount and may
19 adopt other rules as necessary to implement this section. The fee
20 may not be set in an amount that is determined by a percentage of the
21 cost of the toll project. The amount of the fee may not exceed
22 reasonable attorney's fees charged for similar legal services in
23 the private sector.

24 SECTION 26.05. The fee prescribed by Section 402.006,
25 Government Code, as amended by this article, applies only to a
26 document electronically submitted to the office of the attorney
27 general on or after the effective date of this article.

1 SECTION 26.06. The fee prescribed by Section 402.0212,
2 Government Code, as amended by this article, applies only to
3 invoices for legal services submitted to the office of the attorney
4 general for review on or after the effective date of this article.

5 SECTION 26.07. The fee prescribed by Section 371.051,
6 Transportation Code, as amended by this article, applies only to a
7 comprehensive development agreement submitted to the office of the
8 attorney general on or after the effective date of this article.

9 SECTION 26.08. The changes in law made by this article apply
10 only to a contract for legal services between a state agency and a
11 private attorney or law firm entered into on or after the effective
12 date of this article. A contract for legal services between a state
13 agency and a private attorney or law firm entered into before the
14 effective date of this article is governed by the law in effect at
15 the time the contract was entered into, and the former law is
16 continued in effect for that purpose.

17 SECTION 26.09. Except as otherwise provided by this
18 article, this article takes effect immediately if this Act receives
19 a vote of two-thirds of all the members elected to each house, as
20 provided by Section 39, Article III, Texas Constitution. If this
21 Act does not receive the vote necessary for immediate effect, this
22 article takes effect on the 91st day after the last day of the
23 legislative session.

24 SECTION 26.10. (a) If S.B. No. 367, Acts of the 82nd
25 Legislature, Regular Session, 2011, becomes law, Sections 26.02,
26 26.03, 26.06, and 26.08 of this article have no effect.

27 (b) If S.B. No. 731, Acts of the 82nd Legislature, Regular

1 Session, 2011, becomes law, Sections 26.04 and 26.07 of this
2 article have no effect.

3 ARTICLE 27. TEXAS PRESERVATION TRUST FUND ACCOUNT

4 SECTION 27.01. Subsections (a), (b), and (f), Section
5 442.015, Government Code, are amended to read as follows:

6 (a) Notwithstanding Section [~~Sections 403.094 and~~] 403.095,
7 the Texas preservation trust fund account is a separate account in
8 the general revenue fund. The account consists of transfers made to
9 the account, loan repayments, grants and donations made for the
10 purposes of this program, proceeds of sales, income earned
11 [~~earnings~~] on money in the account, and any other money received
12 under this section. Money in [~~Distributions from~~] the account may
13 be used only for the purposes of this section and [~~may not be used~~]
14 to pay operating expenses of the commission. Money allocated to the
15 commission's historic preservation grant program shall be
16 deposited to the credit of the account. Income earned [~~Earnings~~] on
17 money in the account shall be deposited to the credit of the
18 account.

19 (b) The commission may use money in [~~distributions from~~] the
20 Texas preservation trust fund account to provide financial
21 assistance to public or private entities for the acquisition,
22 survey, restoration, or preservation, or for planning and
23 educational activities leading to the preservation, of historic
24 property in the state that is listed in the National Register of
25 Historic Places or designated as a State Archeological Landmark or
26 Recorded Texas Historic Landmark, or that the commission determines
27 is eligible for such listing or designation. The financial

1 assistance may be in the amount and form and according to the terms
2 that the commission by rule determines. The commission shall give
3 priority to property the commission determines to be endangered by
4 demolition, neglect, underuse, looting, vandalism, or other threat
5 to the property. Gifts and grants deposited to the credit of the
6 account specifically for any eligible projects may be used only for
7 the type of projects specified. If such a specification is not
8 made, the gift or grant shall be unencumbered and accrue to the
9 benefit of the Texas preservation trust fund account. If such a
10 specification is made, the entire amount of the gift or grant may be
11 used during any period for the project or type of project specified.

12 (f) The advisory board shall recommend to the commission
13 rules for administering this section [~~Subsections (a)-(e)~~].

14 SECTION 27.02. Subsections (h), (i), (j), (k), and (l),
15 Section 442.015, Government Code, are repealed.

16 SECTION 27.03. The comptroller of public accounts and the
17 Texas Historical Commission shall enter into a memorandum of
18 understanding to facilitate the conversion of assets of the Texas
19 preservation trust fund account into cash for deposit into the
20 state treasury using a method that provides for the lowest amount of
21 revenue loss to the state.

22 SECTION 27.04. This article takes effect November 1, 2011.

23 ARTICLE 28. FISCAL MATTERS CONCERNING INFORMATION TECHNOLOGY

24 SECTION 28.01. Section 2054.380, Government Code, is
25 amended to read as follows:

26 Sec. 2054.380. FEES. (a) The department shall set and
27 charge a fee to each state agency that receives a service from a

1 statewide technology center in an amount sufficient to cover the
2 direct and indirect cost of providing the service.

3 (b) Revenue derived from the collection of fees imposed
4 under Subsection (a) may be appropriated to the department for:

5 (1) developing statewide information resources
6 technology policies and planning under this chapter and Chapter
7 2059; and

8 (2) providing shared information resources technology
9 services under this chapter.

10 SECTION 28.02. Subsection (d), Section 2157.068,
11 Government Code, is amended to read as follows:

12 (d) The department may charge a reasonable administrative
13 fee to a state agency, political subdivision of this state, or
14 governmental entity of another state that purchases commodity items
15 through the department in an amount that is sufficient to recover
16 costs associated with the administration of this section. Revenue
17 derived from the collection of fees imposed under this subsection
18 may be appropriated to the department for:

19 (1) developing statewide information resources
20 technology policies and planning under Chapters 2054 and 2059; and

21 (2) providing shared information resources technology
22 services under Chapter 2054.

23 SECTION 28.03. Subsections (a) and (d), Section 2170.057,
24 Government Code, are amended to read as follows:

25 (a) The department shall develop a system of billings and
26 charges for services provided in operating and administering the
27 consolidated telecommunications system that allocates the total

1 state cost to each entity served by the system based on
2 proportionate usage. The department shall set and charge a fee to
3 each entity that receives services provided under this chapter in
4 an amount sufficient to cover the direct and indirect costs of
5 providing the service. Revenue derived from the collection of fees
6 imposed under this subsection may be appropriated to the department
7 for:

8 (1) developing statewide information resources
9 technology policies and planning under Chapters 2054 and 2059; and

10 (2) providing:

11 (A) shared information resources technology
12 services under Chapter 2054; and

13 (B) network security services under Chapter
14 2059.

15 (d) The department shall maintain in the revolving fund
16 account sufficient amounts to pay the bills of the consolidated
17 telecommunications system and the centralized capitol complex
18 telephone system. ~~[The department shall certify amounts that~~
19 ~~exceed this amount to the comptroller, and the comptroller shall~~
20 ~~transfer the excess amounts to the credit of the statewide network~~
21 ~~applications account established by Section 2054.011.]~~

22 SECTION 28.04. If H.B. No. 2499, Acts of the 82nd
23 Legislature, Regular Session, 2011, becomes law, this article has
24 no effect.

25 ARTICLE 29. STATE DEBT

26 SECTION 29.01. Chapter 1231, Government Code, is amended by
27 adding Subchapter G to read as follows:

1 SUBCHAPTER G. LIMIT ON STATE DEBT PAYABLE FROM GENERAL REVENUE

2 FUND

3 Sec. 1231.151. DEFINITIONS. In this subchapter:

4 (1) "Maximum annual debt service" means the limitation
5 on annual debt service imposed by Section 49-j(a), Article III,
6 Texas Constitution.

7 (2) "State debt payable from the general revenue fund"
8 has the meaning assigned by Section 49-j(b), Article III, Texas
9 Constitution.

10 (3) "Unissued debt" means state debt payable from the
11 general revenue fund that has been authorized but not issued.

12 Sec. 1231.152. COMPUTATION OF DEBT LIMIT. In computing the
13 annual debt service in a state fiscal year on state debt payable
14 from the general revenue fund for purposes of determining whether
15 additional state debt may be authorized without exceeding the
16 maximum annual debt service, the board may employ any assumptions
17 related to unissued debt that the board determines are necessary to
18 reflect common or standard debt issuance practices authorized by
19 law, including assumptions regarding:

20 (1) interest rates;

21 (2) debt maturity; and

22 (3) debt service payment structures.

23 Sec. 1231.153. REPORT ON COMPUTATION. (a) The board shall
24 publish during each state fiscal year a report providing a detailed
25 description of the method used to compute the annual debt service in
26 that fiscal year on state debt payable from the general revenue fund
27 for purposes of determining whether additional state debt may be

1 authorized. The report must describe:

2 (1) the debt service included in the computation,
3 including debt service on issued and unissued debt;

4 (2) the assumptions on which the debt service on
5 unissued debt was based; and

6 (3) any other factors required by law that affect the
7 computation.

8 (b) The board may publish the report required by this
9 section as a component of any other report required by law,
10 including the annual report required by Section 1231.102, or as an
11 independent report. The board shall make the report available to
12 the public.

13 SECTION 29.02. The Bond Review Board shall publish the
14 initial report required by Section 1231.153, Government Code, as
15 added by this article, during the state fiscal year beginning
16 September 1, 2011.

17 SECTION 29.03. This article takes effect immediately if
18 this Act receives a vote of two-thirds of all the members elected to
19 each house, as provided by Section 39, Article III, Texas
20 Constitution. If this Act does not receive the vote necessary for
21 immediate effect, this article takes effect on the 91st day after
22 the last day of the legislative session.

23 ARTICLE 30. CONTINUING LEGAL EDUCATION REQUIREMENTS FOR ATTORNEY
24 EMPLOYED BY ATTORNEY GENERAL

25 SECTION 30.01. Section 81.113, Government Code, is amended
26 by adding Subsection (a-1) to read as follows:

27 (a-1) The state bar shall credit an attorney licensed in

1 this state with meeting the minimum continuing legal education
2 requirements of the state bar for a reporting year if during the
3 reporting year the attorney is employed full-time as an attorney by
4 the office of the attorney general. An attorney credited for
5 continuing legal education under this subsection must meet the
6 continuing legal education requirements of the state bar in legal
7 ethics or professional responsibility. This subsection expires
8 January 1, 2014.

9 SECTION 30.02. Subchapter A, Chapter 402, Government Code,
10 is amended by adding Section 402.011 to read as follows:

11 Sec. 402.011. CONTINUING LEGAL EDUCATION PROGRAMS. The
12 office of the attorney general shall recognize, prepare, or
13 administer continuing legal education programs that meet
14 continuing legal education requirements imposed under Section
15 81.113(c) for the attorneys employed by the office. This section
16 expires January 1, 2014.

17 SECTION 30.03. Section 81.113, Government Code, as amended
18 by this article, applies only to the requirements for a continuing
19 legal education compliance year that ends on or after October 1,
20 2011. The requirements for continuing legal education for a
21 compliance year that ends before October 1, 2011, are covered by the
22 law and rules in effect when the compliance year ended, and that law
23 and those rules are continued in effect for that purpose.

24 ARTICLE 31. REGISTRATION FEE AND REGISTRATION RENEWAL FEE FOR
25 LOBBYISTS

26 SECTION 31.01. Subsection (c), Section 305.005, Government
27 Code, is amended to read as follows:

1 (c) The registration fee and registration renewal fee are:

2 (1) \$150 [~~\$100~~] for a registrant employed by an
3 organization exempt from federal income tax under Section
4 501(c)(3), ~~[or]~~ 501(c)(4), or 501(c)(6), Internal Revenue Code of
5 1986;

6 (2) \$75 [~~\$50~~] for any person required to register
7 solely because the person is required to register under Section
8 305.0041 [~~of this chapter~~]; or

9 (3) \$750 [~~\$500~~] for any other registrant.

10 ARTICLE 32. ASSESSMENT OF PREMIUM DIFFERENTIAL ON CERTAIN PUBLIC
11 EMPLOYEES WHO USE TOBACCO

12 SECTION 32.01. Subchapter G, Chapter 1551, Insurance Code,
13 is amended by adding Section 1551.3075 to read as follows:

14 Sec. 1551.3075. TOBACCO USER PREMIUM DIFFERENTIAL.

15 (a) The board of trustees shall assess each participant in a
16 health benefit plan provided under the group benefits program who
17 uses one or more tobacco products a tobacco user premium
18 differential, to be paid in monthly installments. Except as
19 provided by Subsection (b), the board of trustees shall determine
20 the amount of the monthly installments of the premium differential.

21 (b) If the General Appropriations Act for a state fiscal
22 biennium sets the amount of the monthly installments of the tobacco
23 user premium differential for that biennium, the board of trustees
24 shall assess the premium differential during that biennium in the
25 amount prescribed by the General Appropriations Act.

26 SECTION 32.02. Section 1551.314, Insurance Code, is amended
27 to read as follows:

1 Sec. 1551.314. CERTAIN STATE CONTRIBUTIONS PROHIBITED. A
2 state contribution may not be:

3 (1) made for coverages under this chapter selected by
4 an individual who receives a state contribution, other than as a
5 spouse, dependent, or beneficiary, for coverages under a group
6 benefits program provided by an institution of higher education, as
7 defined by Section 61.003, Education Code; or

8 (2) made for or used to pay a tobacco user premium
9 differential assessed under Section 1551.3075.

10 SECTION 32.03. The board of trustees of the Employees
11 Retirement System of Texas shall implement the tobacco user premium
12 differential required under Section 1551.3075, Insurance Code, as
13 added by this article, not later than January 1, 2012.

14 SECTION 32.04. If S.B. No. 1664, Acts of the 82nd
15 Legislature, Regular Session, 2011, becomes law, this article has
16 no effect.

17 ARTICLE 33. PUBLIC ASSISTANCE REPORTING INFORMATION SYSTEM

18 SECTION 33.01. Subsection (c), Section 434.017, Government
19 Code, is amended to read as follows:

20 (c) Money in the fund may only be appropriated to the Texas
21 Veterans Commission. Money appropriated under this subsection
22 shall be used to:

23 (1) ~~[enhance or improve veterans' assistance programs,~~
24 ~~including veterans' representation and counseling,~~

25 ~~[(2)]~~ make grants to address veterans' needs; ~~[and]~~

26 (2) [(3)] administer the fund; and

27 (3) analyze and investigate data received from the

1 federal Public Assistance Reporting Information System (PARIS)
2 that is administered by the Administration for Children and
3 Families of the United States Department of Health and Human
4 Services.

5 SECTION 33.02. The comptroller shall credit to the fund for
6 veterans' assistance established under Section 434.017, Government
7 Code, as amended by this article, the savings generated from the use
8 of the federal Public Assistance Reporting Information System
9 (PARIS) under that section.

10 ARTICLE 34. REGIONAL POISON CONTROL CENTER MANAGEMENT CONTROLS
11 AND EFFICIENCY

12 SECTION 34.01. Section 777.001, Health and Safety Code, is
13 amended by amending Subsection (c) and adding Subsection (d) to
14 read as follows:

15 (c) The Commission on State Emergency Communications may
16 standardize the operations of and implement management controls to
17 improve the efficiency of regional poison control centers [~~vote to~~
18 ~~designate a seventh regional or satellite poison control center in~~
19 ~~Harris County. That poison control center is subject to all~~
20 ~~provisions of this chapter and other law relating to regional~~
21 ~~poison control centers~~].

22 (d) If the Commission on State Emergency Communications
23 implements management controls under Subsection (c), the
24 commission shall submit to the governor and the Legislative Budget
25 Board a plan for implementing the controls not later than October
26 31, 2011. This subsection expires January 1, 2013.

1 ARTICLE 35. AUTHORIZED USES FOR CERTAIN DEDICATED PERMANENT FUNDS

2 SECTION 35.01. Section 403.105, Government Code, is amended
3 by amending Subsection (b) and adding Subsection (b-1) to read as
4 follows:

5 (b) Except as provided by Subsections (b-1), (c), (e), (f),
6 and (h), money in the fund may not be appropriated for any purpose.

7 (b-1) Notwithstanding the limitations and requirements of
8 Section 403.1068, the legislature may appropriate money in the
9 fund, including the corpus and available earnings of the fund
10 determined under Section 403.1068, to pay the principal of or
11 interest on a bond issued for the purposes of Section 67, Article
12 III, Texas Constitution. This subsection does not authorize the
13 appropriation under this subsection of money subject to a
14 limitation or requirement as described by Subsection (e) that is
15 not consistent with the use of the money in accordance with this
16 subsection.

17 SECTION 35.02. Section 403.1055, Government Code, is
18 amended by amending Subsection (b) and adding Subsection (b-1) to
19 read as follows:

20 (b) Except as provided by Subsections (b-1), (c), (e), (f),
21 and (h), money in the fund may not be appropriated for any purpose.

22 (b-1) Notwithstanding the limitations and requirements of
23 Section 403.1068, the legislature may appropriate money in the
24 fund, including the corpus and available earnings of the fund
25 determined under Section 403.1068, to pay the principal of or
26 interest on a bond issued for the purposes of Section 67, Article
27 III, Texas Constitution. This subsection does not authorize the

1 appropriation under this subsection of money subject to a
2 limitation or requirement as described by Subsection (e) that is
3 not consistent with the use of the money in accordance with this
4 subsection.

5 SECTION 35.03. Section 403.106, Government Code, is amended
6 by amending Subsection (b) and adding Subsection (b-1) to read as
7 follows:

8 (b) Except as provided by Subsections (b-1), (c), (e), (f),
9 and (h), money in the fund may not be appropriated for any purpose.

10 (b-1) Notwithstanding the limitations and requirements of
11 Section 403.1068, the legislature may appropriate money in the
12 fund, including the corpus and available earnings of the fund
13 determined under Section 403.1068, to pay the principal of or
14 interest on a bond issued for the purposes of Section 67, Article
15 III, Texas Constitution. This subsection does not authorize the
16 appropriation under this subsection of money subject to a
17 limitation or requirement as described by Subsection (e) that is
18 not consistent with the use of the money in accordance with this
19 subsection.

20 SECTION 35.04. This article takes effect immediately if
21 this Act receives a vote of two-thirds of all the members elected to
22 each house, as provided by Section 39, Article III, Texas
23 Constitution. If this Act does not receive the vote necessary for
24 immediate effect, this article takes effect on the 91st day after
25 the last day of the legislative session.

1 ARTICLE 36. EMPLOYER ENROLLMENT FEE FOR PARTICIPATION IN CERTAIN
2 HEALTH BENEFIT PLANS

3 SECTION 36.01. Subchapter G, Chapter 1551, Insurance Code,
4 is amended by adding Section 1551.3076 to read as follows:

5 Sec. 1551.3076. EMPLOYER ENROLLMENT FEE. (a) The board of
6 trustees shall assess each employer whose employees participate in
7 the group benefits program an employer enrollment fee in an amount
8 not to exceed a percentage of the employer's total payroll, as
9 determined by the General Appropriations Act.

10 (b) The board of trustees shall deposit the enrollment fees
11 to the credit of the employees life, accident, and health insurance
12 and benefits fund to be used for the purposes specified by Section
13 1551.401.

14 SECTION 36.02. If S.B. No. 1664, Acts of the 82nd
15 Legislature, Regular Session, 2011, becomes law, this article has
16 no effect.

17 ARTICLE 37. FISCAL MATTERS CONCERNING SURPLUS AND SALVAGE
18 PROPERTY

19 SECTION 37.01. Subchapter C, Chapter 2175, Government Code,
20 is repealed.

21 SECTION 37.02. Subsection (a), Section 32.102, Education
22 Code, is amended to read as follows:

23 (a) As provided by this subchapter, a school district or
24 open-enrollment charter school may transfer to a student enrolled
25 in the district or school:

26 (1) any data processing equipment donated to the
27 district or school, including equipment donated by:

1 (A) a private donor; or

2 (B) a state eleemosynary institution or a state
3 agency under Section 2175.905 [~~2175.128~~], Government Code;

4 (2) any equipment purchased by the district or school,
5 to the extent consistent with Section 32.105; and

6 (3) any surplus or salvage equipment owned by the
7 district or school.

8 SECTION 37.03. Section 2175.002, Government Code, is
9 amended to read as follows:

10 Sec. 2175.002. ADMINISTRATION OF CHAPTER. The commission
11 is responsible for the disposal of surplus and salvage property of
12 the state. The commission's surplus and salvage property division
13 shall administer this chapter.

14 SECTION 37.04. Section 2175.065, Government Code, is
15 amended by amending Subsection (a) and adding Subsections (c) and
16 (d) to read as follows:

17 (a) The commission may authorize a state agency to dispose
18 of surplus or salvage property if the agency demonstrates to the
19 commission its ability to dispose of the property under this
20 chapter [~~Subchapters C and E~~] in a manner that results in cost
21 savings to the state, under commission rules adopted under this
22 chapter.

23 (c) If property is disposed of under this section, the
24 disposing state agency shall report the transaction to the
25 commission. The report must include a description of the property
26 disposed of, the reasons for disposal, the price paid for the
27 property disposed of, and the recipient of the property disposed

1 of.

2 (d) If the commission determines that a violation of a state
3 law or rule has occurred based on the report under Subsection (c),
4 the commission shall report the violation to the Legislative Budget
5 Board.

6 SECTION 37.05. The heading to Subchapter D, Chapter 2175,
7 Government Code, is amended to read as follows:

8 SUBCHAPTER D. DISPOSITION OF SURPLUS OR SALVAGE PROPERTY [~~BY~~
9 COMMISSION]

10 SECTION 37.06. Section 2175.181, Government Code, is
11 amended to read as follows:

12 Sec. 2175.181. APPLICABILITY. [~~(a) This subchapter~~
13 ~~applies only to surplus and salvage property located in:~~

14 [~~(1) Travis County,~~

15 [~~(2) a county in which federal surplus property is~~
16 ~~warehoused by the commission under Subchapter G, or~~

17 [~~(3) a county for which the commission determines that~~
18 ~~it is cost-effective to follow the procedures created under this~~
19 ~~subchapter and informs affected state agencies of that~~
20 ~~determination.~~

21 [~~(b)~~] This subchapter applies [~~does not apply~~] to a state
22 agency delegated the authority to dispose of surplus or salvage
23 property under Section 2175.065.

24 SECTION 37.07. Section 2175.182, Government Code, is
25 amended to read as follows:

26 Sec. 2175.182. STATE AGENCY TRANSFER OF PROPERTY [~~TO~~
27 ~~COMMISSION~~]. (a) A state agency that determines it has surplus or

1 salvage property shall inform the commission of that fact for the
2 purpose of determining the method of disposal of the property [~~The~~
3 ~~commission is responsible for the disposal of surplus or salvage~~
4 ~~property under this subchapter~~]. The commission may take physical
5 possession of the property.

6 (b) Based on the condition of the property, the commission,
7 in conjunction with the state agency, shall determine whether the
8 property is:

9 (1) surplus property that should be offered for
10 transfer under Section 2175.184 or sold to the public; or

11 (2) salvage property.

12 (c) Following the determination in Subsection (b), the
13 [~~The~~] commission shall direct the state agency to inform the
14 comptroller's office of the property's kind, number, location,
15 condition, original cost or value, and date of acquisition.

16 SECTION 37.08. Section 2175.1825, Government Code, is
17 amended to read as follows:

18 Sec. 2175.1825. ADVERTISING ON COMPTROLLER WEBSITE.

19 (a) Not later than the second day after the date the comptroller
20 receives notice from a state agency [~~the commission~~] under Section
21 2175.182(c), the comptroller shall advertise the property's kind,
22 number, location, and condition on the comptroller's website.

23 (b) The comptroller shall provide the commission access to
24 all records in the state property accounting system related to
25 surplus and salvage property.

26 SECTION 37.09. Section 2175.183, Government Code, is
27 amended to read as follows:

1 Sec. 2175.183. COMMISSION NOTICE TO OTHER ENTITIES. The
2 ~~[On taking responsibility for surplus property under this~~
3 ~~subchapter, the]~~ commission shall inform other state agencies,
4 political subdivisions, and assistance organizations of the
5 comptroller's website that lists surplus property that is available
6 for sale.

7 SECTION 37.10. Section 2175.184, Government Code, is
8 amended to read as follows:

9 Sec. 2175.184. DIRECT TRANSFER. During the 10 business
10 days after the date the property is posted on the comptroller's
11 website, a state agency, political subdivision, or assistance
12 organization shall ~~[may]~~ coordinate with the commission for a
13 transfer of the property at a price established by the commission
14 ~~[in cooperation with the transferring agency]~~. A transfer to a
15 state agency has priority over any other transfer during this
16 period.

17 SECTION 37.11. Subsection (a), Section 2175.186,
18 Government Code, is amended to read as follows:

19 (a) If a disposition of a state agency's surplus property is
20 not made under Section 2175.184, the commission shall sell the
21 property by competitive bid, auction, or direct sale to the public,
22 including a sale using an Internet auction site. The commission may
23 contract with a private vendor to assist with the sale of the
24 property.

25 SECTION 37.12. Section 2175.189, Government Code, is
26 amended to read as follows:

27 Sec. 2175.189. ADVERTISEMENT OF SALE. If the value of an

1 item or a lot of property to be sold is estimated to be more than
2 \$25,000 [~~\$5,000~~], the commission shall advertise the sale at least
3 once in at least one newspaper of general circulation in the
4 vicinity in which the property is located.

5 SECTION 37.13. Subsection (a), Section 2175.191,
6 Government Code, is amended to read as follows:

7 (a) Proceeds from the sale of surplus or salvage property,
8 less the cost of advertising the sale, the cost of selling the
9 surplus or salvage property, including the cost of auctioneer
10 services or assistance from a private vendor, and the amount of the
11 fee collected under Section 2175.188, shall be deposited to the
12 credit of the general revenue fund of the state treasury.

13 SECTION 37.14. Section 2175.302, Government Code, is
14 amended to read as follows:

15 Sec. 2175.302. EXCEPTION FOR ELEEMOSYNARY INSTITUTIONS.
16 Except as provided by Section 2175.905(b) [~~2175.128(b)~~], this
17 chapter does not apply to the disposition of surplus or salvage
18 property by a state eleemosynary institution.

19 SECTION 37.15. Section 2175.904, Government Code, is
20 amended by amending Subsections (a) and (c) and adding Subsection
21 (d) to read as follows:

22 (a) The commission shall establish a program for the sale of
23 gambling equipment received from a municipality, from a
24 commissioners court under Section 263.152(a)(5), Local Government
25 Code, or from a state agency under this chapter.

26 (c) Proceeds from the sale of gambling equipment from a
27 municipality or commissioners court, less the costs of the sale,

1 including costs of advertising, storage, shipping, and auctioneer
2 or broker services, and the amount of the fee collected under
3 Section 2175.188 [~~2175.131~~], shall be divided according to an
4 agreement between the commission and the municipality or
5 commissioners court that provided the equipment for sale. The
6 agreement must provide that:

7 (1) not less than 50 percent of the net proceeds be
8 remitted to the commissioners court; and

9 (2) the remainder of the net proceeds retained by the
10 commission be deposited to the credit of the general revenue fund.

11 (d) Proceeds from the sale of gambling equipment from a
12 state agency, less the costs of the sale, including costs of
13 advertising, storage, shipping, and auctioneer or broker services,
14 and the amount of the fee collected under Section 2175.188, shall be
15 deposited to the credit of the general revenue fund of the state
16 treasury.

17 SECTION 37.16. Subchapter Z, Chapter 2175, Government Code,
18 is amended by adding Sections 2175.905 and 2175.906 to read as
19 follows:

20 Sec. 2175.905. DISPOSITION OF DATA PROCESSING EQUIPMENT.

21 (a) If a disposition of a state agency's surplus or salvage data
22 processing equipment is not made under Section 2175.184, the state
23 agency shall transfer the equipment to:

24 (1) a school district or open-enrollment charter
25 school in this state under Subchapter C, Chapter 32, Education
26 Code;

27 (2) an assistance organization specified by the school

1 district; or

2 (3) the Texas Department of Criminal Justice.

3 (b) If a disposition of the surplus or salvage data
4 processing equipment of a state eleemosynary institution or an
5 institution or agency of higher education is not made under other
6 law, the institution or agency shall transfer the equipment to:

7 (1) a school district or open-enrollment charter
8 school in this state under Subchapter C, Chapter 32, Education
9 Code;

10 (2) an assistance organization specified by the school
11 district; or

12 (3) the Texas Department of Criminal Justice.

13 (c) The state eleemosynary institution or institution or
14 agency of higher education or other state agency may not collect a
15 fee or other reimbursement from the district, the school, the
16 assistance organization, or the Texas Department of Criminal
17 Justice for the surplus or salvage data processing equipment
18 transferred under this section.

19 Sec. 2175.906. ABOLISHED AGENCIES. On abolition of a state
20 agency, in accordance with Chapter 325, the commission shall take
21 custody of all of the agency's property or other assets as surplus
22 property unless other law or the legislature designates another
23 appropriate governmental entity to take custody of the property or
24 assets.

25 ARTICLE 38. LAW ENFORCEMENT AND CUSTODIAL OFFICER SUPPLEMENTAL
26 RETIREMENT FUND

27 SECTION 38.01. Section 815.317, Government Code, is amended

1 by adding Subsection (a-1) to read as follows:

2 (a-1) The comptroller shall deposit fees collected under
3 Section 133.102(e)(7), Local Government Code, to the credit of the
4 law enforcement and custodial officer supplemental retirement
5 fund.

6 SECTION 38.02. Subsection (e), Section 133.102, Local
7 Government Code, is amended to read as follows:

8 (e) The comptroller shall allocate the court costs received
9 under this section to the following accounts and funds so that each
10 receives to the extent practicable, utilizing historical data as
11 applicable, the same amount of money the account or fund would have
12 received if the court costs for the accounts and funds had been
13 collected and reported separately, except that the account or fund
14 may not receive less than the following percentages:

- 15 (1) abused children's counseling 0.0088 percent;
- 16 (2) crime stoppers assistance 0.2581 percent;
- 17 (3) breath alcohol testing 0.5507 percent;
- 18 (4) Bill Blackwood Law Enforcement Management
19 Institute 2.1683 percent;
- 20 (5) law enforcement officers standards and
21 education 5.0034 percent;
- 22 (6) comprehensive rehabilitation 5.3218 percent;
- 23 (7) law enforcement and custodial officer
24 supplemental retirement fund [~~operator's and chauffeur's~~
25 ~~license~~] 11.1426 percent;
- 26 (8) criminal justice planning 12.5537 percent;
- 27 (9) an account in the state treasury to be used only

1 for the establishment and operation of the Center for the Study and
2 Prevention of Juvenile Crime and Delinquency at Prairie View A&M
3 University 1.2090 percent;

4 (10) compensation to victims of crime fund 37.6338
5 percent;

6 (11) fugitive apprehension account 12.0904 percent;

7 (12) judicial and court personnel training fund 4.8362
8 percent;

9 (13) an account in the state treasury to be used for
10 the establishment and operation of the Correctional Management
11 Institute of Texas and Criminal Justice Center Account 1.2090
12 percent; and

13 (14) fair defense account 6.0143 percent.

14 SECTION 38.03. If S.B. No. 1664, Acts of the 82nd
15 Legislature, Regular Session, 2011, becomes law, this article has
16 no effect.

17 SECTION 38.04. This article takes effect September 1, 2013.

18 ARTICLE 39. SALES AND USE TAX COLLECTION AND ALLOCATION

19 SECTION 39.01. Subsection (b), Section 151.008, Tax Code,
20 is amended to read as follows:

21 (b) "Seller" and "retailer" include:

22 (1) a person in the business of making sales at auction
23 of tangible personal property owned by the person or by another;

24 (2) a person who makes more than two sales of taxable
25 items during a 12-month period, including sales made in the
26 capacity of an assignee for the benefit of creditors or receiver or
27 trustee in bankruptcy;

1 (3) a person regarded by the comptroller as a seller or
2 retailer under Section 151.024 [~~of this code~~];

3 (4) a hotel, motel, or owner or lessor of an office or
4 residential building or development that contracts and pays for
5 telecommunications services for resale to guests or tenants; [~~and~~]

6 (5) a person who engages in regular or systematic
7 solicitation of sales of taxable items in this state by the
8 distribution of catalogs, periodicals, advertising flyers, or
9 other advertising, by means of print, radio, or television media,
10 or by mail, telegraphy, telephone, computer data base, cable,
11 optic, microwave, or other communication system for the purpose of
12 effecting sales of taxable items; and

13 (6) a person who, under an agreement with another
14 person, is:

15 (A) entrusted with possession of tangible
16 personal property with respect to which the other person has title
17 or another ownership interest; and

18 (B) authorized to sell, lease, or rent the
19 property without additional action by the person having title to or
20 another ownership interest in the property.

21 SECTION 39.02. Section 151.107, Tax Code, is amended by
22 amending Subsection (a) and adding Subsection (d) to read as
23 follows:

24 (a) For the purpose of this subchapter and in relation to
25 the use tax, a retailer is engaged in business in this state if the
26 retailer:

27 (1) maintains, occupies, or uses in this state

1 permanently, temporarily, directly, or indirectly or through a
2 subsidiary or agent by whatever name, an office, [~~place of~~]
3 distribution center, sales or sample room or place, warehouse,
4 storage place, or any other physical location where [~~place of~~]
5 business is conducted;

6 (2) has a representative, agent, salesman, canvasser,
7 or solicitor operating in this state under the authority of the
8 retailer or its subsidiary for the purpose of selling or delivering
9 or the taking of orders for a taxable item;

10 (3) derives receipts [~~rentals~~] from the sale, [~~a~~]
11 lease, or rental of tangible personal property situated in this
12 state;

13 (4) engages in regular or systematic solicitation of
14 sales of taxable items in this state by the distribution of
15 catalogs, periodicals, advertising flyers, or other advertising,
16 by means of print, radio, or television media, or by mail,
17 telegraphy, telephone, computer data base, cable, optic,
18 microwave, or other communication system for the purpose of
19 effecting sales of taxable items;

20 (5) solicits orders for taxable items by mail or
21 through other media and under federal law is subject to or permitted
22 to be made subject to the jurisdiction of this state for purposes of
23 collecting the taxes imposed by this chapter;

24 (6) has a franchisee or licensee operating under its
25 trade name if the franchisee or licensee is required to collect the
26 tax under this section; [~~or~~]

27 (7) holds a substantial ownership interest in, or is

1 owned in whole or substantial part by, a person who maintains a
2 location in this state from which business is conducted and if:

3 (A) the retailer sells the same or a
4 substantially similar line of products as the person with the
5 location in this state and sells those products under a business
6 name that is the same as or substantially similar to the business
7 name of the person with the location in this state; or

8 (B) the facilities or employees of the person
9 with the location in this state are used to:

10 (i) advertise, promote, or facilitate sales
11 by the retailer to consumers; or

12 (ii) perform any other activity on behalf
13 of the retailer that is intended to establish or maintain a
14 marketplace for the retailer in this state, including receiving or
15 exchanging returned merchandise;

16 (8) holds a substantial ownership interest in, or is
17 owned in whole or substantial part by, a person that:

18 (A) maintains a distribution center, warehouse,
19 or similar location in this state; and

20 (B) delivers property sold by the retailer to
21 consumers; or

22 (9) otherwise does business in this state.

23 (d) In this section:

24 (1) "Ownership" includes:

25 (A) direct ownership;

26 (B) common ownership; and

27 (C) indirect ownership through a parent entity,

1 subsidiary, or affiliate.

2 (2) "Substantial" means, with respect to an ownership
3 interest, an interest in an entity that is:

4 (A) if the entity is a corporation, at least 50
5 percent, directly or indirectly, of:

6 (i) the total combined voting power of all
7 classes of stock of the corporation; or

8 (ii) the beneficial ownership interest in
9 the voting stock of the corporation;

10 (B) if the entity is a trust, at least 50 percent,
11 directly or indirectly, of the current beneficial interest in the
12 trust corpus or income;

13 (C) if the entity is a limited liability company,
14 at least 50 percent, directly or indirectly, of:

15 (i) the total membership interest of the
16 limited liability company; or

17 (ii) the beneficial ownership interest in
18 the membership interest of the limited liability company; or

19 (D) for any entity, including a partnership or
20 association, at least 50 percent, directly or indirectly, of the
21 capital or profits interest in the entity.

22 SECTION 39.03. Subchapter M, Chapter 151, Tax Code, is
23 amended by adding Section 151.802 to read as follows:

24 Sec. 151.802. ALLOCATION OF CERTAIN REVENUE TO PROPERTY TAX
25 RELIEF FUND. (a) This section applies only:

26 (1) during the state fiscal years beginning September
27 1 of 2012, 2013, 2014, 2015, and 2016; and

1 (2) with respect to unused franchise tax credits
2 described by Sections 18(e) and (f), Chapter 1 (H.B. 3), Acts of the
3 79th Legislature, 3rd Called Session, 2006.

4 (b) Notwithstanding Section 151.801, the comptroller shall
5 deposit to the credit of the property tax relief fund under Section
6 403.109, Government Code, an amount of the proceeds from the
7 collection of the taxes imposed by this chapter equal to the amount
8 of revenue the state does not receive from the tax imposed under
9 Chapter 171 because taxable entities, as defined by that chapter,
10 that are corporations are entitled to claim unused franchise tax
11 credits after December 31, 2012, and during that state fiscal year.

12 (c) This section expires September 1, 2017.

13 SECTION 39.04. The change in law made by this article does
14 not affect tax liability accruing before the effective date of this
15 article. That liability continues in effect as if this article had
16 not been enacted, and the former law is continued in effect for the
17 collection of taxes due and for civil and criminal enforcement of
18 the liability for those taxes.

19 SECTION 39.05. This article takes effect January 1, 2012.

20 ARTICLE 40. CARRYFORWARD OF CERTAIN FRANCHISE TAX CREDITS

21 SECTION 40.01. Subsections (e) and (f), Section 18, Chapter
22 1 (H.B. 3), Acts of the 79th Legislature, 3rd Called Session, 2006,
23 are amended to read as follows:

24 (e) A corporation that has any unused credits established
25 before the effective date of this Act under Subchapter P, Chapter
26 171, Tax Code, may claim those unused credits on or with the tax
27 report for the period in which the credit was established. However,

1 if the corporation was allowed to carry forward unused credits
2 under that subchapter, the corporation may continue to apply those
3 credits on or with each consecutive report until the earlier of the
4 date the credit would have expired under the terms of Subchapter P,
5 Chapter 171, Tax Code, had it continued in existence, or December
6 31, 2016 [~~2012~~], and the former law under which the corporation
7 established the credits is continued in effect for purposes of
8 determining the amount of the credits the corporation may claim and
9 the manner in which the corporation may claim the credits.

10 (f) A corporation that has any unused credits established
11 before the effective date of this Act under Subchapter Q, Chapter
12 171, Tax Code, may claim those unused credits on or with the tax
13 report for the period in which the credit was established. However,
14 if the corporation was allowed to carry forward unused credits
15 under that subchapter, the corporation may continue to apply those
16 credits on or with each consecutive report until the earlier of the
17 date the credit would have expired under the terms of Subchapter Q,
18 Chapter 171, Tax Code, had it continued in existence, or December
19 31, 2016 [~~2012~~], and the former law under which the corporation
20 established the credits is continued in effect for purposes of
21 determining the amount of the credits the corporation may claim and
22 the manner in which the corporation may claim the credits.

23 ARTICLE 41. STATE PURCHASING

24 SECTION 41.01. Section 2155.082, Government Code, is
25 amended to read as follows:

26 Sec. 2155.082. PROVIDING CERTAIN PURCHASING SERVICES ON
27 FEE-FOR-SERVICE BASIS OR THROUGH BENEFIT FUNDING. (a) The

1 comptroller [~~commission~~] may provide open market purchasing
2 services on a fee-for-service basis for state agency purchases that
3 are delegated to an agency under Section 2155.131, 2155.132,
4 [~~2155.133,~~] or 2157.121 or that are exempted from the purchasing
5 authority of the comptroller [~~commission~~]. The comptroller
6 [~~commission~~] shall set the fees in an amount that recovers the
7 comptroller's [~~commission's~~] costs in providing the services.

8 (b) The comptroller [~~commission~~] shall publish a schedule
9 of [~~its~~] fees for services that are subject to this section. The
10 schedule must include the comptroller's [~~commission's~~] fees for:

- 11 (1) reviewing bid and contract documents for clarity,
12 completeness, and compliance with laws and rules;
- 13 (2) developing and transmitting invitations to bid;
- 14 (3) receiving and tabulating bids;
- 15 (4) evaluating and determining which bidder offers the
16 best value to the state;
- 17 (5) creating and transmitting purchase orders; and
- 18 (6) participating in agencies' request for proposal
19 processes.

20 (c) If the state agency on behalf of which the procurement
21 is to be made agrees, the comptroller may engage a consultant to
22 assist with a particular procurement on behalf of a state agency and
23 pay the consultant from the cost savings realized by the state
24 agency.

25 ARTICLE 42. PERIOD FOR SALES AND USE TAX HOLIDAY

26 SECTION 42.01. Subsection (a), Section 151.326, Tax Code,
27 is amended to read as follows:

1 (a) The sale of an article of clothing or footwear designed
2 to be worn on or about the human body is exempted from the taxes
3 imposed by this chapter if:

4 (1) the sales price of the article is less than \$100;
5 and

6 (2) the sale takes place during a period beginning at
7 12:01 a.m. on the [~~third~~] Friday before the eighth day preceding the
8 earliest date on which any school district, other than a district
9 operating a year-round system, may begin instruction for the school
10 year as prescribed by Section 25.0811(a), Education Code, [~~in~~
11 August] and ending at 12 midnight on the following Sunday.

12 SECTION 42.02. Subsection (a), Section 151.326, Tax Code,
13 as amended by this article, does not affect tax liability accruing
14 before the effective date of this article. That liability
15 continues in effect as if this article had not been enacted, and the
16 former law is continued in effect for the collection of taxes due
17 and for civil and criminal enforcement of the liability for those
18 taxes.

19 ARTICLE 43. LEGISLATIVE BUDGET BOARD MEETINGS

20 SECTION 43.01. Section 322.003, Government Code, is amended
21 by adding Subsection (f) to read as follows:

22 (f) The board shall hold a public hearing each state fiscal
23 year to receive a report from the comptroller and receive invited
24 testimony regarding the financial condition of this state. The
25 report from the comptroller shall include, to the extent
26 practicable:

27 (1) information on each revenue source included in

1 determining the estimate of anticipated revenue for purposes of the
2 most recent statement required by Section 49a, Article III, Texas
3 Constitution, and the total net revenue actually collected from
4 that source for the state fiscal year as of the end of the most
5 recent state fiscal quarter;

6 (2) a comparison for the period described by
7 Subdivision (1) of the total net revenue collected from each
8 revenue source required to be specified under that subdivision with
9 the anticipated revenue from that source that was included for
10 purposes of determining the estimate of anticipated revenue in the
11 statement required by Section 49a, Article III, Texas Constitution;

12 (3) information on state revenue sources resulting
13 from a law taking effect after the comptroller submitted the most
14 recent statement required by Section 49a, Article III, Texas
15 Constitution, and the estimated total net revenue collected from
16 that source for the state fiscal year as of the end of the most
17 recent state fiscal quarter;

18 (4) a summary of the indicators of state economic
19 trends experienced since the most recent statement required by
20 Section 49a, Article III, Texas Constitution; and

21 (5) a summary of anticipated state economic trends and
22 the anticipated effect of the trends on state revenue collections.

23 SECTION 43.02. Chapter 322, Government Code, is amended by
24 adding Section 322.0081 to read as follows:

25 Sec. 322.0081. BUDGET DOCUMENTS ONLINE. (a) The board
26 shall post on the board's Internet website documents prepared by
27 the board that are provided to a committee, subcommittee, or

1 conference committee of either house of the legislature in
2 connection with an appropriations bill.

3 (b) The board shall post a document to which this section
4 applies as soon as practicable after the document is provided to a
5 committee, subcommittee, or conference committee.

6 (c) The document must be downloadable and provide data in a
7 format that allows the public to search, extract, organize, and
8 analyze the information in the document.

9 (d) The requirement under Subsection (a) does not supersede
10 any exceptions provided under Chapter 552.

11 (e) The board shall promulgate rules to implement the
12 provisions of this section.

13 SECTION 43.03. Chapter 322, Government Code, is amended by
14 adding Section 322.022 to read as follows:

15 Sec. 322.022. PUBLIC HEARING ON INTERIM BUDGET REDUCTION
16 REQUEST. (a) In this section:

17 (1) "Interim budget reduction request" means a request
18 communicated in any manner for a state agency to make adjustments to
19 the strategies, methods of finance, performance measures, or riders
20 applicable to the agency through the state budget in effect on the
21 date the request is communicated that, if implemented, would reduce
22 the agency's total expenditures for the current state fiscal
23 biennium to an amount less than the total amount that otherwise
24 would be permissible based on the appropriations made to the agency
25 in the budget.

26 (2) "State agency" means an office, department, board,
27 commission, institution, or other entity to which a legislative

1 appropriation is made.

2 (b) A state agency shall provide to the board a detailed
3 report of any expenditure reduction plan that:

4 (1) the agency develops in response to an interim
5 budget reduction request made by the governor, the lieutenant
6 governor, or a member of the legislature, or any combination of
7 those persons; and

8 (2) if implemented, would reduce the agency's total
9 expenditures for the current state fiscal biennium to an amount
10 less than the total amount that otherwise would be permissible
11 based on the appropriations made to the agency in the state budget
12 for the biennium.

13 (c) The board shall hold a public hearing to solicit
14 testimony on an expenditure reduction plan a state agency reports
15 to the board as required by Subsection (b) as soon as practicable
16 after receiving the report. The agency may not implement any
17 element of the plan until the conclusion of the hearing.

18 (d) This section does not apply to an expenditure reduction
19 a state agency desires to make that does not directly or indirectly
20 result from an interim budget reduction request made by the
21 governor, the lieutenant governor, or a member of the legislature,
22 or any combination of those persons.

23 SECTION 43.04. Subchapter B, Chapter 403, Government Code,
24 is amended by adding Section 403.0145 to read as follows:

25 Sec. 403.0145. PUBLICATION OF FEES SCHEDULE. As soon as
26 practicable after the end of each state fiscal year, the
27 comptroller shall publish online a schedule of all revenue to the

1 state from fees authorized by statute. For each fee, the schedule
2 must specify:

3 (1) the statutory authority for the fee;

4 (2) if the fee has been increased during the most
5 recent legislative session, the amount of the increase;

6 (3) into which fund the fee revenue will be deposited;

7 and

8 (4) the amount of the fee revenue that will be
9 considered available for general governmental purposes and
10 accordingly considered available for the purpose of certification
11 under Section 403.121.

12 SECTION 43.05. Section 404.124, Government Code, is amended
13 by amending Subsections (a) and (b) and adding Subsection (b-1) to
14 read as follows:

15 (a) Before issuing notes the comptroller shall submit to the
16 committee a general revenue cash flow shortfall forecast, based on
17 the comptroller's most recent anticipated revenue estimate. The
18 forecast must contain a detailed report of estimated revenues and
19 expenditures for each month and each major revenue and expenditure
20 category and must demonstrate the maximum general revenue cash flow
21 shortfall that may be predicted. The committee shall hold a public
22 hearing to receive invited testimony on the forecast, including
23 testimony on this state's overall economic condition, as soon as
24 practicable after receiving the forecast.

25 (b) Based on the forecast and testimony provided at the
26 hearing required by Subsection (a), the committee may approve the
27 issuance of notes, subject to Subsections (b-1) and (c), and the

1 maximum outstanding balance of notes in any fiscal year. The
2 outstanding balance may not exceed the maximum temporary cash
3 shortfall forecast by the comptroller for any period in the fiscal
4 year. The comptroller may not issue notes in excess of the amount
5 approved.

6 (b-1) The committee's approval of the issuance of notes
7 granted under Subsection (b) expires on the 91st day after the date
8 the hearing conducted under Subsection (a) concludes. The
9 comptroller may not issue notes on or after the 91st day unless the
10 comptroller submits another general revenue cash flow shortfall
11 forecast to the committee and the committee subsequently grants
12 approval for the issuance of the notes in accordance with the
13 procedure required by Subsections (a) and (b). Each subsequent
14 approval expires on the 61st day after the date the hearing on which
15 the approval was based concludes.

16 ARTICLE 44. ECONOMIC AND WORKFORCE DEVELOPMENT PROGRAMS

17 SECTION 44.01. Section 481.078, Government Code, is amended
18 by adding Subsection (m) to read as follows:

19 (m) Notwithstanding Subsections (e) and (e-1), during the
20 state fiscal biennium that begins on September 1, 2011, the
21 governor may transfer money from the fund to the Texas Workforce
22 Commission to fund the Texas Back to Work Program established under
23 Chapter 314, Labor Code. This subsection expires September 1,
24 2013.

25 SECTION 44.02. Subtitle B, Title 4, Labor Code, is amended
26 by adding Chapter 314 to read as follows:

1 CHAPTER 314. TEXAS BACK TO WORK PROGRAM

2 Sec. 314.001. DEFINITION. In this chapter, "qualified
3 applicant" means a person who made less than \$40 per hour at the
4 person's last employment before becoming unemployed.

5 Sec. 314.002. INITIATIVE ESTABLISHED. (a) The Texas Back
6 to Work Program is established within the commission.

7 (b) The purpose of the program is to establish
8 public-private partnerships with employers to transition residents
9 of this state from receiving unemployment compensation to becoming
10 employed as members of the workforce.

11 (c) An employer that participates in the initiative may
12 receive a wage subsidy for hiring one or more qualified applicants
13 who are unemployed at the time of hire.

14 Sec. 314.003. RULES. The commission may adopt rules as
15 necessary to implement this chapter.

16 ARTICLE 45. ELIGIBILITY OF SURVIVING SPOUSE OF DISABLED VETERAN
17 TO PAY AD VALOREM TAXES ON RESIDENCE HOMESTEAD IN INSTALLMENTS

18 SECTION 45.01. Section 31.031, Tax Code, is amended by
19 amending Subsection (a) and adding Subsection (a-1) to read as
20 follows:

21 (a) This section applies only to:

22 (1) [~~if before the delinquency date~~] an individual who
23 is:

24 (A) disabled or at least 65 years of age; and

25 (B) [~~is~~] qualified for an exemption under Section
26 11.13(c); or

27 (2) an individual who is:

1 (A) the unmarried surviving spouse of a disabled
2 veteran; and

3 (B) qualified for an exemption under Section
4 11.22.

5 (a-1) If before the delinquency date an individual to whom
6 this section applies pays at least one-fourth of a taxing unit's
7 taxes imposed on property that the person owns and occupies as a
8 residence homestead, accompanied by notice to the taxing unit that
9 the person will pay the remaining taxes in installments, the person
10 may pay the remaining taxes without penalty or interest in three
11 equal installments. The first installment must be paid before
12 April 1, the second installment before June 1, and the third
13 installment before August 1.

14 SECTION 45.02. This article applies only to an ad valorem
15 tax year that begins on or after the effective date of this article.

16 SECTION 45.03. This article takes effect January 1, 2012.

17 ARTICLE 46. EXTENSION OF FRANCHISE TAX EXEMPTION

18 SECTION 46.01. Subsection (c), Section 1, Chapter 286 (H.B.
19 4765), Acts of the 81st Legislature, Regular Session, 2009, is
20 amended to read as follows:

21 (c) This [~~If this section takes effect, this~~] section
22 expires December 31, 2013 [~~2011~~].

23 SECTION 46.02. Subsection (b), Section 2, Chapter 286 (H.B.
24 4765), Acts of the 81st Legislature, Regular Session, 2009, is
25 amended to read as follows:

26 (b) This section takes effect January 1, 2014 [~~2012, if H.B.~~
27 ~~No. 2154, Acts of the 81st Legislature, Regular Session, 2009,~~

1 ~~amends Section 155.0211, Tax Code, in a manner that results in an~~
2 ~~increase in the revenue from the tax under that section during the~~
3 ~~state fiscal biennium beginning September 1, 2009, that is~~
4 ~~attributable to that change, and that Act is enacted and becomes~~
5 ~~law. If H.B. No. 2154, Acts of the 81st Legislature, Regular~~
6 ~~Session, 2009, does not amend Section 155.0211, Tax Code, in that~~
7 ~~manner or is not enacted or does not become law, this section takes~~
8 ~~effect January 1, 2010].~~

9 SECTION 46.03. Subsection (b), Section 3, Chapter 286 (H.B.
10 4765), Acts of the 81st Legislature, Regular Session, 2009, is
11 amended to read as follows:

12 (b) This section takes effect January 1, 2014 [~~2012, if H.B.~~
13 ~~No. 2154, Acts of the 81st Legislature, Regular Session, 2009,~~
14 ~~amends Section 155.0211, Tax Code, in a manner that results in an~~
15 ~~increase in the revenue from the tax under that section during the~~
16 ~~state fiscal biennium beginning September 1, 2009, that is~~
17 ~~attributable to that change, and that Act is enacted and becomes~~
18 ~~law. If H.B. No. 2154, Acts of the 81st Legislature, Regular~~
19 ~~Session, 2009, does not amend Section 155.0211, Tax Code, in that~~
20 ~~manner or is not enacted or does not become law, this section takes~~
21 ~~effect January 1, 2010].~~

22 SECTION 46.04. This article takes effect immediately if
23 this Act receives a vote of two-thirds of all the members elected to
24 each house, as provided by Section 39, Article III, Texas
25 Constitution. If this Act does not receive the vote necessary for
26 this article to have immediate effect, this article takes effect on
27 the 91st day after the last day of the legislative session.

1 ARTICLE 47. FISCAL MATTERS REGARDING ASSISTANT PROSECUTORS

2 SECTION 47.01. Subsection (f), Section 41.255, Government
3 Code, is amended to read as follows:

4 (f) A county is not required to pay longevity supplements if
5 the county does not receive funds from the comptroller as provided
6 by Subsection (d). If sufficient funds are not available to meet
7 the requests made by counties for funds for payment of assistant
8 prosecutors qualified for longevity supplements:

9 (1) [r] the comptroller shall apportion the available
10 funds to the eligible counties by reducing the amount payable to
11 each county on an equal percentage basis;

12 (2) a county is not entitled to receive the balance of
13 the funds at a later date; and

14 (3) the longevity pay program under this chapter is
15 suspended to the extent of the insufficiency. [A county that
16 receives from the comptroller an amount less than the amount
17 certified by the county to the comptroller under Subsection (d)
18 shall apportion the funds received by reducing the amount payable
19 to eligible assistant prosecutors on an equal percentage basis, but
20 is not required to use county funds to make up any difference
21 between the amount certified and the amount received.]

22 SECTION 47.02. Subsection (g), Section 41.255, Government
23 Code, is repealed.

24 ARTICLE 48. FISCAL MATTERS REGARDING PROCESS SERVERS

25 SECTION 48.01. Subchapter B, Chapter 72, Government Code,
26 is amended by adding Sections 72.013 and 72.014 to read as follows:

27 Sec. 72.013. PROCESS SERVER REVIEW BOARD. A person

1 appointed to the process server review board established by supreme
2 court order serves without compensation but is entitled to
3 reimbursement for actual and necessary expenses incurred in
4 traveling and performing official board duties.

5 Sec. 72.014. CERTIFICATION DIVISION. The office shall
6 establish a certification division to oversee the regulatory
7 programs assigned to the office by law or by the supreme court.

8 ARTICLE 49. FISCAL MATTERS REGARDING REIMBURSEMENT OF JURORS

9 SECTION 49.01. Section 61.001, Government Code, is amended
10 by adding Subsections (a-1) and (a-2) to read as follows:

11 (a-1) Notwithstanding Subsection (a), and except as
12 provided by Subsection (c), during the state fiscal biennium
13 beginning September 1, 2011, a person who reports for jury service
14 in response to the process of a court is entitled to receive as
15 reimbursement for travel and other expenses an amount:

16 (1) not less than \$6 for the first day or fraction of
17 the first day the person is in attendance in court in response to
18 the process and discharges the person's duty for that day; and

19 (2) not less than the amount provided in the General
20 Appropriations Act for each day or fraction of each day the person
21 is in attendance in court in response to the process after the first
22 day and discharges the person's duty for that day.

23 (a-2) This subsection and Subsection (a-1) expire September
24 1, 2013.

25 SECTION 49.02. Section 61.0015, Government Code, is amended
26 by adding Subsections (a-1), (a-2), and (e-1) to read as follows:

27 (a-1) Notwithstanding Subsection (a), during the state

1 fiscal biennium beginning September 1, 2011, the state shall
2 reimburse a county the appropriate amount as provided in the
3 General Appropriations Act for the reimbursement paid under Section
4 61.001 to a person who reports for jury service in response to the
5 process of a court for each day or fraction of each day after the
6 first day in attendance in court in response to the process.

7 (a-2) This subsection and Subsections (a-1) and (e-1)
8 expire September 1, 2013.

9 (e-1) Notwithstanding Subsection (e), during the state
10 fiscal biennium beginning September 1, 2011, if a payment on a
11 county's claim for reimbursement is reduced under Subsection (d),
12 or if a county fails to file the claim for reimbursement in a timely
13 manner, the comptroller may, as provided by rule, apportion the
14 payment of the balance owed the county. The comptroller's rules may
15 permit a different rate of reimbursement for each quarterly payment
16 under Subsection (c).

17 ARTICLE 50. COLLECTION IMPROVEMENT PROGRAM

18 SECTION 50.01. Subsections (f), (h), (i), and (j), Article
19 103.0033, Code of Criminal Procedure, are amended to read as
20 follows:

21 (f) The [~~comptroller, in cooperation with the~~] office[~~7~~]
22 shall develop a methodology for determining the collection rate of
23 counties and municipalities described by Subsection (e) before
24 implementation of a program. The office [~~comptroller~~] shall
25 determine the rate for each county and municipality not later than
26 the first anniversary of the county's or municipality's adoption of
27 a program.

1 (h) The office [~~, in consultation with the comptroller,~~]
2 may:

3 (1) use case dispositions, population, revenue data,
4 or other appropriate measures to develop a prioritized
5 implementation schedule for programs; and

6 (2) determine whether it is not cost-effective to
7 implement a program in a county or municipality and grant a waiver
8 to the county or municipality.

9 (i) Each county and municipality shall at least annually
10 submit to the office [~~and the comptroller~~] a written report that
11 includes updated information regarding the program, as determined
12 by the office [~~in cooperation with the comptroller~~]. The report
13 must be in a form approved by the office [~~in cooperation with the~~
14 ~~comptroller~~].

15 (j) The office [~~comptroller~~] shall periodically audit
16 counties and municipalities to verify information reported under
17 Subsection (i) and confirm that the county or municipality is
18 conforming with requirements relating to the program. [~~The~~
19 ~~comptroller shall consult with the office in determining how~~
20 ~~frequently to conduct audits under this section.~~]

21 SECTION 50.02. Subsection (e), Section 133.058, Local
22 Government Code, is amended to read as follows:

23 (e) A municipality or county may not retain a service fee
24 if, during an audit under [~~Section 133.059 of this code or~~] Article
25 103.0033(j), Code of Criminal Procedure, the Office of Court
26 Administration of the Texas Judicial System [~~comptroller~~]
27 determines that the municipality or county is not in compliance

1 with Article 103.0033, Code of Criminal Procedure. The
2 municipality or county may continue to retain a service fee under
3 this section on receipt of a written confirmation from the Office of
4 Court Administration of the Texas Judicial System [~~comptroller~~]
5 that the municipality or county is in compliance with Article
6 103.0033, Code of Criminal Procedure.

7 SECTION 50.03. Subsection (c-1), Section 133.103, Local
8 Government Code, is amended to read as follows:

9 (c-1) The treasurer shall send 100 percent of the fees
10 collected under this section to the comptroller if, during an audit
11 under [~~Section 133.059 of this code or~~] Article 103.0033(j), Code
12 of Criminal Procedure, the Office of Court Administration of the
13 Texas Judicial System [~~comptroller~~] determines that the
14 municipality or county is not in compliance with Article 103.0033,
15 Code of Criminal Procedure. The municipality or county shall
16 continue to dispose of fees as otherwise provided by this section on
17 receipt of a written confirmation from the Office of Court
18 Administration of the Texas Judicial System [~~comptroller~~] that the
19 municipality or county is in compliance with Article 103.0033, Code
20 of Criminal Procedure.

21 SECTION 50.04. If H.B. No. 2949, Acts of the 82nd
22 Legislature, Regular Session, 2011, becomes law, this article has
23 no effect.

24 ARTICLE 51. CORRECTIONAL MANAGED HEALTH CARE

25 SECTION 51.01. Subsection (a), Section 501.133, Government
26 Code, is amended to read as follows:

27 (a) The committee consists of five voting [~~nine~~] members and

1 one nonvoting member [~~appointed~~] as follows:

2 (1) one member [~~two members~~] employed full-time by the
3 department, [~~at least one of whom is a physician,~~] appointed by the
4 executive director;

5 (2) one member who is a physician and [~~two members~~]
6 employed full-time by The University of Texas Medical Branch at
7 Galveston, [~~at least one of whom is a physician,~~] appointed by the
8 president of the medical branch;

9 (3) one member who is a physician and [~~two members~~]
10 employed full-time by the Texas Tech University Health Sciences
11 Center, [~~at least one of whom is a physician,~~] appointed by the
12 president of the university; [~~and~~]

13 (4) two [~~three~~] public members appointed by the
14 governor who are not affiliated with the department or with any
15 entity with which the committee has contracted to provide health
16 care services under this chapter, at least one [~~two~~] of whom is
17 [~~are~~] licensed to practice medicine in this state; and

18 (5) the state Medicaid director, to serve ex officio
19 as a nonvoting member.

20 SECTION 51.02. Subsection (b), Section 501.135, Government
21 Code, is amended to read as follows:

22 (b) A person may not be an appointed [~~a~~] member of the
23 committee and may not be a committee employee employed in a "bona
24 fide executive, administrative, or professional capacity," as that
25 phrase is used for purposes of establishing an exemption to the
26 overtime provisions of the federal Fair Labor Standards Act of 1938
27 (29 U.S.C. Section 201 et seq.) and its subsequent amendments if:

1 (1) the person is an officer, employee, or paid
2 consultant of a Texas trade association in the field of health care
3 or health care services; or

4 (2) the person's spouse is an officer, manager, or paid
5 consultant of a Texas trade association in the field of health care
6 or health care services.

7 SECTION 51.03. Section 501.136, Government Code, is amended
8 to read as follows:

9 Sec. 501.136. TERMS OF OFFICE FOR PUBLIC MEMBERS.
10 Committee members appointed by the governor serve staggered
11 four-year [~~six-year~~] terms, with the term of one of those members
12 expiring on February 1 of each odd-numbered year. Other committee
13 members serve at the will of the appointing official or until
14 termination of the member's employment with the entity the member
15 represents.

16 SECTION 51.04. Section 501.147, Government Code, is amended
17 to read as follows:

18 Sec. 501.147. DEPARTMENT [~~COMMITTEE~~] AUTHORITY TO
19 CONTRACT. (a) The department [~~committee~~] may enter into a
20 contract [~~on behalf of the department~~] to fully implement the
21 managed health care plan under this subchapter. A contract entered
22 into under this subsection must include provisions necessary to
23 ensure that The University of Texas Medical Branch at Galveston is
24 eligible for and makes reasonable efforts to participate in the
25 purchase of prescription drugs under Section 340B, Public Health
26 Service Act (42 U.S.C. Section 256b).

27 (b) The department [~~committee~~] may[, ~~in addition to~~

1 ~~providing services to the department,~~] contract with other
2 governmental entities for similar health care services and
3 integrate those services into the managed health care provider
4 network.

5 (c) In contracting for implementation of the managed health
6 care plan, the department ~~[committee]~~, to the extent possible,
7 shall integrate the managed health care provider network with the
8 public medical schools of this state and the component and
9 affiliated hospitals of those medical schools. The contract must
10 authorize The University of Texas Medical Branch at Galveston to
11 contract directly with the Texas Tech University Health Sciences
12 Center for the provision of health care services. The Texas Tech
13 University Health Sciences Center shall cooperate with The
14 University of Texas Medical Branch at Galveston in its efforts to
15 participate in the purchase of prescription drugs under Section
16 340B, Public Health Service Act (42 U.S.C. Section 256b).

17 (d) For services that the public medical schools and their
18 components and affiliates cannot provide, the department
19 ~~[committee]~~ shall initiate a competitive bidding process for
20 contracts with other providers for medical care to persons confined
21 by the department.

22 (e) The department, in cooperation with the committee, may
23 contract with an individual or firm for a biennial review of, and
24 report concerning, expenditures under the managed health care plan.
25 The review must be conducted by an individual or firm experienced in
26 auditing the state's Medicaid expenditures and other medical
27 expenditures. Not later than September 1 of each even-numbered

1 year, the department shall submit a copy of a report under this
2 section to the health care providers that are part of the managed
3 health care provider network established under this subchapter, the
4 Legislative Budget Board, the governor, the lieutenant governor,
5 and the speaker of the house of representatives.

6 SECTION 51.05. Subsection (a), Section 501.148, Government
7 Code, is amended to read as follows:

8 (a) The committee may ~~shall~~:

9 (1) develop statewide policies for the delivery of
10 correctional health care;

11 (2) ~~[maintain contracts for health care services in~~
12 ~~consultation with the department and the health care providers,~~

13 ~~[(3)]~~ communicate with the department and the
14 legislature regarding the financial needs of the correctional
15 health care system;

16 (3) in conjunction with the department,
17 ~~[(4) allocate funding made available through legislative~~
18 ~~appropriations for correctional health care,~~

19 ~~[(5)]~~ monitor the expenditures of The University of
20 Texas Medical Branch at Galveston and the Texas Tech University
21 Health Sciences Center to ensure that those expenditures comply
22 with applicable statutory and contractual requirements;

23 (4) ~~[(6)]~~ serve as a dispute resolution forum in the
24 event of a disagreement relating to inmate health care services
25 between:

26 (A) the department and the health care providers;

27 or

1 (B) The University of Texas Medical Branch at
2 Galveston and the Texas Tech University Health Sciences Center;

3 (5) [~~(7)~~] address problems found through monitoring
4 activities by the department and health care providers, including
5 requiring corrective action if care does not meet expectations as
6 determined by those monitoring activities;

7 (6) [~~(8)~~] identify and address long-term needs of the
8 correctional health care system; and

9 (7) [~~(9)~~] report to the Texas Board of Criminal
10 Justice at the board's regularly scheduled meeting each quarter on
11 the committee's policy recommendations [~~decisions~~], the financial
12 status of the correctional health care system, and corrective
13 actions taken by or required of the department or the health care
14 providers.

15 SECTION 51.06. (a) The Correctional Managed Health Care
16 Committee established under Section 501.133, Government Code, as
17 that section existed before amendment by this article, is abolished
18 effective November 30, 2011.

19 (b) An appointing official under Section 501.133,
20 Government Code, shall appoint the members of the Correctional
21 Managed Health Care Committee under Section 501.133, Government
22 Code, as amended by this Act, not later than November 30, 2011. The
23 governor shall appoint one public member to serve a term that
24 expires February 1, 2013, and one public member to serve a term that
25 expires February 1, 2015.

26 (c) The term of a person who is serving as a member of the
27 Correctional Managed Health Care Committee immediately before the

1 abolition of that committee under Subsection (a) of this section
2 expires on November 30, 2011. Such a person is eligible for
3 appointment by an appointing official to the new committee under
4 Section 501.133, Government Code, as amended by this article.

5 ARTICLE 52. GENERAL HOUSING MATTERS

6 SECTION 52.01. (a) If H.B. No. 2457, Acts of the 82nd
7 Legislature, Regular Session, 2011, does not become law, Section
8 481.078, Government Code, is amended by amending Subsection (c) and
9 adding Subsection (d-1) to read as follows:

10 (c) Except as provided by Subsections [~~Subsection~~] (d) and
11 (d-1), the fund may be used only for economic development,
12 infrastructure development, community development, job training
13 programs, and business incentives.

14 (d-1) The fund may be used for the Texas homeless housing
15 and services program administered by the Texas Department of
16 Housing and Community Affairs. Subsections (e-1), (f), (g), (h),
17 (i), and (j) and Section 481.080 do not apply to a grant awarded for
18 a purpose specified by this subsection.

19 (b) If H.B. No. 2457, Acts of the 82nd Legislature, Regular
20 Session, 2011, becomes law, Section 481.078, Government Code, is
21 amended by amending Subsection (c) and adding Subsection (d-1) to
22 read as follows:

23 (c) Except as provided by Subsections [~~Subsection~~] (d) and
24 (d-1), the fund may be used only for economic development,
25 infrastructure development, community development, job training
26 programs, and business incentives.

27 (d-1) The fund may be used for the Texas homeless housing

1 and services program administered by the Texas Department of
2 Housing and Community Affairs. Subsections (e-1), (f), (f-1),
3 (f-2), (g), (h), (h-1), (i), and (j) and Section 481.080 do not
4 apply to a grant awarded for a purpose specified by this subsection.

5 SECTION 52.02. Section 481.079, Government Code, is amended
6 by adding Subsection (a-1) to read as follows:

7 (a-1) For grants awarded for a purpose specified by Section
8 481.078(d-1), the report must include only the amount and purpose
9 of each grant.

10 SECTION 52.03. Subchapter K, Chapter 2306, Government Code,
11 is amended by adding Section 2306.2585 to read as follows:

12 Sec. 2306.2585. HOMELESS HOUSING AND SERVICES PROGRAM.

13 (a) The department may administer a homeless housing and services
14 program in each municipality in this state with a population of
15 285,500 or more to:

16 (1) provide for the construction, development, or
17 procurement of housing for homeless persons; and

18 (2) provide local programs to prevent and eliminate
19 homelessness.

20 (b) The department may adopt rules to govern the
21 administration of the program, including rules that:

22 (1) provide for the allocation of any available
23 funding; and

24 (2) provide detailed guidelines as to the scope of the
25 local programs in the municipalities described by Subsection (a).

26 (c) The department may use any available revenue, including
27 legislative appropriations, and shall solicit and accept gifts and

1 grants for the purposes of this section. The department shall use
2 gifts and grants received for the purposes of this section before
3 using any other revenue.

4 SECTION 52.04. This article takes effect on the later of:

5 (1) the earliest day on which this article may take
6 effect under Section 39, Article III, Texas Constitution; or

7 (2) June 20, 2011.

8 ARTICLE 53. UNIFORM GRANT AND CONTRACT MANAGEMENT

9 SECTION 53.01. Section 783.004, Government Code, is amended
10 to read as follows:

11 Sec. 783.004. OFFICE OF THE COMPTROLLER [~~GOVERNOR'S~~
12 ~~OFFICE~~]. The office of the comptroller [~~governor's office~~] is the
13 state agency for uniform grant and contract management.

14 SECTION 53.02. Subsections (a) and (b), Section 783.005,
15 Government Code, are amended to read as follows:

16 (a) The comptroller [~~governor's office~~] shall develop
17 uniform and concise language for any assurances that a local
18 government is required to make to a state agency.

19 (b) The comptroller [~~governor's office~~] may:

20 (1) categorize assurances according to the type of
21 grant or contract;

22 (2) designate programs to which the assurances are
23 applicable; and

24 (3) revise the assurances.

25 SECTION 53.03. Section 783.006, Government Code, is amended
26 to read as follows:

27 Sec. 783.006. STANDARD FINANCIAL MANAGEMENT CONDITIONS.

1 (a) The comptroller [~~governor's office~~] shall compile and
2 distribute to each state agency an official compilation of standard
3 financial management conditions.

4 (b) The comptroller [~~governor's office~~] shall develop the
5 compilation from Federal Management Circular A-102 or from a
6 revision of that circular and from other applicable statutes and
7 regulations.

8 (c) The comptroller [~~governor's office~~] shall include in
9 the compilation official commentary regarding administrative or
10 judicial interpretations that affect the application of financial
11 management standards.

12 (d) The comptroller [~~governor's office~~] may:

13 (1) categorize the financial management conditions
14 according to the type of grant or contract;

15 (2) designate programs to which the conditions are
16 applicable; and

17 (3) revise the conditions.

18 SECTION 53.04. Subsection (d), Section 783.007, Government
19 Code, is amended to read as follows:

20 (d) The agency shall file a notice of each proposed rule
21 that establishes a variation from uniform assurances or standard
22 conditions with the comptroller [~~governor's office~~].

23 SECTION 53.05. Subsection (b), Section 783.008, Government
24 Code, is amended to read as follows:

25 (b) On receipt of a request for a single audit or audit
26 coordination, the comptroller [~~governor's office~~] in consultation
27 with the state auditor shall not later than the 30th day after the

1 date of the request designate a single state agency to coordinate
2 state audits of the local government.

3 ARTICLE 54. FRANCHISE TAX APPLICABILITY AND EXCLUSIONS

4 SECTION 54.01. Section 171.0001, Tax Code, is amended by
5 adding Subdivisions (1-a), (10-a), (10-b), and (11-b) to read as
6 follows:

7 (1-a) "Artist" means a natural person or an entity that
8 contracts to perform or entertain at a live entertainment event.

9 (10-a) "Live entertainment event" means an event that
10 occurs on a specific date to which tickets are sold in advance by a
11 third-party vendor and at which:

12 (A) a natural person or a group of natural
13 persons, physically present at the venue, performs for the purpose
14 of entertaining a ticket holder who is present at the event;

15 (B) a traveling circus or animal show performs
16 for the purpose of entertaining a ticket holder who is present at
17 the event; or

18 (C) a historical, museum-quality artifact is on
19 display in an exhibition.

20 (10-b) "Live event promotion services" means services
21 related to the promotion, coordination, operation, or management of
22 a live entertainment event. The term includes services related to:

23 (A) the provision of staff for the live
24 entertainment event; or

25 (B) the scheduling and promotion of an artist
26 performing or entertaining at the live entertainment event.

27 (11-b) "Qualified live event promotion company" means

1 a taxable entity that:

2 (A) receives at least 60 percent of the entity's
3 annual total revenue from the provision or arrangement for the
4 provision of three or more live event promotion services;

5 (B) maintains a permanent nonresidential office
6 from which the live event promotion services are provided or
7 arranged;

8 (C) employs 10 or more full-time employees during
9 all or part of the period for which taxable margin is calculated;

10 (D) does not provide services for a wedding or
11 carnival; and

12 (E) is not a movie theater.

13 SECTION 54.02. Subsection (c), Section 171.0002, Tax Code,
14 is amended to read as follows:

15 (c) "Taxable entity" does not include an entity that is:

16 (1) a grantor trust as defined by Sections 671 and
17 7701(a)(30)(E), Internal Revenue Code, all of the grantors and
18 beneficiaries of which are natural persons or charitable entities
19 as described in Section 501(c)(3), Internal Revenue Code, excluding
20 a trust taxable as a business entity pursuant to Treasury
21 Regulation Section 301.7701-4(b);

22 (2) an estate of a natural person as defined by Section
23 7701(a)(30)(D), Internal Revenue Code, excluding an estate taxable
24 as a business entity pursuant to Treasury Regulation Section
25 301.7701-4(b);

26 (3) an escrow;

27 (4) a real estate investment trust (REIT) as defined

1 by Section 856, Internal Revenue Code, and its "qualified REIT
2 subsidiary" entities as defined by Section 856(i)(2), Internal
3 Revenue Code, provided that:

4 (A) a REIT with any amount of its assets in direct
5 holdings of real estate, other than real estate it occupies for
6 business purposes, as opposed to holding interests in limited
7 partnerships or other entities that directly hold the real estate,
8 is a taxable entity; and

9 (B) a limited partnership or other entity that
10 directly holds the real estate as described in Paragraph (A) is not
11 exempt under this subdivision, without regard to whether a REIT
12 holds an interest in it;

13 (5) a real estate mortgage investment conduit (REMIC),
14 as defined by Section 860D, Internal Revenue Code;

15 (6) a nonprofit self-insurance trust created under
16 Chapter 2212, Insurance Code, or a predecessor statute;

17 (7) a trust qualified under Section 401(a), Internal
18 Revenue Code; ~~[or]~~

19 (8) a trust or other entity that is exempt under
20 Section 501(c)(9), Internal Revenue Code; or

21 (9) an unincorporated entity organized as a political
22 committee under the Election Code or the provisions of the Federal
23 Election Campaign Act of 1971 (2 U.S.C. Section 431 et seq.).

24 SECTION 54.03. Section 171.1011, Tax Code, is amended by
25 adding Subsections (g-5) and (g-7) to read as follows:

26 (g-5) A taxable entity that is a qualified live event
27 promotion company shall exclude from its total revenue, to the

1 extent included under Subsection (c)(1)(A), (c)(2)(A), or (c)(3), a
2 payment made to an artist in connection with the provision of a live
3 entertainment event or live event promotion services.

4 (g-7) A taxable entity that is a qualified courier and
5 logistics company shall exclude from its total revenue, to the
6 extent included under Subsection (c)(1)(A), (c)(2)(A), or (c)(3),
7 subcontracting payments made by the taxable entity to nonemployee
8 agents for the performance of delivery services on behalf of the
9 taxable entity. For purposes of this subsection, "qualified
10 courier and logistics company" means a taxable entity that:

11 (1) receives at least 80 percent of the taxable
12 entity's annual total revenue from its entire business from a
13 combination of at least two of the following courier and logistics
14 services:

15 (A) expedited same-day delivery of an envelope,
16 package, parcel, roll of architectural drawings, box, or pallet;

17 (B) temporary storage and delivery of the
18 property of another entity, including an envelope, package, parcel,
19 roll of architectural drawings, box, or pallet; and

20 (C) brokerage of same-day or expedited courier
21 and logistics services to be completed by a person or entity under a
22 contract that includes a contractual obligation by the taxable
23 entity to make payments to the person or entity for those services;

24 (2) during the period on which margin is based, is
25 registered as a motor carrier under Chapter 643, Transportation
26 Code, and if the taxable entity operates on an interstate basis, is
27 registered as a motor carrier or broker under the unified carrier

1 registration system, as defined by Section 643.001, Transportation
2 Code, during that period;

3 (3) maintains an automobile liability insurance
4 policy covering individuals operating vehicles owned, hired, or
5 otherwise used in the taxable entity's business, with a combined
6 single limit for each occurrence of at least \$1 million;

7 (4) maintains at least \$25,000 of cargo insurance;

8 (5) maintains a permanent nonresidential office from
9 which the courier and logistics services are provided or arranged;

10 (6) has at least five full-time employees during the
11 period on which margin is based;

12 (7) is not doing business as a livery service, floral
13 delivery service, motor coach service, taxicab service, building
14 supply delivery service, water supply service, fuel or energy
15 supply service, restaurant supply service, commercial moving and
16 storage company, or overnight delivery service; and

17 (8) is not delivering items that the taxable entity or
18 an affiliated entity sold.

19 SECTION 54.04. This article applies only to a report
20 originally due on or after January 1, 2012.

21 SECTION 54.05. This article takes effect January 1, 2012.

22 ARTICLE 55. ENTERPRISE AND EMERGING TECHNOLOGY FUNDS

23 SECTION 55.01. Section 481.078, Government Code, is amended
24 by amending Subsections (e) and (j) and adding Subsections (f-1),
25 (f-2), and (h-1) to read as follows:

26 (e) The administration of the fund is considered to be a
27 trustee program within the office of the governor. The governor

1 may negotiate on behalf of the state regarding awarding, by grant,
2 money appropriated from the fund. The governor may award money
3 appropriated from the fund only with the [~~express written~~] prior
4 approval of the lieutenant governor and speaker of the house of
5 representatives. For purposes of this subsection, an award of
6 money appropriated from the fund is considered disapproved by the
7 lieutenant governor or speaker of the house of representatives if
8 that officer does not approve the proposal to award the grant before
9 the 91st day after the date of receipt of the proposal from the
10 governor. The lieutenant governor or the speaker of the house of
11 representatives may extend the review deadline applicable to that
12 officer for an additional 14 days by submitting a written notice to
13 that effect to the governor before the expiration of the initial
14 review period.

15 (f-1) A grant agreement must contain a provision:

16 (1) requiring the creation of a minimum number of jobs
17 in this state; and

18 (2) specifying the date by which the recipient intends
19 to create those jobs.

20 (f-2) A grant agreement must contain a provision providing
21 that if the recipient does not meet job creation performance
22 targets as of the dates specified in the agreement, the recipient
23 shall repay the grant in accordance with Subsection (j).

24 (h-1) At least 14 days before the date the governor intends
25 to amend a grant agreement, the governor shall notify and provide a
26 copy of the proposed amendment to the speaker of the house of
27 representatives and the lieutenant governor.

1 (j) Repayment of a grant under Subsection (f)(1)(A) shall
2 ~~[may]~~ be prorated to reflect a partial attainment of job creation
3 performance targets, and may be prorated for a partial attainment
4 of other performance targets.

5 SECTION 55.02. Subsections (a) and (b), Section 490.005,
6 Government Code, are amended to read as follows:

7 (a) Not later than January 31 ~~[1]~~ of each year, the governor
8 shall submit to the lieutenant governor, the speaker of the house of
9 representatives, and the standing committee of each house of the
10 legislature with primary jurisdiction over economic development
11 matters and post on the office of the governor's Internet website a
12 report that includes the following information regarding awards
13 made under the fund during each ~~[for the]~~ preceding ~~[three]~~ state
14 fiscal year ~~[years]~~:

15 (1) the total number and amount of awards made;

16 (2) the number and amount of awards made under
17 Subchapters D, E, and F;

18 (3) the aggregate total of private sector investment,
19 federal government funding, and contributions from other sources
20 obtained in connection with awards made under each of the
21 subchapters listed in Subdivision (2);

22 (4) the name of each award recipient and the amount of
23 the award made to the recipient; and

24 (5) a brief description of the equity position that
25 the governor, on behalf of the state, may take in companies
26 receiving awards and the names of the companies in which the state
27 has taken an equity position.

1 (b) The annual report must also contain:

2 (1) the total number of jobs actually created by each
3 project receiving funding under this chapter;

4 (2) an analysis of the number of jobs actually created
5 by each project receiving funding under this chapter; and

6 (3) a brief description regarding:

7 (A) the methodology used to determine the
8 information provided under Subdivisions (1) and (2), which may be
9 developed in consultation with the comptroller's office;

10 (B) [~~(1)~~] the intended outcomes of projects
11 funded under Subchapter D during each [~~the~~] preceding [~~two~~] state
12 fiscal year [~~years~~]; and

13 (C) [~~(2)~~] the actual outcomes of all projects
14 funded under Subchapter D during each preceding state fiscal year
15 [~~the fund's existence~~], including any financial impact on the state
16 resulting from a liquidity event involving a company whose project
17 was funded under that subchapter.

18 SECTION 55.03. Subchapter A, Chapter 490, Government Code,
19 is amended by adding Section 490.006 to read as follows:

20 Sec. 490.006. VALUATION OF INVESTMENTS; INCLUSION IN ANNUAL
21 REPORT. To the maximum extent practicable, the office of the
22 governor shall annually perform a valuation of the equity positions
23 taken by the governor, on behalf of the state, in companies
24 receiving awards under the fund and of other investments made by the
25 governor, on behalf of the state, in connection with an award under
26 the fund. The valuation must:

27 (1) be based on a methodology that:

1 (A) may be developed in consultation with the
2 comptroller's office; and

3 (B) is consistent with generally accepted
4 accounting principles; and

5 (2) be included with the annual report required under
6 Section 490.005.

7 SECTION 55.04. The heading to Section 490.052, Government
8 Code, is amended to read as follows:

9 Sec. 490.052. APPOINTMENT TO COMMITTEE [~~BY GOVERNOR~~];
10 NOMINATIONS.

11 SECTION 55.05. Section 490.052, Government Code, is amended
12 by amending Subsection (a) and adding Subsections (a-1) and (a-2)
13 to read as follows:

14 (a) The governor shall appoint to the committee 13
15 individuals nominated as provided by Subsection (b).

16 (a-1) The lieutenant governor shall appoint two individuals
17 to the committee.

18 (a-2) The speaker of the house of representatives shall
19 appoint two individuals to the committee.

20 SECTION 55.06. Subchapter B, Chapter 490, Government Code,
21 is amended by adding Section 490.0521 to read as follows:

22 Sec. 490.0521. FINANCIAL STATEMENT REQUIRED. (a) Each
23 member of the committee shall file with the office of the governor a
24 verified financial statement complying with Sections
25 572.022-572.0252 as is required of a state officer by Section
26 572.021.

27 (b) All information obtained and maintained pursuant to

1 Subsection (a), including information derived from the financial
2 statements, is confidential and is not subject to disclosure under
3 Chapter 552.

4 (c) The governor, on request or in the normal course of
5 official business, shall provide information that is confidential
6 under Subsection (b) to the state auditor's office.

7 (d) This section does not affect release of information for
8 legislative purposes pursuant to Section 552.008.

9 SECTION 55.07. Section 490.054, Government Code, is amended
10 to read as follows:

11 Sec. 490.054. TERMS. (a) Members of the committee
12 appointed by the governor serve staggered two-year terms, subject
13 to the pleasure of the governor.

14 (b) Members of the committee appointed by the lieutenant
15 governor or the speaker of the house of representatives serve
16 two-year terms.

17 SECTION 55.08. Section 490.056, Government Code, is amended
18 by adding Subsections (c), (d), and (e) to read as follows:

19 (c) Each entity recommended by the committee for an award of
20 money from the fund as provided by this chapter shall obtain and
21 provide the following information to the office of the governor:

22 (1) a federal criminal history background check for
23 each principal of the entity;

24 (2) a state criminal history background check for each
25 principal of the entity;

26 (3) a credit check for each principal of the entity;

27 (4) a copy of a government-issued form of photo

1 identification for each principal of the entity; and

2 (5) information regarding whether the entity or a
3 principal of the entity has ever been subject to a sanction imposed
4 by the Securities and Exchange Commission for a violation of
5 applicable federal law.

6 (d) For purposes of Subsection (c), "principal" means:

7 (1) an officer of an entity; or

8 (2) a person who has at least a 10 percent ownership
9 interest in an entity.

10 (e) With each proposal to award funding submitted by the
11 governor to the lieutenant governor and speaker of the house of
12 representatives for purposes of obtaining prior approval, the
13 governor shall provide each officer with a copy of the information
14 provided by the appropriate entity under Subsection (c).

15 SECTION 55.09. Section 490.057, Government Code, is amended
16 to read as follows:

17 Sec. 490.057. CONFIDENTIALITY. (a) Except as provided by
18 Subsection (b), information [~~Information~~] collected by the
19 governor's office, the committee, or the committee's advisory
20 panels concerning the identity, background, finance, marketing
21 plans, trade secrets, or other commercially or academically
22 sensitive information of an individual or entity being considered
23 for, receiving, or having received an award from the fund is
24 confidential unless the individual or entity consents to disclosure
25 of the information.

26 (b) The following information collected by the governor's
27 office, the committee, or the committee's advisory panels under

1 this chapter is public information and may be disclosed under
2 Chapter 552:

3 (1) the name and address of an individual or entity
4 receiving or having received an award from the fund;

5 (2) the amount of funding received by an award
6 recipient;

7 (3) a brief description of the project that is funded
8 under this chapter;

9 (4) if applicable, a brief description of the equity
10 position that the governor, on behalf of the state, has taken in an
11 entity that has received an award from the fund; and

12 (5) any other information designated by the committee
13 with the consent of:

14 (A) the individual or entity receiving or having
15 received an award from the fund, as applicable;

16 (B) the governor;

17 (C) the lieutenant governor; and

18 (D) the speaker of the house of representatives.

19 SECTION 55.10. Section 490.101, Government Code, is amended
20 by amending Subsection (f) and adding Subsection (f-1) to read as
21 follows:

22 (f) The administration of the fund is considered to be a
23 trustee program within the office of the governor. The governor
24 may negotiate on behalf of the state regarding awards from the fund.
25 The governor may award money appropriated from the fund only with
26 the [~~express written~~] prior approval of the lieutenant governor and
27 speaker of the house of representatives.

1 (f-1) For purposes of Subsection (f), an award of money
2 appropriated from the fund is considered disapproved by the
3 lieutenant governor or speaker of the house of representatives if
4 that officer does not approve the proposal to award funding before
5 the 91st day after the date of receipt of the proposal from the
6 governor. The lieutenant governor or the speaker of the house of
7 representatives may extend the review deadline applicable to that
8 officer for an additional 14 days by submitting a written notice to
9 that effect to the governor before the expiration of the initial
10 review period.

11 SECTION 55.11. Subchapter D, Chapter 490, Government Code,
12 is amended by adding Section 490.1521 to read as follows:

13 Sec. 490.1521. MINUTES OF CERTAIN MEETINGS. (a) Each
14 regional center of innovation and commercialization established
15 under Section 490.152, including the Texas Life Science Center for
16 Innovation and Commercialization, shall keep minutes of each
17 meeting at which applications for funding under this subchapter are
18 evaluated. The minutes must:

19 (1) include the name of each applicant recommended by
20 the regional center of innovation and commercialization to the
21 committee for funding; and

22 (2) indicate the vote of each member of the governing
23 body of the regional center of innovation and commercialization,
24 including any recusal by a member and the member's reason for
25 recusal, with regard to each application reviewed.

26 (b) Each regional center of innovation and
27 commercialization shall retain a copy of the minutes of each

1 meeting to which this section applies for at least three years.

2 SECTION 55.12. Section 203.021, Labor Code, is amended by
3 adding Subsection (e) to read as follows:

4 (e) Money in the compensation fund may not be transferred to
5 the:

6 (1) Texas Enterprise Fund created under Section
7 481.078, Government Code; or

8 (2) Texas emerging technology fund established under
9 Section 490.101, Government Code.

10 SECTION 55.13. Section 204.123, Labor Code, is amended to
11 read as follows:

12 Sec. 204.123. TRANSFER TO [~~TEXAS ENTERPRISE FUND,~~] SKILLS
13 DEVELOPMENT FUND, TRAINING STABILIZATION FUND, AND COMPENSATION
14 FUND. (a) If, on September 1 of a year, the commission determines
15 that the amount in the compensation fund will exceed 100 percent of
16 its floor as computed under Section 204.061 on the next October 1
17 computation date, the commission shall transfer from the holding
18 fund created under Section 204.122:

19 (1) [~~from the first \$160 million deposited in the~~
20 ~~holding fund in any state fiscal biennium:~~

21 [~~(A) during the state fiscal biennium ending~~
22 ~~August 31, 2007:~~

23 [~~(i) 67 percent to the Texas Enterprise~~
24 ~~Fund created under Section 481.078, Government Code, except that~~
25 ~~the amount transferred under this paragraph may not exceed the~~
26 ~~amount appropriated by the legislature to the Texas Enterprise Fund~~
27 ~~in that biennium, and~~

1 ~~[(ii) 33 percent to the skills development~~
2 ~~fund created under Section 303.003, except that the amount~~
3 ~~transferred under this paragraph may not exceed the amount~~
4 ~~appropriated by the legislature to the skills development program~~
5 ~~strategies and activities in that biennium; and~~

6 ~~[(B)]~~ during any state fiscal biennium beginning
7 on or after September 1, 2007, 100~~[+~~

8 ~~[(i) 75 percent to the Texas Enterprise~~
9 ~~Fund created under Section 481.078, Government Code, except that~~
10 ~~the amount transferred under this paragraph may not exceed the~~
11 ~~amount appropriated by the legislature to the Texas Enterprise Fund~~
12 ~~in that biennium; and~~

13 ~~[(ii) 25]~~ percent to the skills development
14 fund created under Section 303.003, except that the amount
15 transferred under this subdivision ~~[paragraph]~~ may not exceed the
16 amount appropriated by the legislature to the skills development
17 program strategies and activities in that biennium; and

18 (2) any remaining amount in the holding fund after the
19 distribution under Subdivision (1) to the training stabilization
20 fund created under Section 302.101.

21 (b) If, on September 1 of a year, the commission determines
22 that the amount in the compensation fund will be at or below 100
23 percent of its floor as computed under Section 204.061 on the next
24 October 1 computation date, the commission shall transfer to the
25 compensation fund as much of the amount in the holding fund as is
26 necessary to raise the amount in the compensation fund to 100
27 percent of its floor, up to and including the entire amount in the

1 holding fund. The commission shall transfer any remaining balance
2 in the holding fund to the [~~Texas Enterprise Fund, the~~] skills
3 development fund[~~7~~] and the training stabilization fund in the
4 manner [~~in the percentages~~] prescribed by Subsection (a).

5 SECTION 55.14. Subsections (b) and (c), Section 302.101,
6 Labor Code, are amended to read as follows:

7 (b) Money in the training stabilization fund may be used in
8 a year in which the amounts in the employment and training
9 investment holding fund are insufficient to meet the legislative
10 appropriation for that fiscal year for [~~either the Texas Enterprise~~
11 ~~Fund or~~] the skills development program strategies and activities.

12 (c) Money in the training stabilization fund shall be
13 transferred to the [~~Texas Enterprise Fund and the~~] skills
14 development fund under Subsection (b) not later than September 30.
15 [~~The transfer under Subsection (b) shall consist of transferring 67~~
16 ~~percent of the money in the training stabilization fund to the Texas~~
17 ~~Enterprise Fund and 33 percent of the money in the training~~
18 ~~stabilization fund to the skills development fund.~~] The amount
19 transferred from the training stabilization fund may not exceed the
20 amounts appropriated to the [~~Texas Enterprise Fund and~~] skills
21 development program strategies and activities in the fiscal year in
22 which the transfer is made.

23 SECTION 55.15. Subsection (e), Section 481.078 and
24 Subsection (f), Section 490.101, Government Code, as amended by
25 this article, and Subsection (f-1), Section 490.101, Government
26 Code, as added by this article, apply only to a proposal for an
27 award from the Texas Enterprise Fund or Texas emerging technology

1 fund submitted by the governor to the lieutenant governor or
2 speaker of the house of representatives for prior approval on or
3 after the effective date of this article. A proposal submitted by
4 the governor for prior approval before the effective date of this
5 article is governed by the law in effect on the date the proposal
6 was submitted for that approval, and the former law is continued in
7 effect for that purpose.

8 SECTION 55.16. Subsection (j), Section 481.078, Government
9 Code, as amended by this article, and Subsections (f-1) and (f-2),
10 Section 481.078, Government Code, as added by this article, apply
11 only to a grant agreement that is entered into on or after the
12 effective date of this article. A grant agreement that is entered
13 into before the effective date of this article is governed by the
14 law in effect on the date the agreement was entered into, and the
15 former law is continued in effect for that purpose.

16 SECTION 55.17. (a) The terms of the members of the Texas
17 Emerging Technology Advisory Committee serving immediately before
18 the effective date of this article expire on the 91st day after the
19 last day of the legislative session.

20 (b) As soon as practicable after this article takes effect,
21 the governor, lieutenant governor, and speaker of the house of
22 representatives shall appoint members to the Texas Emerging
23 Technology Advisory Committee established under Subchapter B,
24 Chapter 490, Government Code, in a manner that complies with that
25 subchapter, as amended by this article.

26 (c) At the first meeting of members of the Texas Emerging
27 Technology Advisory Committee established under Subchapter B,

1 Chapter 490, Government Code, as amended by this article, occurring
2 on or after the 91st day after the last day of the legislative
3 session, the members appointed by the governor shall draw lots to
4 determine which six members will serve a term expiring September 1,
5 2012, and which seven members will serve a term expiring September
6 1, 2013.

7 SECTION 55.18. If H.B. No. 2457, Acts of the 82nd
8 Legislature, Regular Session, 2011, becomes law, this article has
9 no effect.

10 ARTICLE 56. AD VALOREM TAXATION OF LAND USED TO RAISE OR KEEP BEES

11 SECTION 56.01. Subdivision (2), Section 23.51, Tax Code, is
12 amended to read as follows:

13 (2) "Agricultural use" includes but is not limited to
14 the following activities: cultivating the soil, producing crops
15 for human food, animal feed, or planting seed or for the production
16 of fibers; floriculture, viticulture, and horticulture; raising or
17 keeping livestock; raising or keeping exotic animals for the
18 production of human food or of fiber, leather, pelts, or other
19 tangible products having a commercial value; planting cover crops
20 or leaving land idle for the purpose of participating in a
21 governmental program, provided the land is not used for residential
22 purposes or a purpose inconsistent with agricultural use; and
23 planting cover crops or leaving land idle in conjunction with
24 normal crop or livestock rotation procedure. The term also
25 includes the use of land to produce or harvest logs and posts for
26 the use in constructing or repairing fences, pens, barns, or other
27 agricultural improvements on adjacent qualified open-space land

1 having the same owner and devoted to a different agricultural use.
2 The term also includes the use of land for wildlife management. The
3 term also includes the use of land to raise or keep bees for
4 pollination or for the production of human food or other tangible
5 products having a commercial value, provided that the land used is
6 not less than 5 or more than 20 acres.

7 SECTION 56.02. This article applies only to the appraisal
8 of land for ad valorem tax purposes for a tax year that begins on or
9 after the effective date of this Act.

10 ARTICLE 57. PLACE OF BUSINESS OF A RETAILER FOR SALES TAX PURPOSES

11 SECTION 57.01. Subdivision (3), Subsection (a), Section
12 321.002, Tax Code, is amended to read as follows:

13 (3) "Place of business of the retailer" means an
14 established outlet, office, or location operated by the retailer or
15 the retailer's agent or employee for the purpose of receiving
16 orders for taxable items and includes any location at which three or
17 more orders are received by the retailer during a calendar year. A
18 warehouse, storage yard, or manufacturing plant is not a "place of
19 business of the retailer" unless at least three orders are received
20 by the retailer during the calendar year at the warehouse, storage
21 yard, or manufacturing plant. An outlet, office, facility, or any
22 location that contracts with a retail or commercial business
23 [~~engaged in activities to which this chapter applies~~] to process
24 for that business invoices, purchase orders, [~~or~~] bills of lading,
25 or other equivalent records onto which sales tax is added,
26 including an office operated for the purpose of buying and selling
27 taxable goods to be used or consumed by the retail or commercial

1 business, is not a "place of business of the retailer" if the
2 comptroller determines that the outlet, office, facility, or
3 location functions or exists to avoid the tax imposed by this
4 chapter or to rebate a portion of the tax imposed by this chapter to
5 the contracting business. Notwithstanding any other provision of
6 this subdivision, a kiosk is not a "place of business of the
7 retailer." In this subdivision, "kiosk" means a small stand-alone
8 area or structure that:

9 (A) is used solely to display merchandise or to
10 submit orders for taxable items from a data entry device, or both;

11 (B) is located entirely within a location that is
12 a place of business of another retailer, such as a department store
13 or shopping mall; and

14 (C) at which taxable items are not available for
15 immediate delivery to a customer.

16 SECTION 57.02. (a) Except as provided by Subsection (b) of
17 this section, this article takes effect October 1, 2011.

18 (b) If H.B. No. 590, Acts of the 82nd Legislature, Regular
19 Session, 2011, becomes law, this article has no effect.

20 ARTICLE 58. TEXAS FARM AND RANCH LANDS CONSERVATION PROGRAM

21 SECTION 58.01. Subsection (b), Section 183.059, Natural
22 Resources Code, is amended to read as follows:

23 (b) To receive a grant from the fund under this subchapter,
24 an applicant who is qualified to be an easement holder under this
25 subchapter must submit an application to the council. The
26 application must:

27 (1) set out the parties' clear conservation goals

1 consistent with the program;

2 (2) include a site-specific estimate-of-value
3 appraisal by a licensed appraiser qualified to determine the market
4 value of the easement; and

5 (3) [~~demonstrate that the applicant is able to match~~
6 ~~50 percent of the amount of the grant being sought, considering that~~
7 ~~the council may choose to allow a donation of part of the appraised~~
8 ~~value of the easement to be considered as in-kind matching funds,~~
9 ~~and~~

10 [~~4~~] include a memorandum of understanding signed by
11 the landowner and the applicant indicating intent to sell an
12 agricultural conservation easement and containing the terms of the
13 contract for the sale of the easement.

14 SECTION 58.02. If S.B. No. 1044, Acts of the 82nd
15 Legislature, Regular Session, 2011, becomes law, this article has
16 no effect.

17 ARTICLE 59. CERTAIN CONTRIBUTION RATE COMPUTATIONS

18 SECTION 59.01. Section 815.402, Government Code, is amended
19 by adding Subsections (a-1) and (h-1) to read as follows:

20 (a-1) Notwithstanding Subsection (a)(1), if the state
21 contribution to the retirement system is computed using a
22 percentage less than 6.5 percent for the state fiscal year
23 beginning September 1, 2011, the member's contribution is not
24 required to be computed using a percentage equal to the percentage
25 used to compute the state contribution for that biennium. This
26 subsection expires September 1, 2012.

27 (h-1) Notwithstanding Subsection (h), if the state

1 contribution to the law enforcement and custodial officer
2 supplemental retirement fund is computed using a percentage less
3 than 0.5 percent for the state fiscal year beginning September 1,
4 2011, the member's contribution is not required to be computed
5 using a percentage equal to the percentage used to compute the state
6 contribution for that biennium. This subsection expires September
7 1, 2012.

8 SECTION 59.02. If S.B. No. 1664, Acts of the 82nd
9 Legislature, Regular Session, 2011, becomes law, this article has
10 no effect.

11 ARTICLE 60. QUINQUENNIAL REPORTING OF CERTAIN INFORMATION FOR
12 UNCLAIMED PROPERTY

13 SECTION 60.01. Subsection (a), Section 411.0111,
14 Government Code, is amended to read as follows:

15 (a) Not later than June 1 of every fifth [~~each~~] year, the
16 department shall provide to the comptroller, for the purpose of
17 assisting the comptroller in the identification of persons entitled
18 to unclaimed property reported to the comptroller, the name,
19 address, social security number, date of birth, and driver's
20 license or state identification number of each person about whom
21 the department has such information in its records.

22 SECTION 60.02. Subsection (a), Section 811.012, Government
23 Code, as effective September 1, 2011, is amended to read as follows:

24 (a) Not later than June 1 of every fifth [~~each~~] year, the
25 retirement system shall provide to the comptroller, for the purpose
26 of assisting the comptroller in the identification of persons
27 entitled to unclaimed property reported to the comptroller, the

1 name, address, social security number, and date of birth of each
2 member, retiree, and beneficiary from the retirement system's
3 records.

4 SECTION 60.03. Subsection (a), Section 821.010, Government
5 Code, is amended to read as follows:

6 (a) Not later than June 1 of every fifth [~~each~~] year, the
7 retirement system shall provide to the comptroller, for the purpose
8 of assisting the comptroller in the identification of persons
9 entitled to unclaimed property reported to the comptroller, the
10 name, address, social security number, and date of birth of each
11 member, retiree, and beneficiary from the retirement system's
12 records.

13 SECTION 60.04. Subsection (a), Section 301.086, Labor Code,
14 is amended to read as follows:

15 (a) Not later than June 1 of every fifth [~~each~~] year, the
16 commission shall provide to the comptroller, for the purpose of
17 assisting the comptroller in the identification of persons entitled
18 to unclaimed property reported to the comptroller, the name,
19 address, social security number, and date of birth of each person
20 about whom the commission has such information in its records.

21 SECTION 60.05. The Department of Public Safety of the State
22 of Texas, the Employees Retirement System of Texas, the Teacher
23 Retirement System of Texas, and the Texas Workforce Commission
24 shall provide information to the comptroller of public accounts as
25 required by Subsection (a), Section 411.0111, Subsection (a),
26 Section 811.012, and Subsection (a), Section 821.010, Government
27 Code, and Subsection (a), Section 301.086, Labor Code, as amended

1 by this article, beginning in 2016.

2 ARTICLE 61. AD VALOREM TAXATION OF CERTAIN STORED PROPERTY

3 SECTION 61.01. Subsection (a), Section 11.253, Tax Code, is
4 amended by amending Subdivision (2) and adding Subdivisions (5) and
5 (6) to read as follows:

6 (2) "Goods-in-transit" means tangible personal
7 property that:

8 (A) is acquired in or imported into this state to
9 be forwarded to another location in this state or outside this
10 state;

11 (B) is stored under a contract of bailment by a
12 public warehouse operator ~~[detained]~~ at one or more public
13 warehouse facilities ~~[a location]~~ in this state that are not in any
14 way owned or controlled by ~~[in which]~~ the owner of the personal
15 property ~~[does not have a direct or indirect ownership interest]~~
16 for the account of ~~[assembling, storing, manufacturing,~~
17 ~~processing, or fabricating purposes by]~~ the person who acquired or
18 imported the property;

19 (C) is transported to another location in this
20 state or outside this state not later than 175 days after the date
21 the person acquired the property in or imported the property into
22 this state; and

23 (D) does not include oil, natural gas, petroleum
24 products, aircraft, dealer's motor vehicle inventory, dealer's
25 vessel and outboard motor inventory, dealer's heavy equipment
26 inventory, or retail manufactured housing inventory.

27 (5) "Bailee" and "warehouse" have the meanings

1 assigned by Section 7.102, Business & Commerce Code.

2 (6) "Public warehouse operator" means a person that:

3 (A) is both a bailee and a warehouse; and

4 (B) stores under a contract of bailment, at one
5 or more public warehouse facilities, tangible personal property
6 that is owned by other persons solely for the account of those
7 persons and not for the operator's account.

8 SECTION 61.02. Section 11.253, Tax Code, is amended by
9 amending Subsections (e) and (h) and adding Subsections (j-1) and
10 (j-2) to read as follows:

11 (e) In determining the market value of goods-in-transit
12 that in the preceding year were [~~assembled,~~] stored[~~, manufactured,~~
13 ~~processed, or fabricated~~] in this state, the chief appraiser shall
14 exclude the cost of equipment, machinery, or materials that entered
15 into and became component parts of the goods-in-transit but were
16 not themselves goods-in-transit or that were not transported to
17 another location in this state or outside this state before the
18 expiration of 175 days after the date they were brought into this
19 state by the property owner or acquired by the property owner in
20 this state. For component parts held in bulk, the chief appraiser
21 may use the average length of time a component part was held by the
22 owner of the component parts during the preceding year at a location
23 in this state that was not owned by or under the control of the owner
24 of the component parts in determining whether the component parts
25 were transported to another location in this state or outside this
26 state before the expiration of 175 days.

27 (h) The chief appraiser by written notice delivered to a

1 property owner who claims an exemption under this section may
2 require the property owner to provide copies of property records so
3 the chief appraiser can determine the amount and value of
4 goods-in-transit and that the location in this state where the
5 goods-in-transit were detained for storage [~~assembling, storing,~~
6 ~~manufacturing, processing, or fabricating purposes~~] was not owned
7 by or under the control of the owner of the goods-in-transit. If
8 the property owner fails to deliver the information requested in
9 the notice before the 31st day after the date the notice is
10 delivered to the property owner, the property owner forfeits the
11 right to claim or receive the exemption for that year.

12 (j-1) Notwithstanding Subsection (j) or official action
13 that was taken under that subsection before October 1, 2011, to tax
14 goods-in-transit exempt under Subsection (b) and not exempt under
15 other law, a taxing unit may not tax such goods-in-transit in a tax
16 year that begins on or after January 1, 2012, unless the governing
17 body of the taxing unit takes action on or after October 1, 2011, in
18 the manner required for official action by the governing body, to
19 provide for the taxation of the goods-in-transit. The official
20 action to tax the goods-in-transit must be taken before January 1 of
21 the first tax year in which the governing body proposes to tax
22 goods-in-transit. Before acting to tax the exempt property, the
23 governing body of the taxing unit must conduct a public hearing as
24 required by Section 1-n(d), Article VIII, Texas Constitution. If
25 the governing body of a taxing unit provides for the taxation of the
26 goods-in-transit as provided by this subsection, the exemption
27 prescribed by Subsection (b) does not apply to that unit. The

1 goods-in-transit remain subject to taxation by the taxing unit
2 until the governing body of the taxing unit, in the manner required
3 for official action, rescinds or repeals its previous action to tax
4 goods-in-transit or otherwise determines that the exemption
5 prescribed by Subsection (b) will apply to that taxing unit.

6 (j-2) Notwithstanding Subsection (j-1), if under Subsection
7 (j) the governing body of a taxing unit, before October 1, 2011,
8 took action to provide for the taxation of goods-in-transit and
9 pledged the taxes imposed on the goods-in-transit for the payment
10 of a debt of the taxing unit, the tax officials of the taxing unit
11 may continue to impose the taxes against the goods-in-transit until
12 the debt is discharged, if cessation of the imposition would impair
13 the obligation of the contract by which the debt was created.

14 SECTION 61.03. Subdivision (2), Subsection (a), Section
15 11.253, Tax Code, as amended by this article, applies only to an ad
16 valorem tax year that begins on or after January 1, 2012.

17 SECTION 61.04. (a) Except as provided by Subsection (b) of
18 this section, this article takes effect January 1, 2012.

19 (b) Section 61.02 of this article takes effect October 1,
20 2011.

21 ARTICLE 62. FISCAL MATTERS CONCERNING ADVANCED PLACEMENT

22 SECTION 62.01. Subsection (h), Section 28.053, Education
23 Code, is amended to read as follows:

24 (h) The commissioner may enter into agreements with the
25 college board and the International Baccalaureate Organization to
26 pay for all examinations taken by eligible public school students.
27 An eligible student is a student [~~one~~] who:

1 (1) takes a college advanced placement or
2 international baccalaureate course at a public school or who is
3 recommended by the student's principal or teacher to take the test;
4 and

5 (2) demonstrates financial need as determined in
6 accordance with guidelines adopted by the board that are consistent
7 with the definition of financial need adopted by the college board
8 or the International Baccalaureate Organization.

9 ARTICLE 63. FISCAL MATTERS CONCERNING TUITION EXEMPTIONS

10 SECTION 63.01. Subsection (c), Section 54.214, Education
11 Code, is amended to read as follows:

12 (c) To be eligible for an exemption under this section, a
13 person must:

14 (1) be a resident of this state;

15 (2) be a school employee serving in any capacity;

16 (3) for the initial term or semester for which the
17 person receives an exemption under this section, have worked as an
18 educational aide for at least one school year during the five years
19 preceding that term or semester;

20 (4) establish financial need as determined by
21 coordinating board rule;

22 (5) be enrolled at the institution of higher education
23 granting the exemption in courses required for teacher
24 certification in one or more subject areas determined by the Texas
25 Education Agency to be experiencing a critical shortage of teachers
26 at the public schools in this state [~~at the institution of higher~~
27 ~~education granting the exemption~~];

1 SECTION 64.03. If S.B. No. 419, Acts of the 82nd
2 Legislature, Regular Session, 2011, becomes law, this article has
3 no effect.

4 ARTICLE 65. CLASSIFICATION OF ENTITIES AS ENGAGED IN RETAIL TRADE
5 FOR PURPOSES OF THE FRANCHISE TAX

6 SECTION 65.01. Subdivision (12), Section 171.0001, Tax
7 Code, is amended to read as follows:

8 (12) "Retail trade" means:

9 (A) the activities described in Division G of the
10 1987 Standard Industrial Classification Manual published by the
11 federal Office of Management and Budget; and

12 (B) apparel rental activities classified as
13 Industry 5999 or 7299 of the 1987 Standard Industrial
14 Classification Manual published by the federal Office of Management
15 and Budget.

16 SECTION 65.02. This article applies only to a report
17 originally due on or after the effective date of this Act.

18 SECTION 65.03. This article takes effect January 1, 2012.

19 ARTICLE 66. RETENTION OF CERTAIN FOUNDATION SCHOOL FUND PAYMENTS

20 SECTION 66.01. Subchapter E, Chapter 42, Education Code, is
21 amended by adding Section 42.2511 to read as follows:

22 Sec. 42.2511. AUTHORIZATION FOR CERTAIN DISTRICTS TO RETAIN
23 ADDITIONAL STATE AID. (a) This section applies only to a school
24 district that was provided with state aid under Section 42.2516 for
25 the 2009-2010 or 2010-2011 school year based on the amount of aid to
26 which the district would have been entitled under that section if
27 Section 42.2516(g), as it existed on January 1, 2009, applied to

1 determination of the amount to which the district was entitled for
2 that school year.

3 (b) Notwithstanding any other law, a district to which this
4 section applies may retain the state aid provided to the district as
5 described by Subsection (a).

6 (c) This section expires September 1, 2013.

7 SECTION 66.02. It is the intent of the legislature that the
8 authorization provided by Section 42.2511, Education Code, as added
9 by this article, to retain state aid described by that section is
10 not affected by the expiration of that provision on September 1,
11 2013.

12 ARTICLE 67. THE STATE COMPRESSION PERCENTAGE

13 SECTION 67.01. Section 42.2516, Education Code, is amended
14 by adding Subsection (b-2) to read as follows:

15 (b-2) If a school district adopts a maintenance and
16 operations tax rate that is below the rate equal to the product of
17 the state compression percentage multiplied by the maintenance and
18 operations tax rate adopted by the district for the 2005 tax year,
19 the commissioner shall reduce the district's entitlement under this
20 section in proportion to the amount by which the adopted rate is
21 less than the rate equal to the product of the state compression
22 percentage multiplied by the rate adopted by the district for the
23 2005 tax year. The reduction required by this subsection applies
24 beginning with the maintenance and operations tax rate adopted for
25 the 2009 tax year.

1 ARTICLE 68. TEXAS GUARANTEED STUDENT LOAN CORPORATION; BOARD OF
2 DIRECTORS

3 SECTION 68.01. Subsections (a) and (b), Section 57.13,
4 Education Code, are amended to read as follows:

5 (a) The corporation is governed by a board of nine [~~11~~]
6 directors in accordance with this section.

7 (b) The governor, with the advice and consent of the senate,
8 shall appoint the [~~10~~] members of [~~10~~] the board as follows:

9 (1) four [~~five~~] members who must have knowledge of or
10 experience in finance, including management of funds or business
11 operations;

12 (2) one member who must be a student enrolled at a
13 postsecondary educational institution for the number of credit
14 hours required by the institution to be classified as a full-time
15 student of the institution; and

16 (3) four members who must be members of the faculty or
17 administration of a [~~an eligible~~] postsecondary educational
18 institution that is an eligible institution for purposes of the
19 Higher Education Act of 1965, as amended [~~, as defined by Section~~
20 ~~57.46~~].

21 SECTION 68.02. Section 57.17, Education Code, is amended to
22 read as follows:

23 Sec. 57.17. OFFICERS. The governor shall designate the
24 chairman from among the board's membership. The board shall elect
25 from among its members a [~~chairman~~] vice-chairman [~~7~~] and other
26 officers that the board considers necessary. The chairman and
27 vice-chairman serve for a term of one year and may be redesignated

1 or reelected, as applicable.

2 SECTION 68.03. Subsection (d), Section 57.13, Education
3 Code, is repealed.

4 SECTION 68.04. If S.B. No. 40, Acts of the 82nd Legislature,
5 Regular Session, 2011, becomes law, this article has no effect.

6 ARTICLE 69. FISCAL MATTERS CONCERNING LEASES OF PUBLIC LAND FOR
7 MINERAL DEVELOPMENT

8 SECTION 69.01. Subsections (a) and (c), Section 85.66,
9 Education Code, are amended to read as follows:

10 (a) If oil or other minerals are developed on any of the
11 lands leased by the board, the royalty or money as stipulated in the
12 sale shall be paid to the general land office at Austin on or before
13 the last day of each month for the preceding month during the life
14 of the rights purchased, and shall be set aside [~~in the state~~
15 ~~treasury~~] as specified in Section 85.70 [~~of this code~~]. The royalty
16 or money paid to the general land office shall be accompanied by the
17 sworn statement of the owner, manager, or other authorized agent
18 showing the gross amount of oil, gas, sulphur, mineral ore, and
19 other minerals produced and saved since the last report, the amount
20 of oil, gas, sulphur, mineral ore, and other minerals produced and
21 sold off the premises, and the market value of the oil, gas,
22 sulphur, mineral ore, and other minerals, together with a copy of
23 all daily gauges, or vats, tanks, gas meter readings, pipeline
24 receipts, gas line receipts and other checks and memoranda of the
25 amounts produced and put into pipelines, tanks, vats, or pool and
26 gas lines, gas storage, other places of storage, and other means of
27 transportation.

1 (c) The commissioner of the general land office shall tender
2 to the board on or before the 10th day of each month a report of all
3 receipts that are collected from the lease or sale of oil, gas,
4 sulphur, mineral ore, and other minerals and that are deposited
5 ~~[turned into the state treasury,]~~ as provided by Section 85.70
6 during ~~[of this code, of]~~ the preceding month.

7 SECTION 69.02. Section 85.69, Education Code, is amended to
8 read as follows:

9 Sec. 85.69. PAYMENTS; DISPOSITION. Payments under this
10 subchapter shall be made to the commissioner of the general land
11 office at Austin, who shall transmit to the board ~~[comptroller]~~ all
12 royalties, lease fees, rentals for delay in drilling or mining, and
13 all other payments, including all filing assignments and
14 relinquishment fees, to be deposited ~~[in the state treasury]~~ as
15 provided by Section 85.70 ~~[of this code]~~.

16 SECTION 69.03. Section 85.70, Education Code, is amended to
17 read as follows:

18 Sec. 85.70. CERTAIN MINERAL LEASES; DISPOSITION OF MONEY;
19 SPECIAL FUNDS; INVESTMENT. (a) Except as provided by Subsection
20 (c) ~~[of this section]~~, all money received under and by virtue of
21 this subchapter shall be deposited in ~~[the state treasury to the~~
22 ~~credit of]~~ a special fund managed by the board to be known as The
23 Texas A&M University System Special Mineral Investment Fund. Money
24 in the fund is considered to be institutional funds, as defined by
25 Section 51.009, of the system and its component institutions. The
26 ~~[With the approval of the comptroller, the board of regents of The~~
27 ~~Texas A&M University System may appoint one or more commercial~~

1 ~~banks, depository trust companies, or other entities to serve as~~
2 ~~custodian or custodians of the Special Mineral Investment Fund's~~
3 ~~securities with authority to hold the money realized from those~~
4 ~~securities pending completion of an investment transaction if the~~
5 ~~money held is reinvested within one business day of receipt in~~
6 ~~investments determined by the board of regents. Money not~~
7 ~~reinvested within one business day of receipt shall be deposited in~~
8 ~~the state treasury not later than the fifth day after the date of~~
9 ~~receipt. In the judgment of the board, this] special fund may be~~
10 invested so as to produce [~~an~~] income which may be expended under
11 the direction of the board for the general use of any component of
12 The Texas A&M University System, including erecting permanent
13 improvements and in payment of expenses incurred in connection with
14 the administration of this subchapter. The unexpended income
15 likewise may be invested as [~~herein~~] provided by this section.

16 (b) The income from the investment of the special mineral
17 investment fund created by [~~under~~] Subsection (a) [~~of this section~~]
18 shall be deposited in [~~to the credit of~~] a fund managed by the board
19 to be known as The Texas A&M University System Special Mineral
20 Income Fund, and is considered to be institutional funds, as
21 defined by Section 51.009, of the system and its component
22 institutions [~~shall be appropriated by the legislature exclusively~~
23 ~~for the university system for the purposes herein provided~~].

24 (c) The board shall lease for oil, gas, sulphur, or other
25 mineral development, as prescribed by this subchapter, all or part
26 of the land under the exclusive control of the board owned by the
27 State of Texas and acquired for the use of Texas A&M

1 University--Kingsville and its divisions. Any money received by
 2 the board concerning such land under this subchapter shall be
 3 deposited in [~~the state treasury to the credit of~~] a special fund
 4 managed by the board to be known as the Texas A&M
 5 University--Kingsville special mineral fund. Money in the fund is
 6 considered to be institutional funds, as defined by Section 51.009,
 7 of the university and is[~~r~~] to be used exclusively for the
 8 university [~~Texas A&M University--Kingsville~~] and its branches and
 9 divisions.

10 (d) All deposits in and investments of the fund under this
 11 section shall be made in accordance with Section 51.0031.

12 (e) Section 34.017, Natural Resources Code, does not apply
 13 to funds created by this section [~~Money may not be expended from~~
 14 ~~this fund except as authorized by the general appropriations act~~].

15 SECTION 69.04. Subsection (b), Section 95.36, Education
 16 Code, is amended to read as follows:

17 (b) Except as provided in Subsection (c) of this section,
 18 any money received by virtue of this section and the income from the
 19 investment of such money shall be deposited in [~~the State Treasury~~
 20 ~~to the credit of~~] a special fund managed by the board to be known as
 21 the Texas State University System special mineral fund. Money in
 22 the fund is considered to be institutional funds, as defined by
 23 Section 51.009, of the system and its component institutions and
 24 is[~~r~~] to be used exclusively for those entities. All deposits in
 25 and investments of the fund shall be made in accordance with Section
 26 51.0031. Section 34.017, Natural Resources Code, does not apply to
 27 the fund [~~the university system and the universities in the system.~~

1 ~~However, no money shall ever be expended from this fund except as~~
2 ~~authorized by the General Appropriations Act].~~

3 SECTION 69.05. Subsection (b), Section 109.61, Education
4 Code, is amended to read as follows:

5 (b) Any money received by virtue of this section shall be
6 deposited in [~~the state treasury to the credit of~~] a special fund
7 managed by the board to be known as the Texas Tech University
8 special mineral fund. Money in the fund is considered to be
9 institutional funds, as defined by Section 51.009, of the
10 university and is[~~r~~] to be used exclusively for the university and
11 its branches and divisions. All deposits in and investments of the
12 fund shall be made in accordance with Section 51.0031. Section
13 34.017, Natural Resources Code, does not apply to the fund
14 [~~However, no money shall ever be expended from this fund except as~~
15 ~~authorized by the general appropriations act].~~

16 SECTION 69.06. Subsections (a) and (c), Section 109.75,
17 Education Code, are amended to read as follows:

18 (a) If oil or other minerals are developed on any of the
19 lands leased by the board, the royalty as stipulated in the sale
20 shall be paid to the general land office in Austin on or before the
21 last day of each month for the preceding month during the life of
22 the rights purchased. The royalty payments shall be set aside [~~in~~
23 ~~the state treasury~~] as specified in Section 109.61 [~~of this code~~]
24 and used as provided in that section.

25 (c) The commissioner of the general land office shall tender
26 to the board on or before the 10th day of each month a report of all
27 receipts that are collected from the lease or sale of oil, gas,

1 sulphur, or other minerals and that are deposited in [~~turned into~~
2 the special fund as provided by Section 109.61 [~~in the state~~
3 ~~treasury~~] during the preceding month.

4 SECTION 69.07. Subsection (b), Section 109.78, Education
5 Code, is amended to read as follows:

6 (b) Payment of all royalties, lease fees, rentals for delay
7 in drilling or mining, filing fees for assignments and
8 relinquishments, and all other payments shall be made to the
9 commissioner of the general land office at Austin. The
10 commissioner shall transmit all payments received to the board
11 [~~comptroller~~] for deposit to the credit of the Texas Tech
12 University special mineral fund as provided by Section 109.61.

13 SECTION 69.08. Section 85.72, Education Code, is repealed.

14 ARTICLE 70. FOUNDATION SCHOOL PROGRAM FINANCING; CERTAIN TAX
15 INCREMENT FUND REPORTING MATTERS

16 SECTION 70.01. (a) This section applies only to a school
17 district that, before May 1, 2011, received from the commissioner
18 of education a notice of a reduction in state funding for the
19 2004-2005, 2005-2006, 2006-2007, 2007-2008, and 2008-2009 school
20 years based on the district's reporting related to deposits of
21 taxes into a tax increment fund under Chapter 311, Tax Code.

22 (b) Notwithstanding any other law, including Subdivision
23 (2), Subsection (b), Section 42.302, Education Code, the
24 commissioner of education shall reduce by one-half the amounts of
25 the reduction of entitlement amounts computed for purposes of
26 adjusting entitlement amounts to account for taxes deposited into a
27 tax increment fund for any of the school years described by

1 Subsection (a) of this section.

2 (c) This section expires September 1, 2013.

3 ARTICLE 71. FISCAL MATTERS RELATING TO PUBLIC SCHOOL FINANCE

4 SECTION 71.01. Effective September 1, 2011, Section 12.106,
5 Education Code, is amended by amending Subsection (a) and adding
6 Subsection (a-3) to read as follows:

7 (a) A charter holder is entitled to receive for the
8 open-enrollment charter school funding under Chapter 42 equal to
9 the greater of:

10 (1) the percentage specified by Section 42.2516(i)
11 multiplied by the amount of funding per student in weighted average
12 daily attendance, excluding enrichment funding under Sections
13 42.302(a-1)(2) and (3), as they existed on January 1, 2009, that
14 would have been received for the school during the 2009-2010 school
15 year under Chapter 42 as it existed on January 1, 2009, and an
16 additional amount of the percentage specified by Section 42.2516(i)
17 multiplied by \$120 for each student in weighted average daily
18 attendance; or

19 (2) the amount of funding per student in weighted
20 average daily attendance, excluding enrichment funding under
21 Section 42.302(a), to which the charter holder would be entitled
22 for the school under Chapter 42 if the school were a school district
23 without a tier one local share for purposes of Section 42.253 and
24 without any local revenue for purposes of Section 42.2516.

25 (a-3) In determining funding for an open-enrollment charter
26 school under Subsection (a), the commissioner shall apply the
27 regular program adjustment factor provided under Section 42.101 to

1 calculate the regular program allotment to which a charter school
2 is entitled.

3 SECTION 71.02. Effective September 1, 2017, Subsection (a),
4 Section 12.106, Education Code, is amended to read as follows:

5 (a) A charter holder is entitled to receive for the
6 open-enrollment charter school funding under Chapter 42 equal to
7 ~~[the greater of:~~

8 ~~[(1) the amount of funding per student in weighted~~
9 ~~average daily attendance, excluding enrichment funding under~~
10 ~~Sections 42.302(a-1)(2) and (3), as they existed on January 1,~~
11 ~~2009, that would have been received for the school during the~~
12 ~~2009-2010 school year under Chapter 42 as it existed on January 1,~~
13 ~~2009, and an additional amount of \$120 for each student in weighted~~
14 ~~average daily attendance; or~~

15 ~~[(2)]~~ the amount of funding per student in weighted
16 average daily attendance, excluding enrichment funding under
17 Section 42.302(a), to which the charter holder would be entitled
18 for the school under Chapter 42 if the school were a school district
19 without a tier one local share for purposes of Section 42.253 ~~[and~~
20 ~~without any local revenue for purposes of Section 42.2516].~~

21 SECTION 71.03. Effective September 1, 2011, Section 21.402,
22 Education Code, is amended by amending Subsections (a), (b), (c),
23 and (c-1) and adding Subsection (i) to read as follows:

24 (a) Except as provided by Subsection (d) ~~[, (e),]~~ or (f), a
25 school district must pay each classroom teacher, full-time
26 librarian, full-time counselor certified under Subchapter B, or
27 full-time school nurse not less than the minimum monthly salary,

1 based on the employee's level of experience in addition to other
2 factors, as determined by commissioner rule, determined by the
3 following formula:

$$4 \quad \text{MS} = \text{SF} \times \text{FS}$$

5 where:

6 "MS" is the minimum monthly salary;

7 "SF" is the applicable salary factor specified by Subsection
8 (c); and

9 "FS" is the amount, as determined by the commissioner under
10 Subsection (b), of the basic allotment as provided by Section
11 42.101(a) or (b) for a school district with a maintenance and
12 operations tax rate at least equal to the state maximum compressed
13 tax rate, as defined by Section 42.101(a) [~~state and local funds per~~
14 ~~weighted student, including funds provided under Section 42.2516,~~
15 ~~available to a district eligible to receive state assistance under~~
16 ~~Section 42.302 with a maintenance and operations tax rate per \$100~~
17 ~~of taxable value equal to the product of the state compression~~
18 ~~percentage, as determined under Section 42.2516, multiplied by~~
19 ~~\$1.50, except that the amount of state and local funds per weighted~~
20 ~~student does not include the amount attributable to the increase in~~
21 ~~the guaranteed level made by Chapter 1187, Acts of the 77th~~
22 ~~Legislature, Regular Session, 2001].~~

23 (b) Not later than June 1 of each year, the commissioner
24 shall determine the basic allotment and resulting monthly salaries
25 to be paid by school districts as provided by Subsection (a) [~~amount~~
26 ~~of state and local funds per weighted student available, for~~
27 ~~purposes of Subsection (a), to a district described by that~~

1 ~~subsection for the following school year]~~.

2 (c) The salary factors per step are as follows:

3	Years Experience	0	1	2	3	4
4	Salary Factor	<u>.5464</u> [-.6226]	<u>.5582</u> [-.6369]	<u>.5698</u> [-.6492]	<u>.5816</u> [-.6627]	<u>.6064</u> [-.6999]
5	Years Experience	5	6	7	8	9
6	Salary Factor	<u>.6312</u> [-.7192]	<u>.6560</u> [-.7474]	<u>.6790</u> [-.7737]	<u>.7008</u> [-.7985]	<u>.7214</u> [-.8220]
7	Years Experience	10	11	12	13	14
8	Salary Factor	<u>.7408</u> [-.8441]	<u>.7592</u> [-.8659]	<u>.7768</u> [-.8851]	<u>.7930</u> [-.9035]	<u>.8086</u> [-.9213]
9	Years Experience	15	16	17	18	19
10	Salary Factor	<u>.8232</u> [-.9389]	<u>.8372</u> [-.9539]	<u>.8502</u> [-.9687]	<u>.8626</u> [-.9828]	<u>.8744</u> [-.9963]
11	Years Experience	20 and over				
12	Salary Factor	<u>.8854</u> [1.009]				

13 (c-1) Notwithstanding Subsections [~~Subsection~~] (a) and
 14 (b) [~~for the 2009-2010 and 2010-2011 school years~~], each school
 15 district shall pay a monthly salary to [~~increase the monthly salary~~
 16 ~~of~~] each classroom teacher, full-time speech pathologist,
 17 full-time librarian, full-time counselor certified under
 18 Subchapter B, and full-time school nurse that is at least equal to
 19 the following monthly salary or the monthly salary determined by
 20 the commissioner under Subsections (a) and (b), whichever is [~~by~~
 21 ~~the~~] greater [~~of~~]:

22		<u>Years of</u>	<u>Monthly</u>
23		<u>Experience</u>	<u>Salary</u>
24		<u>0</u>	<u>2,732</u>
25		<u>1</u>	<u>2,791</u>
26		<u>2</u>	<u>2,849</u>
27		<u>3</u>	<u>2,908</u>

1	<u>4</u>	<u>3,032</u>
2	<u>5</u>	<u>3,156</u>
3	<u>6</u>	<u>3,280</u>
4	<u>7</u>	<u>3,395</u>
5	<u>8</u>	<u>3,504</u>
6	<u>9</u>	<u>3,607</u>
7	<u>10</u>	<u>3,704</u>
8	<u>11</u>	<u>3,796</u>
9	<u>12</u>	<u>3,884</u>
10	<u>13</u>	<u>3,965</u>
11	<u>14</u>	<u>4,043</u>
12	<u>15</u>	<u>4,116</u>
13	<u>16</u>	<u>4,186</u>
14	<u>17</u>	<u>4,251</u>
15	<u>18</u>	<u>4,313</u>
16	<u>19</u>	<u>4,372</u>
17	<u>20 & Over</u>	<u>4,427</u>

18 ~~[(1) \$80, or~~
19 ~~[(2) the maximum uniform amount that, when combined~~
20 ~~with any resulting increases in the amount of contributions made by~~
21 ~~the district for social security coverage for the specified~~
22 ~~employees or by the district on behalf of the specified employees~~
23 ~~under Section 825.405, Government Code, may be provided using an~~
24 ~~amount equal to the product of \$60 multiplied by the number of~~
25 ~~students in weighted average daily attendance in the school during~~
26 ~~the 2009-2010 school year.]~~

27 (i) Not later than January 1, 2013, the commissioner shall

1 submit to the governor, the lieutenant governor, the speaker of the
2 house of representatives, and the presiding officer of each
3 legislative standing committee with primary jurisdiction over
4 primary and secondary education a written report that evaluates and
5 provides recommendations regarding the salary schedule. This
6 subsection expires September 1, 2013.

7 SECTION 71.04. Effective September 1, 2017, Section 21.402,
8 Education Code, is amended by amending Subsection (a) and adding
9 Subsection (e-1) to read as follows:

10 (a) Except as provided by Subsection (d), (e-1) [~~(e)~~], or
11 (f), a school district must pay each classroom teacher, full-time
12 librarian, full-time counselor certified under Subchapter B, or
13 full-time school nurse not less than the minimum monthly salary,
14 based on the employee's level of experience in addition to other
15 factors, as determined by commissioner rule, determined by the
16 following formula:

$$MS = SF \times FS$$

17 where:

18 "MS" is the minimum monthly salary;

19 "SF" is the applicable salary factor specified by Subsection
20 (c); and

21 "FS" is the amount, as determined by the commissioner under
22 Subsection (b), of the basic allotment as provided by Section
23 42.101(a) or (b) for a school district with a maintenance and
24 operations tax rate at least equal to the state maximum compressed
25 tax rate, as defined by Section 42.101(a) [~~state and local funds per~~
26 weighted student, including funds provided under Section 42.2516,

1 ~~available to a district eligible to receive state assistance under~~
2 ~~Section 42.302 with a maintenance and operations tax rate per \$100~~
3 ~~of taxable value equal to the product of the state compression~~
4 ~~percentage, as determined under Section 42.2516, multiplied by~~
5 ~~\$1.50, except that the amount of state and local funds per weighted~~
6 ~~student does not include the amount attributable to the increase in~~
7 ~~the guaranteed level made by Chapter 1187, Acts of the 77th~~
8 ~~Legislature, Regular Session, 2001].~~

9 (e-1) If the minimum monthly salary determined under
10 Subsection (a) for a particular level of experience is less than the
11 minimum monthly salary for that level of experience in the
12 preceding year, the minimum monthly salary is the minimum monthly
13 salary for the preceding year.

14 SECTION 71.05. Subsection (a), Section 41.002, Education
15 Code, is amended to read as follows:

16 (a) A school district may not have a wealth per student that
17 exceeds:

18 (1) the wealth per student that generates the amount
19 of maintenance and operations tax revenue per weighted student
20 available to a district with maintenance and operations tax revenue
21 per cent of tax effort equal to the maximum amount provided per cent
22 under Section 42.101(a) or (b) [~~42.101~~], for the district's
23 maintenance and operations tax effort equal to or less than the rate
24 equal to the product of the state compression percentage, as
25 determined under Section 42.2516, multiplied by the maintenance and
26 operations tax rate adopted by the district for the 2005 tax year;

27 (2) the wealth per student that generates the amount

1 of maintenance and operations tax revenue per weighted student
2 available to the Austin Independent School District, as determined
3 by the commissioner in cooperation with the Legislative Budget
4 Board, for the first six cents by which the district's maintenance
5 and operations tax rate exceeds the rate equal to the product of the
6 state compression percentage, as determined under Section 42.2516,
7 multiplied by the maintenance and operations tax rate adopted by
8 the district for the 2005 tax year, subject to Section 41.093(b-1);
9 or

10 (3) \$319,500, for the district's maintenance and
11 operations tax effort that exceeds the first six cents by which the
12 district's maintenance and operations tax effort exceeds the rate
13 equal to the product of the state compression percentage, as
14 determined under Section 42.2516, multiplied by the maintenance and
15 operations tax rate adopted by the district for the 2005 tax year.

16 SECTION 71.06. The heading to Section 42.101, Education
17 Code, is amended to read as follows:

18 Sec. 42.101. BASIC AND REGULAR PROGRAM ALLOTMENTS
19 [~~ALLOTMENT~~].

20 SECTION 71.07. Section 42.101, Education Code, is amended
21 by amending Subsections (a) and (b) and adding Subsections (c) and
22 (c-1) to read as follows:

23 (a) The basic [~~For each student in average daily attendance,~~
24 ~~not including the time students spend each day in special education~~
25 ~~programs in an instructional arrangement other than mainstream or~~
26 ~~career and technology education programs, for which an additional~~
27 ~~allotment is made under Subchapter C, a district is entitled to an]~~

1 allotment is an amount equal to the lesser of \$4,765 or the amount
2 that results from the following formula:

3
$$A = \$4,765 \times (\text{DCR}/\text{MCR})$$

4 where:

5 "A" is the resulting amount for [~~allotment to which~~] a
6 district [~~is entitled~~];

7 "DCR" is the district's compressed tax rate, which is the
8 product of the state compression percentage, as determined under
9 Section 42.2516, multiplied by the maintenance and operations tax
10 rate adopted by the district for the 2005 tax year; and

11 "MCR" is the state maximum compressed tax rate, which is the
12 product of the state compression percentage, as determined under
13 Section 42.2516, multiplied by \$1.50.

14 (b) A greater amount for any school year for the basic
15 allotment under Subsection (a) may be provided by appropriation.

16 (c) A school district is entitled to a regular program
17 allotment equal to the amount that results from the following
18 formula:

19
$$\text{RPA} = \text{ADA} \times \text{AA} \times \text{RPAF}$$

20 where:

21 "RPA" is the regular program allotment to which the district
22 is entitled;

23 "ADA" is the number of students in average daily attendance
24 in a district, not including the time students spend each day in
25 special education programs in an instructional arrangement other
26 than mainstream or career and technology education programs, for
27 which an additional allotment is made under Subchapter C;

1 "AA" is the district's adjusted basic allotment, as
2 determined under Section 42.102 and, if applicable, as further
3 adjusted under Section 42.103; and

4 "RPAF" is the regular program adjustment factor, which is an
5 amount established by appropriation.

6 (c-1) Notwithstanding Subsection (c), the regular program
7 adjustment factor ("RPAF") is 0.9239 for the 2011-2012 school year
8 and 0.98 for the 2012-2013 school year. This subsection expires
9 September 1, 2013.

10 SECTION 71.08. Section 42.105, Education Code, is amended
11 to read as follows:

12 Sec. 42.105. SPARSITY ADJUSTMENT. Notwithstanding
13 Sections 42.101, 42.102, and 42.103, a school district that has
14 fewer than 130 students in average daily attendance shall be
15 provided a regular program [~~an adjusted basic~~] allotment on the
16 basis of 130 students in average daily attendance if it offers a
17 kindergarten through grade 12 program and has preceding or current
18 year's average daily attendance of at least 90 students or is 30
19 miles or more by bus route from the nearest high school district. A
20 district offering a kindergarten through grade 8 program whose
21 preceding or current year's average daily attendance was at least
22 50 students or which is 30 miles or more by bus route from the
23 nearest high school district shall be provided a regular program
24 [~~an adjusted basic~~] allotment on the basis of 75 students in average
25 daily attendance. An average daily attendance of 60 students shall
26 be the basis of providing the regular program [~~adjusted basic~~]
27 allotment if a district offers a kindergarten through grade 6

1 program and has preceding or current year's average daily
2 attendance of at least 40 students or is 30 miles or more by bus
3 route from the nearest high school district.

4 SECTION 71.09. Subsection (a), Section 42.251, Education
5 Code, is amended to read as follows:

6 (a) The sum of the regular program [~~basic~~] allotment under
7 Subchapter B and the special allotments under Subchapter C,
8 computed in accordance with this chapter, constitute the tier one
9 allotments. The sum of the tier one allotments and the guaranteed
10 yield allotments under Subchapter F, computed in accordance with
11 this chapter, constitute the total cost of the Foundation School
12 Program.

13 SECTION 71.10. Subchapter E, Chapter 42, Education Code, is
14 amended by adding Section 42.2514 to read as follows:

15 Sec. 42.2514. ADDITIONAL STATE AID FOR TAX INCREMENT
16 FINANCING PAYMENTS. For each school year, a school district,
17 including a school district that is otherwise ineligible for state
18 aid under this chapter, is entitled to state aid in an amount equal
19 to the amount the district is required to pay into the tax increment
20 fund for a reinvestment zone under Section 311.013(n), Tax Code.

21 SECTION 71.11. Effective September 1, 2011, Section
22 42.2516, Education Code, is amended by amending Subsections (a),
23 (b), (d), and (f-2) and adding Subsection (i) to read as follows:

24 (a) In this title [~~section~~], "state compression percentage"
25 means the percentage [~~, as determined by the commissioner,~~] of a
26 school district's adopted maintenance and operations tax rate for
27 the 2005 tax year that serves as the basis for state funding [~~for~~

1 ~~tax rate reduction under this section~~]. If the state compression
2 percentage is not established by appropriation for a school year,
3 the [The] commissioner shall determine the state compression
4 percentage for each school year based on the percentage by which a
5 district is able to reduce the district's maintenance and
6 operations tax rate for that year, as compared to the district's
7 adopted maintenance and operations tax rate for the 2005 tax year,
8 as a result of state funds appropriated for distribution under this
9 section for that year from the property tax relief fund established
10 under Section 403.109, Government Code, or from another funding
11 source available for school district property tax relief.

12 (b) Notwithstanding any other provision of this title, a
13 school district that imposes a maintenance and operations tax at a
14 rate at least equal to the product of the state compression
15 percentage multiplied by the maintenance and operations tax rate
16 adopted by the district for the 2005 tax year is entitled to at
17 least the amount of state revenue necessary to provide the district
18 with the sum of:

19 (1) the percentage specified by Subsection (i) of the
20 amount, as calculated under Subsection (e), [~~the amount~~] of state
21 and local revenue per student in weighted average daily attendance
22 for maintenance and operations that the district would have
23 received during the 2009-2010 school year under Chapter 41 and this
24 chapter, as those chapters existed on January 1, 2009, at a
25 maintenance and operations tax rate equal to the product of the
26 state compression percentage for that year multiplied by the
27 maintenance and operations tax rate adopted by the district for the

1 2005 tax year;

2 (2) the percentage specified by Subsection (i) of an
3 amount equal to the product of \$120 multiplied by the number of
4 students in weighted average daily attendance in the district; and

5 (3) [~~an amount equal to the amount the district is~~
6 ~~required to pay into the tax increment fund for a reinvestment zone~~
7 ~~under Section 311.013(n), Tax Code, in the current tax year; and~~

8 [~~4~~] any amount to which the district is entitled
9 under Section 42.106.

10 (d) In determining the amount to which a district is
11 entitled under Subsection (b)(1), the commissioner shall:

12 (1) include the percentage specified by Subsection (i)
13 of any amounts received by the district during the 2008-2009 school
14 year under Rider 86, page III-23, Chapter 1428 (H.B. 1), Acts of the
15 80th Legislature, Regular Session, 2007 (the General
16 Appropriations Act); and

17 (2) for a school district that paid tuition under
18 Section 25.039 during the 2008-2009 school year, reduce the amount
19 to which the district is entitled by the amount of tuition paid
20 during that school year.

21 (f-2) The rules adopted by the commissioner under
22 Subsection (f-1) must:

23 (1) require the commissioner to determine, as if this
24 section did not exist, the effect under Chapter 41 and this chapter
25 of a school district's action described by Subsection (f-1)(1),
26 (2), (3), or (4) on the total state revenue to which the district
27 would be entitled or the cost to the district of purchasing

1 sufficient attendance credits to reduce the district's wealth per
2 student to the equalized wealth level; and

3 (2) require an increase or reduction in the amount of
4 state revenue to which a school district is entitled under
5 Subsection (b)(1) [~~(b)~~] that is substantially equivalent to any
6 change in total state revenue or the cost of purchasing attendance
7 credits that would apply to the district if this section did not
8 exist.

9 (i) The percentage to be applied for purposes of Subsections
10 (b)(1) and (2) and Subsection (d)(1) is 100.00 percent for the
11 2011-2012 school year and 92.35 percent for the 2012-2013 school
12 year. For the 2013-2014 school year and each subsequent school
13 year, the legislature by appropriation shall establish the
14 percentage reduction to be applied.

15 SECTION 71.12. Effective September 1, 2017, the heading to
16 Section 42.2516, Education Code, is amended to read as follows:

17 Sec. 42.2516. STATE COMPRESSION PERCENTAGE [~~ADDITIONAL~~
18 ~~STATE AID FOR TAX REDUCTION~~].

19 SECTION 71.13. Effective September 1, 2017, Subsection (a),
20 Section 42.2516, Education Code, is amended to read as follows:

21 (a) In this title [~~section~~], "state compression percentage"
22 means the percentage [~~, as determined by the commissioner,~~] of a
23 school district's adopted maintenance and operations tax rate for
24 the 2005 tax year that serves as the basis for state funding [~~for~~
25 ~~tax rate reduction under this section~~]. If the state compression
26 percentage is not established by appropriation for a school year,
27 the [~~The~~] commissioner shall determine the state compression

1 percentage for each school year based on the percentage by which a
2 district is able to reduce the district's maintenance and
3 operations tax rate for that year, as compared to the district's
4 adopted maintenance and operations tax rate for the 2005 tax year,
5 as a result of state funds appropriated for [~~distribution under~~
6 ~~this section for~~] that year from the property tax relief fund
7 established under Section 403.109, Government Code, or from another
8 funding source available for school district property tax relief.

9 SECTION 71.14. Effective September 1, 2011, Subsection (a),
10 Section 42.25161, Education Code, is amended to read as follows:

11 (a) The commissioner shall provide South Texas Independent
12 School District with the amount of state aid necessary to ensure
13 that the district receives an amount of state and local revenue per
14 student in weighted average daily attendance that is at least the
15 percentage specified by Section 42.2516(i) of \$120 greater than the
16 amount the district would have received per student in weighted
17 average daily attendance during the 2009-2010 school year under
18 this chapter, as it existed on January 1, 2009, at a maintenance and
19 operations tax rate equal to the product of the state compression
20 percentage multiplied by the maintenance and operations tax rate
21 adopted by the district for the 2005 tax year, provided that the
22 district imposes a maintenance and operations tax at that rate.

23 SECTION 71.15. Subchapter E, Chapter 42, Education Code, is
24 amended by adding Section 42.2525 to read as follows:

25 Sec. 42.2525. ADJUSTMENTS FOR CERTAIN DISTRICTS RECEIVING
26 FEDERAL IMPACT AID. The commissioner is granted the authority to
27 ensure that school districts receiving federal impact aid due to the

1 presence of a military installation or significant concentrations
2 of military students do not receive more than an eight percent
3 reduction should the federal government reduce appropriations to
4 those schools.

5 SECTION 71.16. Effective September 1, 2011, Subsections (h)
6 and (i), Section 42.253, Education Code, are amended to read as
7 follows:

8 (h) If the amount appropriated for the Foundation School
9 Program for the second year of a state fiscal biennium is less than
10 the amount to which school districts are entitled for that year, the
11 commissioner shall certify the amount of the difference to the
12 Legislative Budget Board not later than January 1 of the second year
13 of the state fiscal biennium. The Legislative Budget Board shall
14 propose to the legislature that the certified amount be transferred
15 to the foundation school fund from the economic stabilization fund
16 and appropriated for the purpose of increases in allocations under
17 this subsection. If the legislature fails during the regular
18 session to enact the proposed transfer and appropriation and there
19 are not funds available under Subsection (j), the commissioner
20 shall adjust ~~reduce~~ the total amounts due to each school district
21 under this chapter and the total amounts necessary for each school
22 district to comply with the requirements of Chapter 41 ~~[amount of~~
23 ~~state funds allocated to each district]~~ by an amount determined by
24 applying to each district, including a district receiving funds
25 under Section 42.2516, the same percentage adjustment so that the
26 total amount of the adjustment to all districts ~~[a method under~~
27 ~~which the application of the same number of cents of increase in tax~~

1 ~~rate in all districts applied to the taxable value of property of~~
2 ~~each district, as determined under Subchapter M, Chapter 403,~~
3 ~~Government Code,~~] results in an amount [a total levy] equal to the
4 total adjustment necessary. A school district is not entitled to
5 reimbursement in a subsequent fiscal year of the amount resulting
6 from the adjustment authorized by this subsection [~~reduction. The~~
7 ~~following fiscal year, a district's entitlement under this section~~
8 ~~is increased by an amount equal to the reduction made under this~~
9 ~~subsection~~].

10 (i) Not later than March 1 each year, the commissioner shall
11 determine the actual amount of state funds to which each school
12 district is entitled under the allocation formulas in this chapter
13 for the current school year, as adjusted in accordance with
14 Subsection (h), if applicable, and shall compare that amount with
15 the amount of the warrants issued to each district for that year.
16 If the amount of the warrants differs from the amount to which a
17 district is entitled because of variations in the district's tax
18 rate, student enrollment, or taxable value of property, the
19 commissioner shall adjust the district's entitlement for the next
20 fiscal year accordingly.

21 SECTION 71.17. Effective September 1, 2017, Subsection (h),
22 Section 42.253, Education Code, is amended to read as follows:

23 (h) If the amount appropriated for the Foundation School
24 Program for the second year of a state fiscal biennium is less than
25 the amount to which school districts are entitled for that year, the
26 commissioner shall certify the amount of the difference to the
27 Legislative Budget Board not later than January 1 of the second year

1 of the state fiscal biennium. The Legislative Budget Board shall
2 propose to the legislature that the certified amount be transferred
3 to the foundation school fund from the economic stabilization fund
4 and appropriated for the purpose of increases in allocations under
5 this subsection. If the legislature fails during the regular
6 session to enact the proposed transfer and appropriation and there
7 are not funds available under Subsection (j), the commissioner
8 shall adjust ~~reduce~~ the total amounts due to each school district
9 under this chapter and the total amounts necessary for each school
10 district to comply with the requirements of Chapter 41 ~~[amount of~~
11 ~~state funds allocated to each district]~~ by an amount determined by
12 applying to each district the same percentage adjustment so that
13 the total amount of the adjustment to all districts ~~[a method under~~
14 ~~which the application of the same number of cents of increase in tax~~
15 ~~rate in all districts applied to the taxable value of property of~~
16 ~~each district, as determined under Subchapter M, Chapter 403,~~
17 ~~Government Code,]~~ results in an amount ~~[a total levy]~~ equal to the
18 total adjustment necessary. A school district is not entitled to
19 reimbursement in a subsequent fiscal year of the amount resulting
20 from the adjustment authorized by this subsection ~~[reduction. The~~
21 ~~following fiscal year, a district's entitlement under this section~~
22 ~~is increased by an amount equal to the reduction made under this~~
23 ~~subsection].~~

24 SECTION 71.18. Section 42.258, Education Code, is amended
25 by amending Subsection (a) and adding Subsection (a-1) to read as
26 follows:

27 (a) If a school district has received an overallocation of

1 state funds, the agency shall, by withholding from subsequent
2 allocations of state funds for the current or subsequent school
3 year or by requesting and obtaining a refund, recover from the
4 district an amount equal to the overallocation.

5 (a-1) Notwithstanding Subsection (a), the agency may
6 recover an overallocation of state funds over a period not to exceed
7 the subsequent five school years if the commissioner determines
8 that the overallocation was the result of exceptional circumstances
9 reasonably caused by statutory changes to Chapter 41 or 46 or this
10 chapter and related reporting requirements.

11 SECTION 71.19. Subsection (b), Section 42.260, Education
12 Code, is amended to read as follows:

13 (b) For each year, the commissioner shall certify to each
14 school district or participating charter school the amount of[+

15 [~~(1)~~] additional funds to which the district or school
16 is entitled due to the increase made by H.B. No. 3343, Acts of the
17 77th Legislature, Regular Session, 2001, to:

18 (1) [~~(A)~~] the equalized wealth level under Section
19 41.002; or

20 (2) [~~(B)~~] the guaranteed level of state and local
21 funds per weighted student per cent of tax effort under Section
22 42.302[~~, or~~

23 [~~(2) additional state aid to which the district or~~
24 ~~school is entitled under Section 42.2513].~~

25 SECTION 71.20. Section 44.004, Education Code, is amended
26 by adding Subsection (g-1) to read as follows:

27 (g-1) If the rate calculated under Subsection

1 (c)(5)(A)(ii)(b) decreases after the publication of the notice
2 required by this section, the president is not required to publish
3 another notice or call another meeting to discuss and adopt the
4 budget and the proposed lower tax rate.

5 SECTION 71.21. Subsection (a), Section 26.05, Tax Code, is
6 amended to read as follows:

7 (a) The governing body of each taxing unit, before the later
8 of September 30 or the 60th day after the date the certified
9 appraisal roll is received by the taxing unit, shall adopt a tax
10 rate for the current tax year and shall notify the assessor for the
11 unit of the rate adopted. The tax rate consists of two components,
12 each of which must be approved separately. The components are:

13 (1) for a taxing unit other than a school district, the
14 rate that, if applied to the total taxable value, will impose the
15 total amount published under Section 26.04(e)(3)(C), less any
16 amount of additional sales and use tax revenue that will be used to
17 pay debt service, or, for a school district, the rate calculated
18 ~~[published]~~ under Section 44.004(c)(5)(A)(ii)(b), Education Code;
19 and

20 (2) the rate that, if applied to the total taxable
21 value, will impose the amount of taxes needed to fund maintenance
22 and operation expenditures of the unit for the next year.

23 SECTION 71.22. Effective September 1, 2017, Subsection (i),
24 Section 26.08, Tax Code, is amended to read as follows:

25 (i) For purposes of this section, the effective maintenance
26 and operations tax rate of a school district is the tax rate that,
27 applied to the current total value for the district, would impose

1 taxes in an amount that, when added to state funds that would be
2 distributed to the district under Chapter 42, Education Code, for
3 the school year beginning in the current tax year using that tax
4 rate, [~~including state funds that will be distributed to the~~
5 ~~district in that school year under Section 42.2516, Education~~
6 ~~Code,~~] would provide the same amount of state funds distributed
7 under Chapter 42, Education Code, [~~including state funds~~
8 ~~distributed under Section 42.2516, Education Code,~~] and
9 maintenance and operations taxes of the district per student in
10 weighted average daily attendance for that school year that would
11 have been available to the district in the preceding year if the
12 funding elements for Chapters 41 and 42, Education Code, for the
13 current year had been in effect for the preceding year.

14 SECTION 71.23. Subsection (n), Section 311.013, Tax Code,
15 is amended to read as follows:

16 (n) This subsection applies only to a school district whose
17 taxable value computed under Section 403.302(d), Government Code,
18 is reduced in accordance with Subdivision (4) of that
19 subsection. In addition to the amount otherwise required to be
20 paid into the tax increment fund, the district shall pay into the
21 fund an amount equal to the amount by which the amount of taxes the
22 district would have been required to pay into the fund in the
23 current year if the district levied taxes at the rate the district
24 levied in 2005 exceeds the amount the district is otherwise
25 required to pay into the fund in the year of the reduction. This
26 additional amount may not exceed the amount the school district
27 receives in state aid for the current tax year under Section

1 42.2514, Education Code. The school district shall pay the
2 additional amount after the district receives the state aid to
3 which the district is entitled for the current tax year under
4 Section 42.2514, Education Code.

5 SECTION 71.24. Effective September 1, 2011, the following
6 provisions of the Education Code are repealed:

- 7 (1) Subsections (c-2), (c-3), and (e), Section 21.402;
- 8 (2) Section 42.008; and
- 9 (3) Subsections (a-1) and (a-2), Section 42.101.

10 SECTION 71.25. (a) Effective September 1, 2017, the
11 following provisions of the Education Code are repealed:

- 12 (1) Section 41.0041;
- 13 (2) Subsections (b), (b-1), (b-2), (c), (d), (e), (f),
14 (f-1), (f-2), (f-3), and (i), Section 42.2516;
- 15 (3) Section 42.25161;
- 16 (4) Subsection (c), Section 42.2523;
- 17 (5) Subsection (g), Section 42.2524;
- 18 (6) Subsection (c-1), Section 42.253; and
- 19 (7) Section 42.261.

20 (b) Effective September 1, 2017, Subsections (i-1) and (j),
21 Section 26.08, Tax Code, are repealed.

22 SECTION 71.26. (a) The speaker of the house of
23 representatives and the lieutenant governor shall establish a joint
24 legislative interim committee to conduct a comprehensive study of
25 the public school finance system in this state.

26 (b) Not later than January 15, 2013, the committee shall
27 make recommendations to the 83rd Legislature regarding changes to

1 the public school finance system.

2 (c) The committee is dissolved September 1, 2013.

3 SECTION 71.27. It is the intent of the legislature, between
4 fiscal year 2014 and fiscal year 2018, to continue to reduce the
5 amount of Additional State Aid For Tax Reduction (ASATR) to which a
6 school district is entitled under Section 42.2516, Education Code,
7 and to increase the basic allotment to which a school district is
8 entitled under Section 42.101, Education Code.

9 SECTION 71.28. Except as otherwise provided by this Act,
10 the changes in law made by this Act to Chapter 42, Education Code,
11 apply beginning with the 2011-2012 school year.

12 SECTION 71.29. The change in law made by Subsection (g-1),
13 Section 44.004, Education Code, as added by this Act, applies
14 beginning with adoption of a tax rate for the 2011 tax year.

15 ARTICLE 72. MIXED BEVERAGE TAX REIMBURSEMENTS

16 SECTION 72.01. Effective September 1, 2013, Subsection (b),
17 Section 183.051, Tax Code, is amended to read as follows:

18 (b) The comptroller shall issue to each county described in
19 Subsection (a) a warrant drawn on the general revenue fund in an
20 amount appropriated by the legislature that may not be less
21 [~~greater~~] than 10.7143 percent of receipts from permittees within
22 the county during the quarter and shall issue to each incorporated
23 municipality described in Subsection (a) a warrant drawn on that
24 fund in an amount appropriated by the legislature that may not be
25 less [~~greater~~] than 10.7143 percent of receipts from permittees
26 within the incorporated municipality during the quarter.

ARTICLE 73. EFFECTIVE DATE

SECTION 73.01. Except as otherwise provided by this Act:

(1) this Act takes effect September 1, 2011, if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution; and

(2) if this Act does not receive the vote necessary for effect on that date:

(A) this Act takes effect on the 91st day after the last day of the legislative session; and

(B) a provision of this Act that purports to take effect on September 1, 2011, takes effect on the date specified by Paragraph (A) of this subdivision.