

1-1 By: Orr, et al. (Senate Sponsor - Ogden) H.J.R. No. 109  
1-2 (In the Senate - Received from the House May 12, 2011;  
1-3 May 12, 2011, read first time and referred to Committee on Finance;  
1-4 May 20, 2011, reported adversely, with favorable Committee  
1-5 Substitute by the following vote: Yeas 11, Nays 0; May 20, 2011,  
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR H.J.R. No. 109 By: Ogden

1-8 HOUSE JOINT RESOLUTION

1-9 proposing a constitutional amendment to clarify references to the  
1-10 permanent school fund, to allow the General Land Office to  
1-11 distribute revenue derived from permanent school fund land or other  
1-12 properties to the available school fund, and to provide for an  
1-13 increase in the market value of the permanent school fund for the  
1-14 purpose of allowing increased distributions from the available  
1-15 school fund.

1-16 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-17 SECTION 1. Section 49-b(h), Article III, Texas  
1-18 Constitution, is amended to read as follows:

1-19 (h) Lands purchased and comprising a part of the Veterans'  
1-20 Land Fund are declared to be held for a governmental purpose, but  
1-21 the individual purchasers of those lands shall be subject to  
1-22 taxation to the same extent and in the same manner as are purchasers  
1-23 of lands dedicated to the Permanent [~~Free Public~~] School Fund. The  
1-24 lands shall be sold to veterans in quantities, on terms, at prices,  
1-25 and at fixed, variable, floating, or other rates of interest,  
1-26 determined by the Board and in accordance with rules of the Board.  
1-27 Notwithstanding any provisions of this section to the contrary,  
1-28 lands in the Veterans' Land Fund that are offered for sale to  
1-29 veterans and that are not sold may be sold or resold to the  
1-30 purchasers in quantities, on terms, at prices, and at rates of  
1-31 interest determined by the Board and in accordance with rules of the  
1-32 Board.

1-33 SECTION 2. Sections 2 and 4, Article VII, Texas  
1-34 Constitution, are amended to read as follows:

1-35 Sec. 2. All funds, lands and other property heretofore set  
1-36 apart and appropriated for the support of public schools; all the  
1-37 alternate sections of land reserved by the State out of grants  
1-38 heretofore made or that may hereafter be made to railroads or other  
1-39 corporations of any nature whatsoever; one half of the public  
1-40 domain of the State; and all sums of money that may come to the State  
1-41 from the sale of any portion of the same, shall constitute a  
1-42 permanent [~~perpetual public~~] school fund.

1-43 Sec. 4. The lands herein set apart to the Permanent [~~Public~~  
1-44 ~~Free~~] School fund, shall be sold under such regulations, at such  
1-45 times, and on such terms as may be prescribed by law; and the  
1-46 Legislature shall not have power to grant any relief to purchasers  
1-47 thereof. The proceeds of such sales must be used to acquire other  
1-48 land for the Permanent [~~Public Free~~] School fund as provided by law  
1-49 or the proceeds shall be invested by the comptroller of public  
1-50 accounts, as may be directed by the Board of Education herein  
1-51 provided for, in the bonds of the United States, the State of Texas,  
1-52 or counties in said State, or in such other securities, and under  
1-53 such restrictions as may be prescribed by law; and the State shall  
1-54 be responsible for all investments.

1-55 SECTION 3. Section 5, Article VII, Texas Constitution, is  
1-56 amended by amending Subsection (a) and adding Subsection (g) to  
1-57 read as follows:

1-58 (a) The permanent school fund consists of all land  
1-59 appropriated for public schools by this constitution or the other  
1-60 laws of this state, other properties belonging to the permanent  
1-61 school fund, and all revenue derived from the land or other  
1-62 properties. The available school fund consists of the  
1-63 distributions made to it from the total return on all investment

2-1 assets of the permanent school fund, the taxes authorized by this  
2-2 constitution or general law to be part of the available school fund,  
2-3 and appropriations made to the available school fund by the  
2-4 legislature. The total amount distributed from the permanent  
2-5 school fund to the available school fund:

2-6 (1) in each year of a state fiscal biennium must be an  
2-7 amount that is not more than six percent of the average of the  
2-8 market value of the permanent school fund, excluding real property  
2-9 belonging to the fund that is managed, sold, or acquired under  
2-10 Section 4 of this article, but including discretionary real assets  
2-11 investments and cash in the state treasury derived from property  
2-12 belonging to the fund, on the last day of each of the 16 state fiscal  
2-13 quarters preceding the regular session of the legislature that  
2-14 begins before that state fiscal biennium, in accordance with the  
2-15 rate adopted by:

2-16 (A) a vote of two-thirds of the total membership  
2-17 of the State Board of Education, taken before the regular session of  
2-18 the legislature convenes; or

2-19 (B) the legislature by general law or  
2-20 appropriation, if the State Board of Education does not adopt a rate  
2-21 as provided by Paragraph (A) of this subdivision; and

2-22 (2) over the 10-year period consisting of the current  
2-23 state fiscal year and the nine preceding state fiscal years may not  
2-24 exceed the total return on all investment assets of the permanent  
2-25 school fund over the same 10-year period.

2-26 (g) Notwithstanding any other provision of this  
2-27 constitution or of a statute, the General Land Office or an entity  
2-28 other than the State Board of Education that has responsibility for  
2-29 the management of permanent school fund land or other properties  
2-30 may in its sole discretion distribute to the available school fund  
2-31 each year revenue derived during that year from the land or  
2-32 properties, not to exceed \$300 million each year.

2-33 SECTION 4. The following temporary provision is added to  
2-34 the Texas Constitution:

2-35 TEMPORARY PROVISION. (a) This temporary provision applies  
2-36 to the constitutional amendment proposed by H.J.R. No. 109, 82nd  
2-37 Legislature, Regular Session, 2011, providing for an increase in  
2-38 the market value of the permanent school fund for the purpose of  
2-39 allowing increased distributions from the available school fund.

2-40 (b) The change to Section 5(a), Article VII, of this  
2-41 constitution made by the amendment applies to a distribution from  
2-42 the permanent school fund to the available school fund made on or  
2-43 after September 1, 2011.

2-44 (c) This temporary provision expires December 1, 2015.

2-45 SECTION 5. This proposed constitutional amendment shall be  
2-46 submitted to the voters at an election to be held November 8, 2011.  
2-47 The ballot shall be printed to provide for voting for or against the  
2-48 proposition: "The constitutional amendment clarifying references  
2-49 to the permanent school fund, allowing the General Land Office to  
2-50 distribute revenue from permanent school fund land or other  
2-51 properties to the available school fund to provide additional  
2-52 funding for public education, and providing for an increase in the  
2-53 market value of the permanent school fund for the purpose of  
2-54 allowing increased distributions from the available school fund."

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