

BILL ANALYSIS

Senate Research Center

C.S.S.J.R. 5
By: Ogden
Finance
4/21/2011
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

C.S.S.J.R. 5 proposes a constitutional amendment relating to increasing the market value of the permanent school fund for the purpose of allowing increased distributions from the available school fund.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 5(a), Article VII, Texas Constitution, as follows:

(a) Provides that the total amount distributed from the permanent school fund to the available school fund:

(1) in each year of a state fiscal biennium is required to be an amount that is not more than six percent of the average of the market value of the permanent school fund, excluding real property belonging to the fund that is managed, sold, or acquired under Section 4 (Sale of Lands; Investment of Proceeds) of this article, but including discretionary real assets investments and cash in the state treasury derived from property belonging to the fund, on the last day of each of the 16 state fiscal quarters preceding the regular session of the legislature that begins before that state fiscal biennium, in accordance with the rate adopted by:

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

(B) the legislature by general law or appropriation, if SBOE does not adopt a rate as provided by Paragraph (A) of this subdivision; and

(2) over the 10-year period consisting of the current state fiscal year and the nine preceding state fiscal years is prohibited from exceeding the total return on all investment assets of the permanent school fund over the same 10-year period.

SECTION 2. Provides that the following temporary provision is added to the Texas Constitution:

TEMPORARY PROVISION. (a) Provides that this temporary provision applies to the constitutional amendment proposed by S.J.R. 5, 82nd Legislature, Regular Session, 2011, providing for an increase in the market value of the permanent school fund for the purpose of allowing increased distributions from the available school fund.

(b) Provides that the change to Section 5(a), Article VII, of this constitution made by the amendment applies to a distribution from the permanent school fund to the available school fund made on or after September 1, 2011.

(c) Provides that this temporary provision expires December 1, 2015.

SECTION 3. Requires the proposed constitutional amendment to be submitted to the voters at an election to be held November 8, 2011. Sets forth the required language of the ballot.