

1-1 By: Taylor of Galveston, et al. S.B. No. 3  
 1-2 (In the Senate - Filed January 30, 2017; February 1, 2017,  
 1-3 read first time and referred to Committee on Education;  
 1-4 March 27, 2017, reported adversely, with favorable Committee  
 1-5 Substitute by the following vote: Yeas 7, Nays 3; March 27, 2017,  
 1-6 sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8 Taylor of Galveston	X			
1-9 Lucio	X			
1-10 Bettencourt	X			
1-11 Campbell			X	
1-12 Hall	X			
1-13 Huffines	X			
1-14 Hughes	X			
1-15 Seliger		X		
1-16 Taylor of Collin	X			
1-17 Uresti		X		
1-18 West		X		

1-20 COMMITTEE SUBSTITUTE FOR S.B. No. 3 By: Taylor of Galveston

1-21 A BILL TO BE ENTITLED  
 1-22 AN ACT

1-23 relating to the establishment of an education savings account  
 1-24 program and a tax credit scholarship and educational expense  
 1-25 assistance program.

1-26 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-27 ARTICLE 1. EDUCATION SAVINGS ACCOUNT PROGRAM

1-28 SECTION 1.01. Chapter 29, Education Code, is amended by  
 1-29 adding Subchapter J to read as follows:

1-30 SUBCHAPTER J. EDUCATION SAVINGS ACCOUNT PROGRAM

1-31 Sec. 29.351. DEFINITIONS. In this subchapter:

1-32 (1) "Account" means an education savings account  
 1-33 established under the program.

1-34 (2) "Child with a disability" means a child:

1-35 (A) who is eligible to participate in a school  
 1-36 district's special education program under Section 29.003; and

1-37 (B) for whom an individualized education program  
 1-38 has been developed under Section 29.005.

1-39 (3) "Curriculum" means a complete course of study for  
 1-40 a particular content area or grade level.

1-41 (4) "Financial institution" means a bank, credit  
 1-42 union, savings bank, or savings and loan association organized  
 1-43 under the laws of this state, the laws of another state, or federal  
 1-44 law that has its main office or a branch office in this state. The  
 1-45 term does not include any institution the deposits of which are not  
 1-46 insured by the Federal Deposit Insurance Corporation or the  
 1-47 National Credit Union Administration.

1-48 (5) "Institution of higher education" and "private or  
 1-49 independent institution of higher education" have the meanings  
 1-50 assigned by Section 61.003.

1-51 (6) "Parent" means a resident of this state who is a  
 1-52 natural or adoptive parent, managing or possessory conservator,  
 1-53 legal guardian, custodian, or other person with legal authority to  
 1-54 act on behalf of a child.

1-55 (7) "Program" means the education savings account  
 1-56 program established under this subchapter.

1-57 (8) "Program participant" means a child and a parent  
 1-58 of a child enrolled in the program.

1-59 Sec. 29.352. PURPOSES. The purposes of the education  
 1-60 savings account program are to:

2-1 (1) improve public schools and overall academic  
2-2 performance;  
2-3 (2) promote efficiency;  
2-4 (3) promote and preserve the liberties and rights of  
2-5 the people; and  
2-6 (4) increase parental options.  
2-7 Sec. 29.353. ESTABLISHMENT OF PROGRAM. (a) The  
2-8 comptroller shall establish and administer an education savings  
2-9 account program to provide funding for certain education-related  
2-10 expenses of eligible children.  
2-11 (b) The comptroller, with cooperation from the agency,  
2-12 shall ensure that information about the program is readily  
2-13 available to the public through various sources, including the  
2-14 agency's Internet website.  
2-15 (c) The comptroller shall make information about the  
2-16 program available to parents of a child with a disability or a child  
2-17 who is educationally disadvantaged through the comptroller's  
2-18 Internet website. The information made available to parents of a  
2-19 child with a disability must include a notice that:  
2-20 (1) states that a private school is not subject to laws  
2-21 regarding the provision of educational services in the same manner  
2-22 as a public school, and a child with a disability attending a  
2-23 private school may not receive the services a child with a  
2-24 disability attending a public school is entitled to receive under  
2-25 federal and state law; and  
2-26 (2) provides information regarding rights to which a  
2-27 child with a disability is entitled under federal and state law if  
2-28 the child attends a public school, including:  
2-29 (A) rights provided under the Individuals with  
2-30 Disabilities Education Act (20 U.S.C. Section 1400 et seq.),  
2-31 including:  
2-32 (i) an individualized education program;  
2-33 (ii) educational services provided in the  
2-34 least restrictive environment;  
2-35 (iii) instruction from certified teachers;  
2-36 (iv) due process hearings to ensure proper  
2-37 and full implementation of an individualized education program;  
2-38 (v) transition and planning services; and  
2-39 (vi) supplementary aids and services;  
2-40 (B) rights provided under Subchapter A, Chapter  
2-41 29; and  
2-42 (C) other rights provided under federal or state  
2-43 law.  
2-44 Sec. 29.3531. EDUCATION SAVINGS ACCOUNT PROGRAM FUND.  
2-45 (a) The education savings account program fund is an account in  
2-46 the general revenue fund to be administered by the comptroller.  
2-47 (b) The fund is composed of:  
2-48 (1) general revenue transferred to the fund;  
2-49 (2) money appropriated to the fund;  
2-50 (3) gifts, grants, and donations received under  
2-51 Section 29.371; and  
2-52 (4) any other money available for purposes of the  
2-53 program.  
2-54 (c) Money in the fund may be appropriated only to the  
2-55 comptroller for purposes of making payments to program participants  
2-56 and administering the program under this subchapter.  
2-57 Sec. 29.354. ELIGIBLE CHILD. (a) A child is eligible to  
2-58 participate in the program if the child is eligible to attend a  
2-59 public school under Section 25.001 and:  
2-60 (1) was born on or after September 1, 2012; or  
2-61 (2) attended a public school in this state during the  
2-62 entire preceding academic year.  
2-63 (b) A child who establishes eligibility under this section  
2-64 may participate in the program until the earliest of the following  
2-65 dates:  
2-66 (1) the date that is three months after the date on  
2-67 which the child graduates from high school;  
2-68 (2) the date on which the child is no longer eligible  
2-69 to attend a public school under Section 25.001;

3-1 (3) the date on which the child enrolls in a public  
3-2 school, including an open-enrollment charter school; or  
3-3 (4) the date on which the child is declared ineligible  
3-4 for the program by the comptroller under this subchapter.  
3-5 (c) Notwithstanding Subsection (b), the comptroller shall  
3-6 establish guidelines for, in the least disruptive manner possible:  
3-7 (1) a child participating in the program to cease  
3-8 participation and enroll in a public school, including an  
3-9 open-enrollment charter school; and  
3-10 (2) a child who previously participated in the program  
3-11 and subsequently enrolled in a public school, including an  
3-12 open-enrollment charter school, to resume participation in the  
3-13 program.  
3-14 Sec. 29.355. ENROLLMENT IN PROGRAM. (a) A parent of an  
3-15 eligible child may enroll the child in the program for the following  
3-16 school year.  
3-17 (b) The comptroller shall by rule create an enrollment form  
3-18 for the program and make the enrollment form readily available to  
3-19 interested parents through various sources, including the  
3-20 comptroller's Internet website. An enrollment form for the program  
3-21 must be submitted to the comptroller electronically.  
3-22 (c) The comptroller shall post on the comptroller's  
3-23 Internet website and provide to each parent who submits an  
3-24 enrollment form a publication that describes the operation of the  
3-25 program, including:  
3-26 (1) expenses allowed under the program under Section  
3-27 29.357;  
3-28 (2) expense reporting requirements; and  
3-29 (3) a description of the responsibilities of program  
3-30 participants and the duties of the comptroller under this  
3-31 subchapter.  
3-32 Sec. 29.356. PARTICIPATION IN PROGRAM. (a) To receive  
3-33 funding under the program, a parent of an eligible child must agree  
3-34 to:  
3-35 (1) spend funds received through the program only for  
3-36 expenses allowed under Section 29.357;  
3-37 (2) notify the comptroller if the child enrolls in a  
3-38 public school, including an open-enrollment charter school, not  
3-39 later than the 30th day after the date of enrollment; and  
3-40 (3) inform the comptroller if the child graduates from  
3-41 high school.  
3-42 (b) The parent of a child participating in the program is  
3-43 the trustee of the child's account.  
3-44 (c) The comptroller shall provide annually to each program  
3-45 participant the publication provided under Section 29.355(c).  
3-46 Sec. 29.357. APPROVED EDUCATION-RELATED EXPENSES.  
3-47 (a) Funds received under the program may be used only for the  
3-48 following expenses incurred by a program participant:  
3-49 (1) tuition and fees:  
3-50 (A) at a private school accredited by an  
3-51 organization that:  
3-52 (i) is recognized by the Texas Private  
3-53 School Accreditation Commission; or  
3-54 (ii) has accredited at least 20 schools or  
3-55 any number of schools that serve a cumulative total of more than  
3-56 1,000 students;  
3-57 (B) at an institution of higher education or a  
3-58 private or independent institution of higher education; or  
3-59 (C) for an online educational course or program;  
3-60 (2) the purchase of textbooks or other instructional  
3-61 materials;  
3-62 (3) the purchase of a curriculum;  
3-63 (4) fees for classes or other educational services  
3-64 provided by a public school, if the classes or services do not  
3-65 qualify the child to be included in the school's average daily  
3-66 attendance;  
3-67 (5) fees for services provided by a private tutor or  
3-68 teaching service;  
3-69 (6) for a child with a disability, fees for

4-1 educational therapies or services provided by a practitioner or  
4-2 provider;  
4-3 (7) costs of computer hardware and software and other  
4-4 technological devices prescribed by a physician to facilitate a  
4-5 child's education, not to exceed in any year 10 percent of the total  
4-6 amount paid to the program participant's account that year;  
4-7 (8) fees for a nationally norm-referenced achievement  
4-8 test or examination, an assessment instrument adopted by the agency  
4-9 under Section 39.023, an advanced placement test or similar  
4-10 examination, or any examination related to college or university  
4-11 admission; and  
4-12 (9) fees for the management of the participant's  
4-13 account charged by a financial institution.  
4-14 (b) Expenses allowed under Subsection (a) do not include  
4-15 expenses for:  
4-16 (1) consumable supplies, including paper, pens,  
4-17 pencils, folders, and notebooks;  
4-18 (2) food; or  
4-19 (3) before-school or after-school child care and child  
4-20 care during school holidays and vacations.  
4-21 (c) An education service provider or vendor of educational  
4-22 products must provide a program participant with a receipt for each  
4-23 expense allowed under Subsection (a) charged by the provider or  
4-24 vendor to the participant.  
4-25 (d) The content or religious nature of a product or service  
4-26 may not be considered in determining whether a payment for the  
4-27 product or service is an expense allowed under Subsection (a).  
4-28 (e) A finding that a program participant used funds  
4-29 distributed under the program to pay for an expense not allowed  
4-30 under Subsection (a) does not affect the validity of any payment  
4-31 made by the participant for an expense that is allowed under that  
4-32 subsection.  
4-33 Sec. 29.358. AMOUNT OF PAYMENT; FINANCING. (a) A parent  
4-34 of an eligible child shall receive each year that the child  
4-35 participates in the program a payment from the state to the child's  
4-36 account in an amount that is equal to:  
4-37 (1) if the child is a member of a household with a  
4-38 total annual income that exceeds 200 percent of the income  
4-39 guidelines necessary to qualify for the national free or  
4-40 reduced-price lunch program established under 42 U.S.C. Section  
4-41 1751 et seq., 60 percent of the state average maintenance and  
4-42 operations expenditures per student for the preceding state fiscal  
4-43 year;  
4-44 (2) if the child is a member of a household with a  
4-45 total annual income that is at or below 200 percent of the income  
4-46 guidelines necessary to qualify for the national free or  
4-47 reduced-price lunch program established under 42 U.S.C. Section  
4-48 1751 et seq., 75 percent of the state average maintenance and  
4-49 operations expenditures per student for the preceding state fiscal  
4-50 year; or  
4-51 (3) regardless of household income level, if the child  
4-52 is a child with a disability, 90 percent of the state average  
4-53 maintenance and operations expenditures per student for the  
4-54 preceding state fiscal year.  
4-55 (b) In addition to any funding the district receives under  
4-56 Chapter 42, for each child participating in the program, the school  
4-57 district the child would otherwise attend is entitled to receive  
4-58 for the first year in which the child participates in the program an  
4-59 amount equal to 50 percent of the difference between:  
4-60 (1) the state average maintenance and operations  
4-61 expenditures per student for the preceding state fiscal year; and  
4-62 (2) the amount the child's parent receives under  
4-63 Subsection (a) for the year.  
4-64 (c) For the first year a child participates in the program,  
4-65 the child is included in the weighted average daily attendance of  
4-66 the school district the child would otherwise attend for purposes  
4-67 of determining the district's equalized wealth level under Chapter  
4-68 41.  
4-69 (d) Any funds remaining in a child's account at the end of a

5-1 fiscal year are carried forward to the next fiscal year unless  
 5-2 another provision of this subchapter mandates the closure of the  
 5-3 account.

5-4 (e) The parent of a child participating in the program may  
 5-5 make payments for the expenses of educational programs, services,  
 5-6 and products not covered by funds in the child's account.

5-7 (f) A payment under Subsection (a) may not be financed using  
 5-8 federal funds or money appropriated from the permanent school fund  
 5-9 or the available school fund.

5-10 Sec. 29.359. ADMINISTRATION OF ACCOUNTS. (a) The  
 5-11 comptroller may contract with one or more financial institutions to  
 5-12 establish and manage an account for each child participating in the  
 5-13 program. A program participant must be able to access the  
 5-14 participant's account by using an online or electronic transfer  
 5-15 payment service.

5-16 (b) The comptroller shall make quarterly payments to each  
 5-17 program participant's account in equal amounts, with the first  
 5-18 payment for each school year made on September 1 and the remaining  
 5-19 payments made on or before the 15th day of November, February, and  
 5-20 May.

5-21 (c) The comptroller may deduct an amount from each quarterly  
 5-22 payment to a program participant's account to cover the  
 5-23 comptroller's cost of administering the program. The amount  
 5-24 deducted may not exceed five percent of the payment.

5-25 (d) Not later than 30 days after the end of each fiscal year,  
 5-26 the comptroller shall reconcile payments made to and from all  
 5-27 accounts under the program.

5-28 (e) On the date on which a child who participated in the  
 5-29 program is no longer eligible to participate in the program under  
 5-30 Section 29.354(b), the child's account is closed and any remaining  
 5-31 funds are returned to the state for deposit in the education savings  
 5-32 account program fund.

5-33 (f) The comptroller may contract with a private entity to  
 5-34 administer all or any part of the program.

5-35 Sec. 29.360. RANDOM AUDITING OF ACCOUNTS. (a) The  
 5-36 comptroller shall contract with a private entity to randomly audit  
 5-37 accounts as necessary to ensure compliance with applicable law and  
 5-38 the requirements of the program.

5-39 (b) In auditing an account, the comptroller or private  
 5-40 entity may require that a program participant provide further  
 5-41 information and documentation regarding any payment from the  
 5-42 participant's account.

5-43 (c) The private entity shall report to the comptroller any  
 5-44 violation of this subchapter or other relevant law found by the  
 5-45 entity during an audit conducted under this section.

5-46 Sec. 29.361. SUSPENSION OF ACCOUNT. (a) The comptroller  
 5-47 shall suspend the account of a program participant who fails to  
 5-48 comply with applicable law or a requirement of the program,  
 5-49 including a requirement under Section 29.356(a), or who  
 5-50 substantially misuses funds received under the program.

5-51 (b) On suspension of an account under Subsection (a), the  
 5-52 comptroller shall notify the program participant in writing that  
 5-53 the account has been suspended and that no further payments may be  
 5-54 made from the account. The notification must specify the grounds  
 5-55 for the suspension and state that the participant has 10 business  
 5-56 days to respond and take any corrective action required by the  
 5-57 comptroller.

5-58 (c) On the expiration of the 10-day period under Subsection  
 5-59 (b), the comptroller shall:

5-60 (1) order permanent closure of the suspended account  
 5-61 and declare the program participant ineligible for the program;

5-62 (2) order temporary reinstatement of the account,  
 5-63 conditioned on the performance of a specified action by the  
 5-64 participant; or

5-65 (3) order full reinstatement of the account.

5-66 (d) The comptroller may recover funds distributed under the  
 5-67 program that were used for expenses not allowed under Section  
 5-68 29.357(a) from the program participant or the entity that received  
 5-69 the funds if the participant's account is suspended or closed under

6-1 this section.

6-2 Sec. 29.362. TUITION AND FEES; REFUND PROHIBITED. (a) An  
 6-3 education service provider may not charge a child participating in  
 6-4 the program an amount greater than the standard amount charged for  
 6-5 that service by the provider.

6-6 (b) An education service provider or a vendor of educational  
 6-7 products receiving funds distributed under the program may not in  
 6-8 any manner rebate, refund, or credit to or share with a program  
 6-9 participant, or any person on behalf of a participant, any program  
 6-10 funds paid or owed by the participant to the provider or vendor.

6-11 Sec. 29.363. REFERRAL TO ATTORNEY GENERAL. (a) If the  
 6-12 comptroller obtains evidence of fraudulent use of an account, the  
 6-13 comptroller may refer the case to the attorney general for  
 6-14 investigation.

6-15 (b) With the consent of the appropriate local county or  
 6-16 district attorney, the attorney general has concurrent  
 6-17 jurisdiction with the consenting local prosecutor to prosecute an  
 6-18 offense referred to the attorney general under Subsection (a).

6-19 Sec. 29.364. PROVIDER ACCOUNTABILITY. (a) To receive  
 6-20 funds distributed under the program, a private school must be  
 6-21 accredited by an organization that:

6-22 (1) is recognized by the Texas Private School  
 6-23 Accreditation Commission; or

6-24 (2) has accredited at least 20 schools or any number of  
 6-25 schools that serve a cumulative total of more than 1,000 students.

6-26 (b) A practitioner or provider who provides educational  
 6-27 therapies or services for a child with a disability must be licensed  
 6-28 or accredited by a regional or national accrediting organization to  
 6-29 receive funds distributed under the program.

6-30 (c) A private tutor or teaching service must apply to and be  
 6-31 approved by the commissioner to receive funds distributed under the  
 6-32 program. To be eligible for approval, a private tutor or each  
 6-33 employee of a teaching service who intends to provide educational  
 6-34 services to a program participant must:

6-35 (1) be a teacher who:

6-36 (A) is certified under Subchapter B, Chapter 21;

6-37 (B) holds a National Board Certification issued  
 6-38 by the National Board for Professional Teaching Standards; or

6-39 (C) has experience teaching at an institution of  
 6-40 higher education or private or independent institution of higher  
 6-41 education; and

6-42 (2) either:

6-43 (A) complete a national criminal history record  
 6-44 information review; or

6-45 (B) provide to the commissioner documentation  
 6-46 indicating that the tutor or employee, as applicable, has completed  
 6-47 a national criminal history record information review within a  
 6-48 period established by commissioner rule.

6-49 (d) The commissioner shall review the national criminal  
 6-50 history record information or documentation for each private tutor  
 6-51 or teaching service who submits an application under Subsection  
 6-52 (c). The tutor or teaching service must provide the commissioner  
 6-53 with any information requested by the commissioner to enable the  
 6-54 commissioner to complete the review.

6-55 (e) The commissioner shall maintain and provide to the  
 6-56 comptroller a list of private tutors and teaching services approved  
 6-57 to receive funds distributed under the program. The comptroller  
 6-58 shall post the list on the comptroller's Internet website.

6-59 (f) A private tutor or teaching service may appeal to the  
 6-60 comptroller the commissioner's rejection of the tutor's or teaching  
 6-61 service's application submitted under Subsection (c).

6-62 (g) The commissioner may adopt rules necessary to exercise  
 6-63 the commissioner's powers and duties under this section.

6-64 Sec. 29.365. PROGRAM PARTICIPANT, PROVIDER, AND VENDOR  
 6-65 AUTONOMY. (a) An education service provider or vendor of  
 6-66 educational products that receives funds distributed under the  
 6-67 program is not an agent of the state or federal government.

6-68 (b) Except as provided by this subchapter, the comptroller,  
 6-69 the agency, the State Board of Education, any other state agency, or

7-1 any school district may not:

7-2 (1) regulate the educational program of an education  
7-3 service provider or vendor of educational products that receives  
7-4 funds distributed under the program; or

7-5 (2) exercise control or supervision over a program  
7-6 participant or an education service provider or vendor of  
7-7 educational products that receives funds distributed under the  
7-8 program.

7-9 (c) The program does not expand the regulatory authority of  
7-10 the state or any school district to impose any additional  
7-11 regulation on an education service provider or vendor of  
7-12 educational products except those reasonably necessary to enforce  
7-13 the program as provided by this subchapter.

7-14 (d) A private school may not be required to modify the  
7-15 school's creed, practices, admissions policies, curriculum,  
7-16 performance standards, or assessments to receive funds distributed  
7-17 under the program.

7-18 (e) A private school voluntarily selected by a parent for  
7-19 the parent's child to attend or a parent who homeschools the  
7-20 parent's child, with or without governmental assistance, may not be  
7-21 required to comply with any state law or rule governing the  
7-22 applicable educational program that was not in effect on January 1,  
7-23 2017.

7-24 (f) In any proceeding challenging a rule adopted by a state  
7-25 agency or officer under this subchapter, the agency or officer has  
7-26 the burden of proof to establish that the rule:

7-27 (1) is necessary to implement or enforce the program  
7-28 as provided by this subchapter; and

7-29 (2) does not impose an undue burden on a program  
7-30 participant or an education service provider or vendor of  
7-31 educational products that receives or seeks to receive funds  
7-32 distributed under the program.

7-33 Sec. 29.366. STUDENT RECORDS AND INFORMATION. (a) On  
7-34 request by the parent of a child participating in the program, the  
7-35 school district or open-enrollment charter school that the child  
7-36 would otherwise attend shall provide a copy of the child's school  
7-37 records possessed by the district or school, if any, to the child's  
7-38 parent or, if applicable, the private school the child attends.

7-39 (b) The agency shall provide to the comptroller any  
7-40 information available to the agency requested by the comptroller  
7-41 regarding a child who participates or seeks to participate in the  
7-42 program. The comptroller may not retain information provided under  
7-43 this subsection beyond the period necessary to determine:

7-44 (1) a child's eligibility to participate in the  
7-45 program; or

7-46 (2) the amount of a payment to a program participant's  
7-47 account under Section 29.358.

7-48 Sec. 29.367. REPORTING NUMBER OF PARTICIPANTS. (a) Not  
7-49 later than October 1 of each year, the comptroller shall notify the  
7-50 commissioner and the Legislative Budget Board of the number of  
7-51 eligible children likely to participate in the program,  
7-52 disaggregated by the school district or open-enrollment charter  
7-53 school the eligible children would otherwise attend.

7-54 (b) Not later than March 1 of each year, the comptroller  
7-55 shall provide final information to the commissioner and the  
7-56 Legislative Budget Board regarding the number of children  
7-57 participating in the program, disaggregated in the same manner as  
7-58 the initial information under Subsection (a).

7-59 Sec. 29.368. ANNUAL SURVEY. The comptroller may conduct an  
7-60 annual parental satisfaction survey that asks each parent of a  
7-61 child participating in the program to express:

7-62 (1) the parent's overall level of satisfaction with  
7-63 the program; and

7-64 (2) the parent's opinion on specified topics and  
7-65 issues relevant to the effectiveness of the program.

7-66 Sec. 29.369. PARENT REVIEW COMMITTEE. (a) A parent review  
7-67 committee is established to assist the comptroller, at the  
7-68 comptroller's request, in:

7-69 (1) determining whether certain expenses are allowed

8-1 under Section 29.357; and  
 8-2 (2) reviewing an appeal of the commissioner's decision  
 8-3 to reject an application of a private tutor or teaching service for  
 8-4 approval to receive funds distributed under the program under  
 8-5 Section 29.364.

8-6 (b) The committee consists of the comptroller, or a  
 8-7 representative designated by the comptroller, and eight members  
 8-8 appointed by the comptroller. Each appointed member must be a  
 8-9 parent of a child participating in the program. In making  
 8-10 appointments to the committee, the comptroller shall ensure that  
 8-11 parents from at least four counties are included.

8-12 (c) An appointed member of the committee serves a one-year  
 8-13 term at the pleasure of the comptroller and may be reappointed.

8-14 (d) The comptroller or the representative designated by the  
 8-15 comptroller, as applicable, is the chair of the committee and may  
 8-16 vote on a matter before the committee only if there is a tie.

8-17 Sec. 29.370. RULES. The comptroller shall:

8-18 (1) adopt rules as necessary to implement this  
 8-19 subchapter, including:

8-20 (A) rules regarding expense reporting  
 8-21 requirements for program participants; and

8-22 (B) rules for implementing this subchapter in a  
 8-23 manner that ensures compliance with federal law regarding  
 8-24 confidentiality of student educational information, including the  
 8-25 Family Educational Rights and Privacy Act of 1974 (20 U.S.C.  
 8-26 Section 1232g); and

8-27 (2) coordinate as necessary to:

8-28 (A) calculate annually the savings to the state  
 8-29 from the implementation of the program; and

8-30 (B) prevent fraud in financial transactions  
 8-31 under the program, including by adopting measures to permit  
 8-32 anonymous fraud reporting by telephone hotline or online  
 8-33 communication.

8-34 Sec. 29.371. GIFTS, GRANTS, AND DONATIONS. The comptroller  
 8-35 may solicit and accept gifts, grants, and donations from any public  
 8-36 or private source for any expenses related to the administration of  
 8-37 the program, including the initial implementation of the program.

8-38 SECTION 1.02. Section 42.253, Education Code, is amended by  
 8-39 adding Subsection (b-1) to read as follows:

8-40 (b-1) Notwithstanding Subsection (b), the commissioner  
 8-41 shall adjust enrollment estimates and entitlement for each school  
 8-42 district for each school year based on information provided by the  
 8-43 comptroller under Section 29.367 and the certified educational  
 8-44 assistance organization under Section 230.0513, Insurance Code.  
 8-45 This subsection expires September 1, 2021.

8-46 SECTION 1.03. Section 411.0901, Government Code, is amended  
 8-47 by adding Subsection (a-1) to read as follows:

8-48 (a-1) The Texas Education Agency is entitled to obtain  
 8-49 criminal history record information maintained by the department  
 8-50 about a person who is a private tutor or an employee of a teaching  
 8-51 service who intends to provide educational services to a child  
 8-52 participating in the program established under Subchapter J,  
 8-53 Chapter 29, Education Code, and is seeking approval to receive  
 8-54 funds distributed under that program.

8-55 SECTION 1.04. This article applies beginning with the  
 8-56 2018-2019 school year.

8-57 ARTICLE 2. TAX CREDIT SCHOLARSHIP AND EDUCATIONAL EXPENSE  
 8-58 ASSISTANCE PROGRAM

8-59 SECTION 2.01. Subtitle B, Title 3, Insurance Code, is  
 8-60 amended by adding Chapter 230 to read as follows:

8-61 CHAPTER 230. CREDIT AGAINST PREMIUM TAXES FOR CONTRIBUTIONS TO

8-62 CERTIFIED EDUCATIONAL ASSISTANCE ORGANIZATION

8-63 SUBCHAPTER A. GENERAL PROVISIONS

8-64 Sec. 230.001. DEFINITIONS. In this chapter:

8-65 (1) "Educational assistance organization" means an  
 8-66 organization that:

8-67 (A) has the ability according to the  
 8-68 organization's charter to award scholarships to or pay educational  
 8-69 expenses for eligible students in:



9-1 (i) public elementary or secondary schools  
9-2 located in this state; or  
9-3 (ii) nonpublic elementary or secondary  
9-4 schools located in this state:  
9-5 (a) that meet the requirements of  
9-6 Section 230.052;  
9-7 (b) at which a student may fulfill  
9-8 this state's compulsory attendance requirements; and  
9-9 (c) that are not in violation of the  
9-10 federal Civil Rights Act of 1964 (42 U.S.C. Section 2000a et seq.);  
9-11 and  
9-12 (B) uses part of its annual revenue for the  
9-13 purpose provided by Paragraph (A).  
9-14 (2) "State premium tax liability" means any liability  
9-15 incurred by an entity under Chapter 221, 222, or 224.  
9-16 Sec. 230.002. RULES; PROCEDURES. (a) The comptroller  
9-17 shall adopt rules and procedures to implement, administer, and  
9-18 enforce this chapter.  
9-19 (b) A rule adopted under Subsection (a) is binding on an  
9-20 organization that applies for certification as an educational  
9-21 assistance organization, an entity that applies for a credit, and a  
9-22 state or local governmental entity, including a political  
9-23 subdivision, as necessary to implement, administer, and enforce  
9-24 this chapter.  
9-25 SUBCHAPTER B. SCHOLARSHIP AND EDUCATIONAL EXPENSE ASSISTANCE  
9-26 PROGRAM  
9-27 Sec. 230.051. SELECTION OF CERTIFIED EDUCATIONAL  
9-28 ASSISTANCE ORGANIZATIONS. (a) An organization may apply to the  
9-29 comptroller for certification as a certified educational  
9-30 assistance organization during an application period provided by  
9-31 the comptroller.  
9-32 (b) To be eligible for certification, the organization:  
9-33 (1) must:  
9-34 (A) be exempt from federal tax under Section  
9-35 501(a) of the Internal Revenue Code of 1986 by being listed as an  
9-36 exempt organization in Section 501(c)(3) of that code;  
9-37 (B) be in good standing with the state;  
9-38 (C) be located in the state;  
9-39 (D) allocate at least 90 percent of its annual  
9-40 revenue from contributions that are designated for scholarships or  
9-41 educational expense assistance for eligible students under this  
9-42 chapter for student scholarships and assistance for educational  
9-43 expenses, including tuition, transportation, and instructional  
9-44 materials and other supplies, and for other related educational  
9-45 expense assistance as described by this section;  
9-46 (E) award scholarships and assistance for  
9-47 qualifying educational expenses to eligible students who  
9-48 demonstrate the greatest financial and academic need;  
9-49 (F) agree to give each donor a receipt for money  
9-50 contributed to the organization that includes the name of the  
9-51 organization, the name of the donor, the amount of the  
9-52 contribution, the information required by Section 230.054(c), and  
9-53 any other information required by the comptroller;  
9-54 (G) demonstrate experience and technical  
9-55 expertise in:  
9-56 (i) accepting, processing, and tracking  
9-57 applications for scholarships or educational expense assistance;  
9-58 and  
9-59 (ii) awarding scholarships to students in  
9-60 primary or secondary schools;  
9-61 (H) agree to be independently audited on an  
9-62 annual basis and file the audit with the comptroller; and  
9-63 (I) disburse within two academic years of receipt  
9-64 contributions received from and designated by entities for  
9-65 scholarships or educational expense assistance under this chapter;  
9-66 and  
9-67 (2) may not:  
9-68 (A) award all scholarships under this chapter to  
9-69 students who attend a particular school or pay educational expenses

10-1 incurred only at a particular school;

10-2 (B) provide to a student a scholarship in an  
 10-3 annual amount that exceeds the amount provided under Section  
 10-4 230.055(a), (b), or (c), unless the money used to provide the  
 10-5 portion of the scholarship in excess of that amount was contributed  
 10-6 by a person other than an entity that notifies the organization  
 10-7 under Section 230.054(c) that the entity may apply for a tax credit  
 10-8 for the contribution; and

10-9 (C) provide to a student educational expense  
 10-10 assistance in excess of the amount provided under Section  
 10-11 230.055(d) per academic year, unless the money used to provide the  
 10-12 portion of the assistance in excess of that amount was contributed  
 10-13 by a person other than an entity that notifies the organization  
 10-14 under Section 230.054(c) that the entity may apply for a tax credit  
 10-15 for the contribution, including assistance for:

10-16 (i) facility fees;  
 10-17 (ii) instructional materials;  
 10-18 (iii) school supplies;  
 10-19 (iv) tutoring;  
 10-20 (v) academic after-school programs;  
 10-21 (vi) school or lab fees; and  
 10-22 (vii) transportation expenses, including  
 10-23 the cost to transfer from one public school to another.

10-24 (c) The comptroller shall certify one organization as the  
 10-25 primary certified educational assistance organization and one  
 10-26 organization as the secondary certified educational assistance  
 10-27 organization. The comptroller shall select the organizations to  
 10-28 certify as the primary and secondary certified educational  
 10-29 assistance organizations from among the organizations that apply  
 10-30 under Subsection (a) and meet the requirements of Subsection (b).  
 10-31 The comptroller has broad discretion in selecting the primary and  
 10-32 secondary certified educational assistance organizations.

10-33 (d) The comptroller shall notify all organizations that  
 10-34 apply under Subsection (a) of the comptroller's selections under  
 10-35 Subsection (c).

10-36 (e) The comptroller shall attempt to maintain one primary  
 10-37 and one secondary certified educational assistance organization at  
 10-38 all times. The comptroller shall provide an application period  
 10-39 under Subsection (a) as soon as practicable after the comptroller  
 10-40 learns there is, or is likely to be, a vacancy for the primary or  
 10-41 secondary certified educational assistance organization.

10-42 (f) The comptroller's selections under Subsection (c) are  
 10-43 final and are not appealable.

10-44 Sec. 230.0511. PERFORMANCE OF CERTIFIED EDUCATIONAL  
 10-45 ASSISTANCE ORGANIZATION POWERS AND DUTIES. (a) Except as provided  
 10-46 by Subsection (b), the organization certified as the primary  
 10-47 certified educational assistance organization shall perform the  
 10-48 powers and duties assigned to the certified educational assistance  
 10-49 organization under this chapter.

10-50 (b) The organization certified as the secondary certified  
 10-51 educational assistance organization shall perform the powers and  
 10-52 duties assigned to the certified educational assistance  
 10-53 organization under this chapter if:

10-54 (1) the organization certified as the primary  
 10-55 certified educational assistance organization has its  
 10-56 certification revoked; or

10-57 (2) the comptroller otherwise determines the  
 10-58 organization certified as the primary educational assistance  
 10-59 organization is unable to perform the powers and duties assigned to  
 10-60 the certified educational assistance organization under this  
 10-61 chapter.

10-62 (c) A reference in this chapter or other law to the  
 10-63 certified educational assistance organization means the  
 10-64 organization performing the powers and duties of the certified  
 10-65 educational assistance organization under Subsection (a) or (b).

10-66 Sec. 230.0512. INFORMATION REGARDING SCHOLARSHIPS.

10-67 (a) The certified educational assistance organization shall make  
 10-68 information about scholarships under this chapter available to  
 10-69 parents of a student who is eligible to apply for assistance under

11-1 Section 230.053(b) through the organization's Internet website.  
11-2 (b) The information made available must include a notice  
11-3 that:

11-4 (1) states that a nonpublic school is not subject to  
11-5 laws regarding the provision of educational services in the same  
11-6 manner as a public school, and a student with a disability attending  
11-7 a nonpublic school may not receive the services a student with a  
11-8 disability attending a public school is entitled to receive under  
11-9 federal and state law; and

11-10 (2) provides information regarding rights to which a  
11-11 student with a disability is entitled under federal and state law if  
11-12 the student attends a public school, including:

11-13 (A) rights provided under the Individuals with  
11-14 Disabilities Education Act (20 U.S.C. Section 1400 et seq.),  
11-15 including:

11-16 (i) an individualized education program;  
11-17 (ii) educational services provided in the  
11-18 least restrictive environment;

11-19 (iii) instruction from certified teachers;  
11-20 (iv) due process hearings to ensure proper  
11-21 and full implementation of an individualized education program;

11-22 (v) transition and planning services; and  
11-23 (vi) supplementary aids and services;

11-24 (B) rights provided under Subchapter A, Chapter  
11-25 29, Education Code; and

11-26 (C) other rights provided under federal or state  
11-27 law.

11-28 Sec. 230.0513. REPORTING NUMBER OF SCHOLARSHIP RECIPIENTS.

11-29 (a) Not later than October 1 of each year, the certified  
11-30 educational assistance organization shall notify the commissioner  
11-31 of education and the Legislative Budget Board of the likely number  
11-32 of students who will enroll in a nonpublic school instead of a  
11-33 public school using scholarships under this chapter, disaggregated  
11-34 by the school district or open-enrollment charter school the  
11-35 students would otherwise attend.

11-36 (b) Not later than March 1 of each year, the certified  
11-37 educational assistance organization shall provide final  
11-38 information to the commissioner of education and the Legislative  
11-39 Budget Board regarding the actual number of students described by  
11-40 Subsection (a), disaggregated in the same manner as the initial  
11-41 information under that subsection.

11-42 Sec. 230.052. NONPUBLIC SCHOOL REQUIREMENTS. The certified  
11-43 educational assistance organization may not award scholarships to  
11-44 or pay educational expenses for eligible students enrolled in a  
11-45 nonpublic school unless the nonpublic school executes a notarized  
11-46 affidavit, with supporting documents, concerning the school's  
11-47 qualification for scholarships and educational expense assistance  
11-48 for eligible students who receive assistance from the certified  
11-49 educational assistance organization, including evidence of:

11-50 (1) accreditation by the Texas Education Agency or by  
11-51 an organization that:

11-52 (A) is recognized by the Texas Private School  
11-53 Accreditation Commission; or

11-54 (B) has accredited at least 20 schools or any  
11-55 number of schools that serve a cumulative total of more than 1,000  
11-56 students;

11-57 (2) annual administration of a nationally  
11-58 norm-referenced assessment instrument or the appropriate  
11-59 assessment instrument required under Section 39.023, Education  
11-60 Code;

11-61 (3) valid certificate of occupancy; and

11-62 (4) policy statements regarding:

11-63 (A) admissions;

11-64 (B) curriculum;

11-65 (C) safety;

11-66 (D) food service inspection; and

11-67 (E) student to teacher ratios.

11-68 Sec. 230.053. ELIGIBILITY OF STUDENTS; INCLUSION IN  
11-69 CALCULATION OF EQUALIZED WEALTH LEVEL. (a) To be eligible to

12-1 apply for assistance from the certified educational assistance  
12-2 organization under this chapter:  
12-3 (1) a student:  
12-4 (A) must:  
12-5 (i) be in foster care;  
12-6 (ii) be in institutional care;  
12-7 (iii) have a parent who is on active duty in  
12-8 the military; or  
12-9 (iv) have a household income not greater  
12-10 than 200 percent of the income guidelines necessary to qualify for  
12-11 the national free or reduced-price lunch program established under  
12-12 42 U.S.C. Section 1751 et seq.; and  
12-13 (B) must be eligible to attend a public school  
12-14 under Section 25.001, Education Code, and have:  
12-15 (i) been born on or after September 1, 2012;  
12-16 or  
12-17 (ii) attended a public school in this state  
12-18 during the entire preceding academic year; or  
12-19 (2) the student must have previously qualified under  
12-20 Subdivision (1).  
12-21 (b) In addition to the students eligible under Subsection  
12-22 (a), a student is eligible to apply for assistance from the  
12-23 certified educational assistance organization under this chapter  
12-24 if:  
12-25 (1) the student is in kindergarten through grade 12  
12-26 and eligible under Section 29.003, Education Code, to participate  
12-27 in a school district's special education program; and  
12-28 (2) an individualized education program has been  
12-29 developed for the student under Section 29.005, Education Code.  
12-30 (c) A student who establishes eligibility under Subsection  
12-31 (b) may continue to receive assistance under this chapter until the  
12-32 earlier of the date the student graduates from high school or the  
12-33 student's 22nd birthday.  
12-34 (d) Notwithstanding any other provision of this section and  
12-35 except as provided by Section 230.055(c), a student who receives a  
12-36 payment to an education savings account under Section 29.358,  
12-37 Education Code, for a year is not eligible to receive for the same  
12-38 year a scholarship under this chapter.  
12-39 (e) The certified educational assistance organization shall  
12-40 award scholarships and educational expense assistance to eligible  
12-41 students who apply in accordance with this chapter.  
12-42 (f) A student who receives a scholarship under this chapter  
12-43 is included for the first year the student receives the scholarship  
12-44 in the weighted average daily attendance of the school district the  
12-45 student would otherwise attend for purposes of determining the  
12-46 district's equalized wealth level under Chapter 41, Education Code.  
12-47 Sec. 230.054. CREDIT FOR CONTRIBUTIONS. (a) An entity may  
12-48 apply for a credit under this chapter only for money contributed to  
12-49 the certified educational assistance organization and designated  
12-50 for scholarships or educational expense assistance for eligible  
12-51 students.  
12-52 (b) An entity may not apply for a credit under this chapter  
12-53 for a contribution made to the certified educational assistance  
12-54 organization if:  
12-55 (1) the entity requires that the contribution benefit  
12-56 a particular person or school; or  
12-57 (2) the contribution is designated to provide a  
12-58 scholarship or educational expense assistance for an entity  
12-59 employee or for a spouse or dependent of an entity employee.  
12-60 (c) An entity shall notify the certified educational  
12-61 assistance organization in writing when the entity makes a  
12-62 contribution if the entity may apply for a tax credit under this  
12-63 chapter for the contribution. An entity may not apply for a credit  
12-64 for the contribution unless the entity provides the notification at  
12-65 the time the contribution is made. The certified educational  
12-66 assistance organization shall indicate on the receipt provided  
12-67 under Section 230.051(b)(1)(F) that the entity made the  
12-68 notification under this subsection.  
12-69 Sec. 230.055. LIMIT ON AMOUNT OF SCHOLARSHIP OR EDUCATIONAL

13-1 EXPENSE ASSISTANCE. (a) Except as provided by Subsections (b) and  
 13-2 (c), the maximum scholarship amount the certified educational  
 13-3 assistance organization may award to a student under this chapter  
 13-4 using money contributed by an entity that notifies the organization  
 13-5 under Section 230.054(c) that the entity may apply for a tax credit  
 13-6 for the contribution may not exceed 75 percent of the state average  
 13-7 maintenance and operations expenditures per student for the  
 13-8 preceding state fiscal year.

13-9 (b) The maximum scholarship amount under Subsection (a) may  
 13-10 not exceed 50 percent of the state average maintenance and  
 13-11 operations amount described by Subsection (a) if the student  
 13-12 receiving the scholarship has a household income greater than 175  
 13-13 percent of the income guidelines necessary to qualify for the  
 13-14 national free or reduced-price lunch program established under 42  
 13-15 U.S.C. Section 1751 et seq. This subsection does not apply to a  
 13-16 student who is eligible for assistance under Section 230.053(b) or  
 13-17 (c).

13-18 (c) A student who receives a payment to an education savings  
 13-19 account under Section 29.358, Education Code, for a year is  
 13-20 eligible to receive for the same year a scholarship from the  
 13-21 certified educational assistance organization only if the student  
 13-22 is eligible for assistance under Section 230.053(a)(1)(A)(i),  
 13-23 (ii), or (iii) or Section 230.053(b) or (c) or the student has a  
 13-24 household income not greater than 175 percent of the income  
 13-25 guidelines necessary to qualify for the national free or  
 13-26 reduced-price lunch program established under 42 U.S.C. Section  
 13-27 1751 et seq. The maximum scholarship amount the certified  
 13-28 educational assistance organization may award to a student to whom  
 13-29 this subsection applies using money contributed by an entity that  
 13-30 notifies the organization under Section 230.054(c) that the entity  
 13-31 may apply for a tax credit for the contribution may not exceed the  
 13-32 sum of:

13-33 (1) the difference between the amount of the payment  
 13-34 under Section 29.358, Education Code, and the full tuition amount  
 13-35 for the student's nonpublic school; and

13-36 (2) a transportation allowance not to exceed \$500.

13-37 (d) The maximum educational expense assistance the  
 13-38 certified educational assistance organization may award to a  
 13-39 student under this chapter using money contributed by an entity  
 13-40 that notifies the organization under Section 230.054(c) that the  
 13-41 entity may apply for a tax credit for the contribution may not  
 13-42 exceed \$500 for the 2018 state fiscal year, increased by five  
 13-43 percent each subsequent year.

13-44 Sec. 230.056. REVOCATION. (a) The comptroller shall  
 13-45 revoke the certification provided under Section 230.051 if the  
 13-46 comptroller finds that the certified educational assistance  
 13-47 organization:

13-48 (1) is no longer eligible under Section 230.051; or  
 13-49 (2) intentionally and substantially violates this  
 13-50 chapter.

13-51 (b) The comptroller has broad discretion in determining  
 13-52 whether to revoke a certification under Subsection (a).

13-53 (c) The comptroller shall notify the certified educational  
 13-54 assistance organization in writing of the comptroller's decision to  
 13-55 revoke the organization's certification. If the comptroller  
 13-56 revokes the organization's certification, the comptroller shall  
 13-57 include in the notice of revocation the reasons for the revocation.

13-58 (d) If the comptroller revokes the certified educational  
 13-59 assistance organization's certification under Subsection (a), the  
 13-60 organization may request in writing a reconsideration of the  
 13-61 revocation not later than the 10th day after the date of the notice  
 13-62 under Subsection (c) or the revocation is final.

13-63 (e) An organization that requests a reconsideration under  
 13-64 Subsection (d) may submit to the comptroller not later than the 30th  
 13-65 day after the date the request for reconsideration is submitted  
 13-66 additional information and documents to support the organization's  
 13-67 request for reconsideration.

13-68 (f) The comptroller's reconsideration of a revocation under  
 13-69 this section is not a contested case under Chapter 2001, Government

14-1 Code. The comptroller's decision on a request for reconsideration  
14-2 of a revocation is final and is not appealable.

14-3 (g) This section does not create a cause of action to  
14-4 contest a decision of the comptroller to revoke the certified  
14-5 educational assistance organization's certification under this  
14-6 chapter.

14-7 (h) Revocation of a certification under this section does  
14-8 not affect the validity of a tax credit relating to a contribution  
14-9 made before the date of revocation.

14-10 Sec. 230.057. REPORT OF NET SAVINGS TO PUBLIC EDUCATION.

14-11 (a) In this section, "net savings" means any positive difference  
14-12 in a state fiscal year between:

14-13 (1) the amount by which state spending on public  
14-14 education for that year is reduced as a result of students receiving  
14-15 scholarships and educational expense assistance from the certified  
14-16 educational assistance organization under this chapter; and

14-17 (2) the amount by which state revenue derived from  
14-18 Chapters 221, 222, and 224 is reduced as a result of tax credits  
14-19 under this chapter.

14-20 (b) Not later than December 31 of each even-numbered year,  
14-21 the comptroller shall determine the amount of net savings for the  
14-22 previous state fiscal biennium and make available to the public a  
14-23 report of that amount of savings.

#### 14-24 SUBCHAPTER C. CREDIT

14-25 Sec. 230.101. CREDIT. An entity may apply for a credit  
14-26 against the entity's state premium tax liability in the amount and  
14-27 under the conditions and limitations provided by this chapter. The  
14-28 comptroller shall award credits as provided by Section 230.103.

14-29 Sec. 230.102. AMOUNTS; LIMITATION ON TOTAL CREDITS.

14-30 (a) Subject to Subsections (b) and (c), the amount of an entity's  
14-31 credit is equal to the lesser of the amount of the qualifying  
14-32 contributions made to the certified educational assistance  
14-33 organization or 50 percent of the entity's state premium tax  
14-34 liability.

14-35 (b) The total amount of tax credits that may be awarded  
14-36 under this chapter for each state fiscal year may not exceed \$100  
14-37 million.

14-38 (c) The comptroller by rule shall prescribe procedures by  
14-39 which the comptroller may allocate credits under this chapter. The  
14-40 procedures must provide that credits are allocated on a first-come,  
14-41 first-served basis, based on the date the contribution was  
14-42 initially made.

14-43 (d) The comptroller may require an entity to notify the  
14-44 comptroller of the amount the entity intends or expects to apply for  
14-45 under this chapter before the beginning of a state fiscal year or at  
14-46 any other time required by the comptroller.

14-47 Sec. 230.103. APPLICATION FOR CREDIT. (a) An entity must  
14-48 apply for a credit under this chapter on or with the tax return for  
14-49 the taxable year during which the qualifying contributions were  
14-50 made and submit with the application each receipt issued under  
14-51 Section 230.051(b)(1)(F) that includes the information required by  
14-52 Section 230.054(c).

14-53 (b) The comptroller shall adopt a form for the application  
14-54 for the credit. An entity must use this form in applying for the  
14-55 credit.

14-56 (c) The comptroller may award a credit to an entity that  
14-57 applies for the credit under Subsection (a) if the entity is  
14-58 eligible for the credit and the credit is available under Section  
14-59 230.102(b). The comptroller has broad discretion in determining  
14-60 whether to grant or deny an application for a credit.

14-61 (d) The comptroller shall notify an entity in writing of the  
14-62 comptroller's decision to grant or deny the application under  
14-63 Subsection (a). If the comptroller denies an entity's application,  
14-64 the comptroller shall include in the notice of denial the reasons  
14-65 for the comptroller's decision.

14-66 (e) If the comptroller denies an entity's application under  
14-67 Subsection (a), the entity may request in writing a reconsideration  
14-68 of the application not later than the 10th day after the date of the  
14-69 notice under Subsection (d). If the entity does not request a

15-1 reconsideration of the application on or before that date, the  
 15-2 comptroller's decision is final.

15-3 (f) An entity that requests a reconsideration under  
 15-4 Subsection (e) may submit to the comptroller not later than the 30th  
 15-5 day after the date the request for reconsideration is submitted  
 15-6 additional information and documents to support the entity's  
 15-7 request for reconsideration.

15-8 (g) The comptroller's reconsideration of an application  
 15-9 under this section is not a contested case under Chapter 2001,  
 15-10 Government Code. The comptroller's decision on a request for  
 15-11 reconsideration of an application is final and is not appealable.

15-12 (h) This section does not create a cause of action to  
 15-13 contest a decision of the comptroller to deny an application for a  
 15-14 credit under this chapter.

15-15 Sec. 230.104. ASSIGNMENT PROHIBITED; EXCEPTION. An entity  
 15-16 may not convey, assign, or transfer the credit allowed under this  
 15-17 chapter to another entity unless all of the assets of the entity are  
 15-18 conveyed, assigned, or transferred in the same transaction.

15-19 Sec. 230.105. NOTICE OF AVAILABILITY OF CREDIT. The  
 15-20 comptroller shall provide notice of the availability of the credit  
 15-21 under this chapter on the comptroller's Internet website, in the  
 15-22 instructions for insurance premium tax report forms, and in any  
 15-23 notice sent to an entity concerning the requirement to file an  
 15-24 insurance premium tax report.

15-25 SECTION 2.02. An entity may apply for a credit under Chapter  
 15-26 230, Insurance Code, as added by this article, only for an  
 15-27 expenditure made on or after the effective date of this article.

15-28 SECTION 2.03. Not later than February 15, 2018, the  
 15-29 comptroller of public accounts shall adopt rules as provided by  
 15-30 Section 230.002(a), Insurance Code, as added by this article.

15-31 SECTION 2.04. The comptroller of public accounts shall make  
 15-32 the initial determination of net savings and report regarding that  
 15-33 savings as required by Section 230.057, Insurance Code, as added by  
 15-34 this article, not later than December 31, 2020, based on the state  
 15-35 fiscal biennium ending August 31, 2019.

15-36 SECTION 2.05. This article applies only to a report  
 15-37 originally due on or after the effective date of this article.

15-38 SECTION 2.06. This article takes effect January 1, 2018.

15-39 ARTICLE 3. JUDICIAL REVIEW

15-40 SECTION 3.01. (a) The constitutionality and other  
 15-41 validity under the state or federal constitution of all or any part  
 15-42 of Subchapter J, Chapter 29, Education Code, as added by this Act,  
 15-43 or Chapter 230, Insurance Code, as added by this Act, may be  
 15-44 determined in an action for declaratory judgment in a district  
 15-45 court in Travis County under Chapter 37, Civil Practice and  
 15-46 Remedies Code, except that this section does not authorize an award  
 15-47 of attorney's fees against this state and Section 37.009, Civil  
 15-48 Practice and Remedies Code, does not apply to an action filed under  
 15-49 this section. This section does not authorize a taxpayer suit to  
 15-50 contest the denial of a tax credit by the comptroller of public  
 15-51 accounts.

15-52 (b) An appeal of a declaratory judgment or order, however  
 15-53 characterized, of a district court, including an appeal of the  
 15-54 judgment of an appellate court, holding or otherwise determining  
 15-55 that all or any part of Subchapter J, Chapter 29, Education Code, as  
 15-56 added by this Act, or Chapter 230, Insurance Code, as added by this  
 15-57 Act, is constitutional or unconstitutional, or otherwise valid or  
 15-58 invalid, under the state or federal constitution is an accelerated  
 15-59 appeal.

15-60 (c) If the judgment or order is interlocutory, an  
 15-61 interlocutory appeal may be taken from the judgment or order and is  
 15-62 an accelerated appeal.

15-63 (d) A district court in Travis County may grant or deny a  
 15-64 temporary or otherwise interlocutory injunction or a permanent  
 15-65 injunction on the grounds of the constitutionality or  
 15-66 unconstitutionality, or other validity or invalidity, under the  
 15-67 state or federal constitution of all or any part of Subchapter J,  
 15-68 Chapter 29, Education Code, as added by this Act, or Chapter 230,  
 15-69 Insurance Code, as added by this Act.

16-1 (e) There is a direct appeal to the Texas Supreme Court from  
16-2 an order, however characterized, of a trial court granting or  
16-3 denying a temporary or otherwise interlocutory injunction or a  
16-4 permanent injunction on the grounds of the constitutionality or  
16-5 unconstitutionality, or other validity or invalidity, under the  
16-6 state or federal constitution of all or any part of Subchapter J,  
16-7 Chapter 29, Education Code, as added by this Act, or Chapter 230,  
16-8 Insurance Code, as added by this Act.

16-9 (f) The direct appeal is an accelerated appeal.

16-10 (g) This section exercises the authority granted by Section  
16-11 3-b, Article V, Texas Constitution.

16-12 (h) The filing of a direct appeal under this section will  
16-13 automatically stay any temporary or otherwise interlocutory  
16-14 injunction or permanent injunction granted in accordance with this  
16-15 section pending final determination by the Texas Supreme Court,  
16-16 unless the supreme court makes specific findings that the applicant  
16-17 seeking such injunctive relief has pleaded and proved that:

16-18 (1) the applicant has a probable right to the relief it  
16-19 seeks on final hearing; and

16-20 (2) the applicant will suffer a probable injury that  
16-21 is imminent and irreparable, and that the applicant has no other  
16-22 adequate legal remedy.

16-23 (i) An appeal under this section, including an  
16-24 interlocutory, accelerated, or direct appeal, is governed, as  
16-25 applicable, by the Texas Rules of Appellate Procedure, including  
16-26 Rules 25.1(d)(6), 26.1(b), 28.1, 28.3, 32.1(g), 37.3(a)(1),  
16-27 38.6(a) and (b), 40.1(b), and 49.4.

16-28 ARTICLE 4. EFFECTIVE DATE

16-29 SECTION 4.01. Except as otherwise provided by this Act:

16-30 (1) this Act takes effect immediately if it receives a  
16-31 vote of two-thirds of all the members elected to each house, as  
16-32 provided by Section 39, Article III, Texas Constitution; and

16-33 (2) if this Act does not receive the vote necessary for  
16-34 immediate effect, this Act takes effect September 1, 2017.

16-35 \* \* \* \* \*