

SENATE JOURNAL

EIGHTY-SECOND LEGISLATURE — FIRST CALLED SESSION

AUSTIN, TEXAS

PROCEEDINGS

SECOND DAY

(Continued)

(Friday, June 3, 2011)

AFTER RECESS

The Senate met at 4:16 p.m. and was called to order by the President.

SENATORS ANNOUNCED PRESENT

Senators Carona and Wentworth, who had previously been recorded as "Absent-excused," were announced "Present."

CONCLUSION OF MORNING CALL

The President at 4:18 p.m. announced the conclusion of morning call.

SENATE BILL 7 ON SECOND READING

The President laid before the Senate **SB 7** by Senator Nelson at this time on its second reading:

SB 7, Relating to the administration, quality, efficiency, and funding of health care, health and human services, and health benefits programs in this state; providing administrative and civil penalties.

The bill was read second time and was passed to engrossment by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to engrossment.

SENATE BILL 7 ON THIRD READING

Senator Nelson moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **SB 7** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 31, Nays 0.

The bill was read third time and was passed by the following vote: Yeas 31, Nays 0.

REASON FOR VOTE

Senator Ellis submitted the following reason for vote on **SB 7**:

I voted in favor of SB 7, but wanted to be shown noting my concerns with certain sections of this bill.

- I have concerns regarding Section 1.18, which allows hospital districts to go after an immigrant sponsor for repayment for health care services for some sponsored adult immigrants. This provision allows hospital districts to count sponsors' income in eligibility determination and seek sponsor repayment for health care services. Currently there are many exceptions to sponsor liability, this provision without specifications as to what qualifies a sponsor to be liable could scare off sponsors for immigrants.
- I also have concerns regarding Section 848.006 of Section 4.01 of Article 4, which prohibits an individual mandate under federal health reform via a provision in health care collaborative. This provision is more symbolic than substantive, as state law may not conflict with federal in this way. As I am in favor of the federal health care law, I cannot support this provision.
- Finally, I have concerns regarding controversial family planning language in Section 1.20 of Article 1. This article will defund a large number of providers in the Women's Health Care Program. This article limits the choice of providers for women and forces them to search for new providers, which will reduce the effectiveness and fiscal savings of the program.

ELLIS

SENATE BILL 6 ON SECOND READING

The President laid before the Senate **SB 6** by Senator Shapiro at this time on its second reading:

SB 6, Relating to the foundation curriculum, the establishment of the instructional materials allotment, and the adoption, review, and purchase of instructional materials and technological equipment for public schools; providing penalties.

The bill was read second time.

(Senator Seliger in Chair)

(President in Chair)

Senator Shapiro offered the following amendment to the bill:

Floor Amendment No. 1

Amend **SB 6** (senate committee printing) as follows:

(1) Strike SECTION 27 of the bill, amending Section 31.0231, Education Code (page 10, line 2, through page 11, line 9), and substitute the following:

SECTION 27. (a) If S.B. 290, Acts of the 82nd Legislature, Regular Session, 2011, does not become law, Section 31.0231, Education Code, is amended to read as follows:

Sec. 31.0231. COMMISSIONER'S [~~ELECTRONIC TEXTBOOK AND INSTRUCTIONAL MATERIAL~~] LIST. (a) The commissioner shall adopt a list of:

(1) electronic instructional material [~~textbooks~~]; and

(2) ~~science [instructional]~~ material that conveys information to the student or otherwise contributes to the learning process, including tools, models, and investigative materials designed for use as part of the foundation curriculum for science in kindergarten through grade five.

(b) A school district may select ~~[an electronic textbook or instructional]~~ material on the list adopted under Subsection (a) to be funded by the district's instructional materials allotment [state textbook fund] under Section 31.0211 [31.021].

(c) Before the commissioner places ~~[an electronic textbook or instructional]~~ material on the list adopted under Subsection (a), the State Board of Education must be given an opportunity to comment on the ~~[electronic textbook or instructional]~~ material. If the commissioner places material on the list adopted under Subsection (a), the State Board of Education may, not later than the 90th day after the date the material is placed on the list, require the commissioner to remove the material from the list. Material [An electronic textbook or instructional material] placed on the list adopted under Subsection (a):

(1) must be reviewed and recommended to the commissioner by a panel of recognized experts in the subject area of the ~~[electronic textbook or instructional]~~ material and experts in education technology;

(2) must satisfy criteria adopted for the purpose by commissioner rule; and

(3) must meet the National Instructional Materials Accessibility Standard, to the extent practicable as determined by the commissioner.

(d) The criteria adopted under Subsection (c)(2) must:

(1) include evidence of alignment with current research in the subject for which the ~~[electronic textbook or instructional]~~ material is intended to be used;

(2) include coverage of the essential knowledge and skills identified under Section 28.002 for the subject for which the ~~[electronic textbook or instructional]~~ material is intended to be used and identify:

(A) each of the essential knowledge and skills for the subject and grade level or levels covered by the ~~[electronic textbook or instructional]~~ material; and

(B) the percentage of the essential knowledge and skills for the subject and grade level or levels covered by the ~~[electronic textbook or instructional]~~ material; and

(3) include appropriate training for teachers.

(e) The commissioner shall update, as necessary, the list adopted under Subsection (a). Before the commissioner places ~~[an electronic textbook or instructional]~~ material on the updated list, the requirements of Subsection (c) must be met. ~~[Before the commissioner removes an electronic textbook or instructional material from the updated list, the removal must be recommended by a panel of recognized experts in the subject area of the electronic textbook or instructional material and experts in education technology.]~~

(f) After notice to the commissioner explaining in detail the changes, the provider of ~~[an electronic textbook or instructional]~~ material on the list adopted under Subsection (a) may update the navigational features or management system related to the ~~[electronic textbook or instructional]~~ material.

(g) After notice to the commissioner and a review by the commissioner, the provider of ~~[an electronic textbook or instructional]~~ material on the list adopted under Subsection (a) may update the content of the ~~[electronic textbook or instructional]~~ material if needed to accurately reflect current knowledge or information.

(h) The commissioner shall adopt rules as necessary to implement this section. The rules must:

(1) be consistent with Section 31.151 regarding the duties of publishers and manufacturers, as appropriate, and the imposition of a reasonable administrative penalty; and

(2) require public notice of an opportunity for the submission of ~~[an electronic textbook or instructional]~~ material.

(b) If S.B. 290, Acts of the 82nd Legislature, Regular Session, 2011, becomes law, Section 31.0231, Education Code, as effective in June 2011 is amended to read as follows:

Sec. 31.0231. COMMISSIONER'S ~~[ELECTRONIC TEXTBOOK AND INSTRUCTIONAL MATERIAL]~~ LIST. (a) The commissioner shall adopt a list of:

(1) electronic instructional material ~~[textbooks]~~; and

(2) ~~[instructional]~~ material that conveys information to the student or otherwise contributes to the learning process, including tools, models, and investigative materials designed for use as part of the foundation curriculum for:

(A) science in kindergarten through grade five; and

(B) personal financial literacy in kindergarten through grade eight.

(b) A school district may select ~~[an electronic textbook or instructional]~~ material on the list adopted under Subsection (a) to be funded by the district's instructional materials allotment ~~[state textbook fund]~~ under Section 31.0211 [31.021].

(c) Before the commissioner places ~~[an electronic textbook or instructional]~~ material on the list adopted under Subsection (a), the State Board of Education must be given an opportunity to comment on the ~~[electronic textbook or instructional]~~ material. If the commissioner places material on the list adopted under Subsection (a), the State Board of Education may, not later than the 90th day after the date the material is placed on the list, require the commissioner to remove the material from the list. Material ~~[An electronic textbook or instructional material]~~ placed on the list adopted under Subsection (a):

(1) must be reviewed and recommended to the commissioner by a panel of recognized experts in the subject area of the ~~[electronic textbook or instructional]~~ material and experts in education technology;

(2) must satisfy criteria adopted for the purpose by commissioner rule; and

(3) must meet the National Instructional Materials Accessibility Standard, to the extent practicable as determined by the commissioner.

(d) The criteria adopted under Subsection (c)(2) must:

(1) include evidence of alignment with current research in the subject for which the ~~[electronic textbook or instructional]~~ material is intended to be used;

(2) include coverage of the essential knowledge and skills identified under Section 28.002 for the subject for which the ~~[electronic textbook or instructional]~~ material is intended to be used and identify:

(A) each of the essential knowledge and skills for the subject and grade level or levels covered by the ~~[electronic textbook or instructional]~~ material; and

(B) the percentage of the essential knowledge and skills for the subject and grade level or levels covered by the ~~[electronic textbook or instructional]~~ material; and

(3) include appropriate training for teachers.

(e) The commissioner shall update, as necessary, the list adopted under Subsection (a). Before the commissioner places ~~[an electronic textbook or instructional]~~ material on the updated list, the requirements of Subsection (c) must be met. ~~[Before the commissioner removes an electronic textbook or instructional material from the updated list, the removal must be recommended by a panel of recognized experts in the subject area of the electronic textbook or instructional material and experts in education technology.]~~

(f) After notice to the commissioner explaining in detail the changes, the provider of ~~[an electronic textbook or instructional]~~ material on the list adopted under Subsection (a) may update the navigational features or management system related to the ~~[electronic textbook or instructional]~~ material.

(g) After notice to the commissioner and a review by the commissioner, the provider of ~~[an electronic textbook or instructional]~~ material on the list adopted under Subsection (a) may update the content of the ~~[electronic textbook or instructional]~~ material if needed to accurately reflect current knowledge or information.

(h) The commissioner shall adopt rules as necessary to implement this section. The rules must:

(1) be consistent with Section 31.151 regarding the duties of publishers and manufacturers, as appropriate, and the imposition of a reasonable administrative penalty; and

(2) require public notice of an opportunity for the submission of ~~[an electronic textbook or instructional]~~ material.

(2) Strike SECTION 33 of the bill, amending Section 31.027, Education Code (page 12, lines 33-47), and substitute the following:

SECTION 33. (a) If S.B. 391, Acts of the 82nd Legislature, Regular Session, 2011, does not become law or this Act takes effect immediately, Section 31.027, Education Code, is amended to read as follows:

Sec. 31.027. INFORMATION TO SCHOOL DISTRICTS; ELECTRONIC SAMPLE [COPIES]. (a) A publisher shall provide each school district and open-enrollment charter school with information that fully describes each of the publisher's submitted instructional materials [adopted textbooks]. On request of a school district, a publisher shall provide an electronic [a] sample [copy] of submitted instructional material [an adopted textbook].

(b) A publisher shall provide an electronic [at least two] sample [copies] of each submitted instructional material [adopted textbook] to be maintained at each regional education service center.

~~(c) [d]~~ This section does not apply to ~~[an]~~ open-source instructional material [textbook].

(b) If S.B. 391, Acts of the 82nd Legislature, Regular Session, 2011, becomes law and this Act does not take effect immediately, Section 31.027, Education Code, as effective September 1, 2011, is amended to read as follows:

Sec. 31.027. INFORMATION TO SCHOOL DISTRICTS; ELECTRONIC SAMPLE. (a) A publisher shall provide each school district and open-enrollment charter school with information that fully describes each of the publisher's submitted instructional materials [~~adopted textbooks~~]. On request of a school district, a publisher shall provide an electronic sample of submitted instructional material [~~an adopted textbook~~].

(b) A publisher shall provide an electronic sample of each submitted instructional material [~~adopted textbook~~] to be maintained at each regional education service center.

(c) [~~(d)~~] This section does not apply to [~~an~~] open-source instructional material [~~textbook~~].

(c) If this Act takes effect immediately, Sections 2 and 3, S.B. 391, Acts of the 82nd Legislature, Regular Session, 2011, have no effect.

(3) Strike SECTION 62 of the bill, amending Section 41.124(c), Education Code (page 21, lines 8-14), and substitute the following:

SECTION 62. Subsection (c), Section 41.124, Education Code, as effective September 1, 2011, is amended to read as follows:

(c) A school district that receives tuition for a student from a school district with a wealth per student that exceeds the equalized wealth level may not claim attendance for that student for purposes of Chapters 42 and 46 and the instructional materials [~~technology~~] allotment under Section 31.0211 [~~32.005~~].

(4) Between SECTIONS 67 and 68 of the bill (page 22, between lines 17 and 18), insert the following SECTION and renumber existing SECTION 68 of the bill accordingly:

SECTION 68. (a) If this Act takes effect immediately, Section 11(a), H.B. 4, Acts of the 82nd Legislature, Regular Session, 2011, has no effect, and the \$184,000,000 described by that subsection is allocated to fund the instructional materials allotment in accordance with the provisions of this Act.

(b) To the extent of any conflict, this Act prevails over the provisions of Section 11(b), H.B. 4, Acts of the 82nd Legislature, Regular Session, 2011.

(c) If this Act does not take effect immediately, Subsections (a) and (b) of this section have no effect.

The amendment to **SB 6** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 1.

On motion of Senator Shapiro and by unanimous consent, the caption was amended to conform to the body of the bill as amended.

SB 6 as amended was passed to engrossment by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to engrossment.

SENATE BILL 6 ON THIRD READING

Senator Shapiro moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **SB 6** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 31, Nays 0.

The bill was read third time and was passed by the following vote: Yeas 31, Nays 0.

REMARKS ORDERED PRINTED

On motion of Senator Rodriguez and by unanimous consent, the remarks by Senators Shapiro and Rodriguez regarding **SB 6** were ordered reduced to writing and printed in the *Senate Journal* as follows:

Senator Rodriguez: Senator Shapiro, thank you for all of your hard work on this bill. If you would allow me, I would like to ask you a few questions to establish legislative intent. At yesterday's committee hearing, did you say that any school district could utilize their funding allotment to purchase ESL books?

Senator Shapiro: Absolutely correct, Senator.

Senator Rodriguez: Will school districts be directed to prioritize their funding decisions for instructional materials to include all subjects under Proclamation 2011, including the ESL materials for grades K through 8?

Senator Shapiro: They will be instructed to make sure that all, that the first priority will be for the end-of-course and STAAR programs and everything after that, which is Proclamation 2011, will be a priority following those two proposals.

Senator Rodriguez: Would you agree that becoming proficient in English is crucial for understanding the words on a state test given in English from grades 6 through 12?

Senator Shapiro: I would.

Senator Rodriguez: Would you also agree that the ESL materials for K through 8 are a priority and necessary to ensure our children are able to meet state standards?

Senator Shapiro: Yes, Sir.

Senator Rodriguez: Thank you, Senator.

REMARKS ORDERED PRINTED

On motion of Senator Shapiro and by unanimous consent, the remarks by Senators Shapiro and Van de Putte regarding **SB 6** were ordered reduced to writing and printed in the *Senate Journal* as follows:

Senator Van de Putte: Thank you, Senator Shapiro, thank you so much. I know that there has been a lot of information and speculation on this because it is a bellwether changer for us. But tell us a little bit, as we've been discussing this in the Committee and certainly for the last several years. We take the word "textbook" and we now use the words "instructional materials" that really does mean content whether delivered in a book form or an electronic form, but still the core of this is content materials that children will use and teachers will use to learn. Rather than, I know

some folks get confused with the technology part and think this is all about laptops and iPads and Smart Boards, whatever those beautiful blackboards are, they think it is just about the technology. Tell us the difference in that and how much the emphasis is really on the content, no matter what methodology and technology is used to deliver it.

Senator Shapiro: Thank you, Senator Van de Putte. And I'm glad you brought it up because I think there may be some misinformation out there. The two different pieces of instructional materials are very clear in most of our minds. There's content and then there's distribution of that content. Currently, instructional materials, when you use that terminology, people just think it's interchangeable with a textbook. For generations we have called the content a textbook. That is actually the distribution of the content. What we're hopeful of is that, first and foremost, what will be used in the allotment, the first thing that the school districts will look for is the content. What we put in Proclamation 2011, just like we have talked about, and I think it is important to note, that they would first purchase the materials, the content that was necessary for implementing the 2011 STAAR and end-of-course exams. And that would include English language arts grades 2-12, Spanish English language arts grades 2-5, spelling grades 3-5, and science supplemental materials grades 5-12. Once they have declared that they have given all of this content, and they have acquired the content, then and only then are they allowed to actually go out and utilize what I call the distribution methodology, the Smart Boards, utilize extra money later on for things like an iPad, an iPhone, any of those things. But this allotment is included in the technology allotment. We used to have \$30 per student for technology allotment. So that's been incorporated into this proposal. So it is very important, particularly in Proclamation 2011, because we are just starting our new end-of-course exams, we are just starting the STAAR program, that that be, Proclamation 2011, be the first run at those dollars before they are using what I call the distribution of those materials. And I really appreciate your asking that. I think that is a very important part. The only other piece that I would suggest, and it is actually in the law, and I'd like to just reference it. It is actually on page 4, line 58 in the bill. And it specifically gives the definition of instructional materials allowing for electronic materials and technological equipment, but it says the first requirement, the first requirement in consideration when you look at instructional materials entails, and I quote, content that conveys the essential knowledge and skills of a subject in the public school curriculum. So legislative intent, from what you and I have just been talking about, says content comes first and then comes the distribution materials or the technological equipment.

Senator Van de Putte: Thank you, Senator Shapiro.

Senator Shapiro: Thank you.

Senator Van de Putte: Thank you for the explanation.

Senator Shapiro: I appreciate that, and I do hope that that will show legislative intent which I think you and I have both been very concerned about.

MESSAGE FROM THE GOVERNOR

The following Message from the Governor was read and was filed with the Secretary of the Senate:

MESSAGE

TO THE SENATE AND HOUSE OF REPRESENTATIVES OF THE EIGHTY-SECOND TEXAS LEGISLATURE, FIRST CALLED SESSION:

WHEREAS, the people of Texas, through their state constitution, have placed the power to call the legislature into special session in the hands of the chief executive officer of the state; and

WHEREAS, the members of the Eighty-Second Texas Legislature, First Called Session, have now convened to consider items presented to them by the governor;

NOW, THEREFORE, I, RICK PERRY, Governor of the State of Texas, by the authority vested in me by Article IV, Section 8, and Article III, Section 40, of the Texas Constitution, do hereby present the following subject matter to the Eighty-Second Texas Legislature, First Called Session, for consideration:

Legislation relating to the operation of the Texas Windstorm Insurance Association.

IN TESTIMONY WHEREOF, I have signed my name officially and caused the Seal of the State to be affixed hereto at Austin, this 3rd day of June 2011.

/s/Rick Perry
Governor of Texas

(seal)

Attested by:

/s/Hope Andrade
Secretary of State

**SENATE RULE 7.12(a) SUSPENDED
(Printing of Bills)**

Senator Duncan moved to suspend Senate Rule 7.12(a) and order the committee report for **SB 1** not printed.

The motion prevailed by the following vote: Yeas 25, Nays 6.

Yeas: Birdwell, Carona, Deuell, Duncan, Eltife, Estes, Fraser, Harris, Hegar, Hinojosa, Huffman, Jackson, Nelson, Nichols, Ogden, Patrick, Rodriguez, Seliger, Shapiro, Van de Putte, Watson, Wentworth, West, Whitmire, Williams.

Nays: Davis, Ellis, Gallegos, Lucio, Uresti, Zaffirini.

SENATE BILL 1 ON SECOND READING

The President laid before the Senate **SB 1** by Senator Duncan at this time on its second reading:

SB 1, Relating to certain state fiscal matters; providing penalties.

The bill was read second time.

Senator Duncan offered the following amendment to the bill:

Floor Amendment No. 1

Amend **SB 1** by striking all below the enacting clause and substituting the following:

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

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

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

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

(1) 45 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) 35 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; and

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

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

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

(c) Each August the comptroller shall:

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

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

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

ARTICLE 2. FISCAL MATTERS REGARDING REGULATION AND TAXATION OF INSURERS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 3.02. The repeal of Subchapter F, Chapter 111, Tax Code, by this article does not affect an eligible person's right to claim a refund of state sales and use and state franchise taxes that was established under Section 111.301, Tax Code, in relation to taxes paid before the effective date of this article in a calendar year for which the person paid ad valorem taxes to a school district as provided by Section 111.301, Tax Code, before the effective date of this article. An eligible person's right to claim a refund of state sales and use and state franchise taxes that was established under Section 111.301, Tax Code, in relation to taxes paid before the effective date of this article in a calendar year for which the person paid ad valorem taxes to a school district as provided by Section 111.301, Tax Code, before the effective date of this article is governed by the law in effect on the date the right to claim the refund was established, and the former law is continued in effect for that purpose.

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

ARTICLE 4. TAX RECORDS

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

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

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

(2) include information relating to:

(A) the kind of each machine;

(B) the date each machine is:

(i) acquired or received in this state; and

(ii) placed in operation;

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

(i) county;

(ii) municipality, if any; and

(iii) street or rural route number;

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

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

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

(3) be maintained[+]

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

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

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

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

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

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

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

(2) an administrative hearing is pending before the comptroller, or a judicial proceeding is pending, to determine the amount of the tax, penalty, or interest that is to be assessed, collected, or refunded.

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

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

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

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

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

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

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

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

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

- (1) the comptroller authorizes in writing its destruction at an earlier date; or
- (2) Section 111.0041 requires that the record be kept for a longer period.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 72.103. PRESERVATION OF PROPERTY. Notwithstanding any other provision of this title except a provision of this section or Section 72.1016 relating to a money order or a stored value card, a holder of abandoned property shall preserve the property and may not at any time, by any procedure, including a deduction for service, maintenance, or other charge, transfer or convert to the profits or assets of the holder or otherwise reduce the value of the property. For purposes of this section, value is determined as of the date of the last transaction or contact concerning the property, except that in the case of a money order, value is determined as of the date the property is presumed abandoned under Section 72.102(c). If a holder imposes service, maintenance, or other charges on a money order prior to the time of presumed abandonment, such charges may not exceed the amount of \$1 [~~50 cents~~] per month for each month the money order remains uncashed prior to the month in which the money order is presumed abandoned.

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

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

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

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

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

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

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

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

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

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

(1) the holder is holding the property; and

(2) the holder may be required to deliver the property to the comptroller on or before July ~~[November]~~ 1 if the property is not claimed.

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

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

(c) If the property subject to delivery under Subsection (a) is the contents of a safe deposit box, the comptroller may instruct a holder to deliver the property on a specified date before July ~~[November]~~ 1 of the following year.

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

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

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

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

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

(b) Except as provided by Subsection (c) of this section, Sections 74.101(a), 74.1011(a), 74.301(a) and (c), and 74.708, Property Code, as amended by this article, take effect January 1, 2013.

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

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

ARTICLE 6. CLASSIFICATION OF JUDICIAL AND COURT PERSONNEL TRAINING FUND

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

Sec. 56.001. JUDICIAL AND COURT PERSONNEL TRAINING FUND.

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

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

ARTICLE 7. PROCESS SERVER CERTIFICATION FEES

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

Sec. 51.008. FEES FOR PROCESS SERVER CERTIFICATION. (a) The process server review board established by supreme court order may recommend to the supreme court the fees to be charged for process server certification and renewal of certification. The supreme court must approve the fees recommended by the process server review board before the fees may be collected.

(b) If a certification is issued or renewed for a term that is less than the certification period provided by supreme court rule, the fee for the certification shall be prorated so that the process server pays only that portion of the fee that is allocable

to the period during which the certification is valid. On renewal of the certification on the new expiration date, the process server must pay the entire certification renewal fee.

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

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

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

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

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

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

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

ARTICLE 8. FISCAL MATTERS REGARDING PETROLEUM INDUSTRY REGULATION

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

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

(1) not more than \$3.125 [~~\$3.75~~] for each delivery into a cargo tank having a capacity of less than 2,500 gallons [~~for the state fiscal year beginning September 1, 2007, through the state fiscal year ending August 31, 2011~~];

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

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

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

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

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

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

ARTICLE 9. REMITTANCE AND ALLOCATION OF CERTAIN MOTOR FUELS TAXES

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

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

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

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

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

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

(a-1) On August 28, 2013, each licensed distributor and licensed importer shall remit to the supplier or permissive supplier, as applicable, a tax prepayment in an amount equal to 25 percent of the tax imposed by Section 162.201 for diesel fuel removed at the terminal rack during July 2013 by the licensed distributor or licensed importer, without accounting for any credit or allowance to which the licensed distributor or licensed importer is entitled. The supplier or permissive supplier shall remit the tax prepayment received under this subsection to the comptroller by

electronic funds transfer on August 30, 2013, without accounting for any credit or allowance to which the supplier or permissive supplier is entitled. Subsections (c)-(e) do not apply to the tax prepayment under this subsection.

(a-2) A licensed distributor or licensed importer may take a credit against the amount of tax imposed by Section 162.201 for diesel fuel removed at a terminal rack during August 2013 that is required to be remitted to the supplier or permissive supplier, as applicable, under Subsection (a) in September 2013. The amount of the credit is equal to any tax prepayment remitted by the licensed distributor or licensed importer as required by Subsection (a-1).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 11. CIGARETTE TAX STAMPING ALLOWANCE

SECTION 11.01. Subsection (a), Section 154.052, Tax Code, is amended to read as follows:

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

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

ARTICLE 12. SALES FOR RESALE

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

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

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

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

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

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

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

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

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

(c) A sale for resale does not include the sale of tangible personal property or a taxable service to a purchaser who acquires the property or service for the purpose of performing a service that is not taxed under this chapter, regardless of whether title transfers to the service provider's customer, unless the tangible personal property or taxable service is purchased for the purpose of reselling it to the United States in a contract, or a subcontract of a contract, with any branch of the Department of Defense, Department of Homeland Security, Department of Energy, National Aeronautics and Space Administration, Central Intelligence Agency, National Security Agency, National Oceanic and Atmospheric Administration, or National Reconnaissance Office to the extent allocated and billed to the contract with the federal government.

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

ARTICLE 13. REMITTANCE OF SALES AND USE TAXES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(A) Chapters 72-75, Property Code;

(B) forfeiture of a right to do business;

(C) a certificate of authority;

(D) articles of incorporation;

(E) a penalty imposed under Section 151.703(d) ~~[151.7034]~~;

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

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

(4) any other hearing not related to the collection, receipt, administration, or enforcement of the amount of a tax or fee imposed, or the penalty or interest associated with that amount.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 15. FISCAL MATTERS RELATED TO VOTER REGISTRATION

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

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

~~(+) the registrar and include[, including] in the notice a description of the violation and an explanation of the action necessary for substantial compliance and of the consequences of noncompliance[; and~~

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

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

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

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

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

- (1) the total number of initial registrations for the previous voting year;
- (2) the total number of registrations canceled under Sections 16.031(a)(1), 16.033, and 16.0332 for the previous voting year; and
- (3) the total number of registrations for which information was updated for the previous voting year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(h) The comptroller may execute a simplified version of a depository agreement with an eligible institution desiring to hold [~~\$98,000 or less in~~] state deposits that are fully insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund.

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

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

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

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

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

SECTION 17.02. Subsection (c), Section 5.05, Tax Code, is amended to read as follows:

(c) The comptroller shall electronically publish all materials under this section [~~provide without charge one copy of all materials to officials of local government who are responsible~~] for administering the property tax system. [~~If a local government official requests more than one copy, the comptroller may charge a reasonable fee to offset the costs of printing and distributing the materials.~~] The comptroller shall make

the materials available to local governmental officials and members of the public but may charge a reasonable fee to offset the costs of preparing, printing, and distributing the materials.

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

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

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

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

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

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

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

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

SECTION 17.05. The following are repealed:

(1) Sections 403.030 and 552.143(e), Government Code; and

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

ARTICLE 18. SURPLUS LINES AND INDEPENDENTLY PROCURED INSURANCE

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

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

(1) the lawful transaction of surplus lines insurance under Chapter 981;

(2) the lawful transaction of reinsurance by insurers;

(3) a transaction in this state that:

(A) involves a policy that:

(i) is lawfully solicited, written, and delivered outside this state; and

(ii) covers, at the time the policy is issued, only subjects of

insurance that are not resident, located, or expressly to be performed in this state; and

(B) takes place after the policy is issued;

(4) a transaction:

(A) that involves an insurance contract independently procured by the insured from an insurance company not authorized to do insurance business in this state through negotiations occurring entirely outside this state;

(B) that is reported; and

(C) on which premium tax, if applicable, is paid in accordance with Chapter 226;

(5) a transaction in this state that:

(A) involves group life, health, or accident insurance, other than credit insurance, and group annuities in which the master policy for the group was lawfully issued and delivered in a state in which the insurer or person was authorized to do insurance business; and

(B) is authorized by a statute of this state;

(6) an activity in this state by or on the sole behalf of a nonadmitted captive insurance company that insures solely:

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

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

(C) both the individuals and entities described by Paragraphs (A) and

(B);

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

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

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

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

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

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

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

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

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

(4) "Home state" means:

(A) for an insured that is not an affiliated group described by Paragraph

(B):

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

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

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

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

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

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

(B) premium deposits;

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

(D) a registration fee;

(E) [~~(3)~~] an assessment;

(F) [~~(4)~~] dues; and

(G) [~~(5)~~] any other compensation given in consideration for surplus lines insurance.

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

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

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

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

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

(c) If a surplus lines insurance policy covers risks or exposures only partially located in this state, and this state has not entered into a cooperative agreement, reciprocal agreement, or compact with another state for the collection of surplus lines tax as authorized by Chapter 229, the tax is computed on the entire policy [portion of the] premium for any policy in which this state is the home state of the insured [that is properly allocated to a risk or exposure located in this state].

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

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

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

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

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

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

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

(d) Notwithstanding Subsections (a), (b), and (c), if this state enters a cooperative agreement, reciprocal agreement, or compact with another state for the allocation of surplus lines tax as authorized by Chapter 229, the tax shall be allocated and reported in accordance with the terms of the agreement or compact.

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

Sec. 226.051. DEFINITIONS [DEFINITION]. In this subchapter:

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

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

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

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

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

(4) "Home state" means:

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

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

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

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

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

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

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

- (A) ~~[(+)]~~ a premium;
- (B) premium deposits;
- (C) ~~[(2)]~~ a membership fee; ~~[or]~~
- (D) a registration fee;
- (E) an assessment;
- (F) ~~[(3)]~~ dues; and
- (G) any other compensation given in consideration for insurance.

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

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

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

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

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

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

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

Sec. 981.008. SURPLUS LINES INSURANCE PREMIUM TAX. The premiums charged for surplus lines insurance are subject to the premium tax, if applicable, imposed under Chapter 225.

SECTION 18.11. The following provisions are repealed:

- (1) Subsections (d) and (d-1), Section 225.004, Insurance Code; and
- (2) Subsection (b-1), Section 226.053, Insurance Code.

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

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

ARTICLE 19. FISCAL MATTERS CONCERNING EARLY HIGH SCHOOL GRADUATION

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

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

(b) Notwithstanding Section 56.203, a person may not receive an award under this subchapter if the person graduates from high school on or after September 1, 2011.

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

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

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

~~(b) [Savings to the foundation school fund that occur as a result of the Early High School Graduation Scholarship program created in Subchapter K, Chapter 56, and that are not required for the funding of state credits for tuition and mandatory fees under Section 56.204 or school district credits under Section 56.2075 shall be used first to provide tuition exemptions under Section 54.361. Any of those savings remaining after providing tuition exemptions under Section 54.361 shall be used to provide tuition exemptions under Section 54.363.]~~ The Texas Education Agency shall

~~[also]~~ accept and make available to provide tuition exemptions under Section 54.363 gifts, grants, and donations made to the agency for that purpose. The commissioner of education shall transfer those funds to the Texas Higher Education Coordinating Board to distribute to institutions of higher education that provide exemptions under that section. ~~[Payment of funds under this subsection shall be made in the manner provided by Section 56.207 for state credits under Subchapter K, Chapter 56.]~~

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

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

ARTICLE 20. FISCAL MATTERS CONCERNING RETIRED TEACHERS

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

SECTION 20.02. Notwithstanding Subsection (a), Section 1575.202, Insurance Code, for the state fiscal year ending August 31, 2013, the state may contribute an amount to the retired school employees group insurance fund that is less than one percent of the salary of each active employee.

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

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

ARTICLE 21. COASTAL EROSION

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

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

- (1) each critical erosion area;
- (2) each proposed erosion response study or project;
- (3) an estimate of the cost of each proposed study or project described by Subdivision (2);
- (4) each coastal erosion response study or project funded under this subchapter during the preceding biennium;
- (5) the economic and natural resource benefits from each coastal erosion response study or project described by Subdivision (4);
- (6) the financial status of the account; and
- (7) an estimate of the cost of implementing this subchapter during the succeeding biennium.

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

ARTICLE 22. FISCAL MATTERS CONCERNING PARKS AND WILDLIFE CONTRIBUTIONS

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

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

(b) The department shall:

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

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

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

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

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

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

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

SECTION 22.02. Sections 502.1747 and 502.1748, Transportation Code, as added by this article, apply only to a motor vehicle registration renewal notice issued for a registration that expires on or after January 1, 2012.

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

ARTICLE 23. FISCAL MATTERS CONCERNING OIL AND GAS REGULATION

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

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

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

Sec. 81.067. OIL AND GAS REGULATION AND CLEANUP FUND. (a) The oil and gas regulation and cleanup fund is created as an account in the general revenue fund of the state treasury.

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

(c) The fund consists of:

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

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

(3) expenses collected under Section 89.083;

(4) fees imposed under Section 85.2021;

(5) costs recovered under Section 91.457 or 91.459;

(6) proceeds collected under Sections 89.085 and 91.115;

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

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

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

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

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

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

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

(14) fees collected under Section 91.1013;

(15) fees collected under Section 89.088;

(16) fees collected under Section 91.142;

(17) fees collected under Section 91.654;

(18) costs recovered under Sections 91.656 and 91.657;

(19) two-thirds of the fees collected under Section 81.0521;

(20) fees collected under Sections 89.024 and 89.026;

(21) legislative appropriations; and

(22) any surcharges collected under Section 81.070.

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

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

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

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

(3) surface locations to be remediated.

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

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

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

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

(C) the balance of the fund; and

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

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

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

(1) the performance goals established under Subsection (a) for that state fiscal year, the commission's progress in meeting those performance goals, and, if the number of orphaned wells plugged with state-managed funds, abandoned sites investigated, assessed, or cleaned up with state funds, or surface locations remediated is at least five percent less than the number projected in the applicable goal established under Subsection (a), an explanation of the reason for the variance;

(2) the number of orphaned wells plugged with state-managed funds, by region;

(3) the number of wells orphaned, by region;

(4) the number of inactive wells not currently in compliance with commission rules, by region;

(5) the status of enforcement proceedings for all wells in violation of commission rules and the period during which the wells have been in violation, by region in which the wells are located;

(6) the number of surface locations remediated, by region;

(7) a detailed accounting of expenditures of money in the fund for oil-field cleanup activities, including expenditures for plugging of orphaned wells, investigation, assessment, and cleaning up of abandoned sites, and remediation of surface locations;

(8) the method by which the commission sets priorities by which it determines the order in which orphaned wells are plugged;

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

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

Sec. 81.070. ESTABLISHMENT OF SURCHARGES ON FEES. (a) Except as provided by Subsection (b), the commission by rule shall provide for the imposition of reasonable surcharges as necessary on fees imposed by the commission that are required to be deposited to the credit of the oil and gas regulation and cleanup fund as provided by Section 81.067 in amounts sufficient to enable the commission to recover the costs of performing the functions specified by Section 81.068 from those fees and surcharges.

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

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

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

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

(3) the effect of the surcharge on operators of all sizes, as measured by the number of oil or gas wells operated;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) the documented well-plugging costs; or

(2) the average cost incurred by the commission in the preceding 24 months in plugging similar wells located in the same general area.

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

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

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

(d) The commission shall deposit money received from the sale of well-site equipment or hydrocarbons under this section to the credit of the oil and gas regulation and [oil-field] cleanup fund. The commission shall separately account for money and credit received for each well.

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

Sec. 89.086. CLAIMS AGAINST OIL AND GAS REGULATION AND [THE OIL FIELD] CLEANUP FUND.

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

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

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

(i) A claim made by or on behalf of the operator or a nonoperator of a well or a successor to the rights of the operator or nonoperator is subject to a ratable deduction from the proceeds or credit received for the well-site equipment to cover the costs incurred by the commission in removing the equipment or hydrocarbons from the well or in transporting, storing, or disposing of the equipment or hydrocarbons. A claim made by a person who is not an operator or nonoperator is subject to a ratable deduction for the costs incurred by the commission in removing the equipment from the well. If a claimant is a person who is responsible under law or commission rules for plugging the well or cleaning up pollution originating on the lease or if the claimant owes a penalty assessed by the commission or a court for a violation of a commission rule or order, the commission may recoup from or offset against a valid

claim an expense incurred by the oil and gas regulation and [oil-field] cleanup fund that is not otherwise reimbursed or any penalties owed. An amount recouped from, deducted from, or offset against a claim under this subsection shall be treated as an invalid portion of the claim and shall remain suspended in the oil and gas regulation and [oil-field] cleanup fund in the manner provided by Subsection (j) ~~[of this section]~~.

(j) If the commission finds that a claim is valid in whole or in part, the commission shall pay the valid portion of the claim from the suspended amount in the oil and gas regulation and [oil-field] cleanup fund not later than the 30th day after the date of the commission's decision. If the commission finds that a claim is invalid in whole or in part, the commission shall continue to suspend in the oil and gas regulation and [oil-field] cleanup fund an amount equal to the invalid portion of the claim until the period during which the commission's decision may be appealed has expired or, if appealed, during the period the case is under judicial review. If on appeal the district court finds the claim valid in whole or in part, the commission shall pay the valid portion of the claim from the suspended amount in the oil and gas regulation and [oil-field] cleanup fund not later than 30 days after the date the court's judgment becomes unappealable. On the date the commission's decision is not subject to judicial review, the commission shall release from the suspended amount in the oil and gas regulation and [oil-field] cleanup fund the amount of the claim held to be invalid.

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

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

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

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

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

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

Sec. 91.108. DEPOSIT AND USE OF FUNDS. Subject to the refund provisions of Section 91.1091, if applicable, proceeds from bonds and other financial security required pursuant to this chapter and benefits under well-specific plugging insurance policies described by Section 91.104(c) that are paid to the state as contingent

beneficiary of the policies shall be deposited in the oil and gas regulation and [oil field] cleanup fund and, notwithstanding Sections 81.068 [~~91.112~~] and 91.113, may be used only for actual well plugging and surface remediation.

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

(a) A person applying for or acting under a commission permit to store, handle, treat, reclaim, or dispose of oil and gas waste may be required by the commission to maintain a performance bond or other form of financial security conditioned that the permittee will operate and close the storage, handling, treatment, reclamation, or disposal site in accordance with state law, commission rules, and the permit to operate the site. However, this section does not authorize the commission to require a bond or other form of financial security for saltwater disposal pits, emergency saltwater storage pits (including blow-down pits), collecting pits, or skimming pits provided that such pits are used in conjunction with the operation of an individual oil or gas lease. Subject to the refund provisions of Section 91.1091 [~~of this code~~], proceeds from any bond or other form of financial security required by this section shall be placed in the oil and gas regulation and [oil field] cleanup fund. Each bond or other form of financial security shall be renewed and continued in effect until the conditions have been met or release is authorized by the commission.

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

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

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

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

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

(f) If the commission conducts a site investigation or environmental assessment or controls or cleans up oil and gas wastes or other substances or materials under this section, the commission may recover all costs incurred by the commission from any person who was required by law, rules adopted by the commission, or a valid order of the commission to control or clean up the oil and gas wastes or other substances or materials. The commission by order may require the person to reimburse the commission for those costs or may request the attorney general to file suit against the person to recover those costs. At the request of the commission, the attorney general may file suit to enforce an order issued by the commission under this subsection. A

suit under this subsection may be filed in any court of competent jurisdiction in Travis County. Costs recovered under this subsection shall be deposited to the oil and gas regulation and [oil field] cleanup fund.

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 121.211. PIPELINE SAFETY AND REGULATORY FEES.

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

(a) The railroad commission by rule may adopt a ~~[an inspection]~~ fee to be assessed annually against operators of natural gas distribution pipelines and their pipeline facilities and natural gas master metered pipelines and their pipeline facilities subject to this title [chapter].

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

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

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

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

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

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

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

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

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

SECTION 23.29. On the effective date of this article:

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

ARTICLE 24. FISCAL MATTERS REGARDING LEASING CERTAIN STATE FACILITIES

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

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

SECTION 24.02. Subchapter E, Chapter 2165, Government Code, is amended by adding Sections 2165.204, 2165.2045, and 2165.2046 to read as follows:

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

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

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

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

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

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

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

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

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

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

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

(1) this article takes effect immediately if this Act 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 immediate effect, this article takes effect on the 91st day after the last day of the legislative session.

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

ARTICLE 25. FISCAL MATTERS RELATING TO SECRETARY OF STATE

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

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

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

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

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

SECTION 25.02. Subchapter B, Chapter 2158, Government Code, is repealed.

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

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

ARTICLE 26. FISCAL MATTERS REGARDING ATTORNEY GENERAL

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

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

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

Sec. 402.0212. PROVISION OF LEGAL SERVICES—OUTSIDE COUNSEL; FEES.

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

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

(c) An attorney or law firm must pay an administrative fee to the attorney general for the review described in Subsection (b) when entering into a contract to provide legal services to a state agency.

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

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

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

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

Sec. 371.051. ATTORNEY GENERAL REVIEW AND EXAMINATION FEE.

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) If S.B. No. 731, Acts of the 82nd Legislature, Regular Session, 2011, becomes law, Sections 26.04 and 26.07 of this article have no effect.

ARTICLE 27. TEXAS PRESERVATION TRUST FUND ACCOUNT

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

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

(b) The commission may use money in [~~distributions from~~] the Texas preservation trust fund account to provide financial assistance to public or private entities for the acquisition, survey, restoration, or preservation, or for planning and educational activities leading to the preservation, of historic property in the state that is listed in the National Register of Historic Places or designated as a State Archeological Landmark or Recorded Texas Historic Landmark, or that the commission determines is eligible for such listing or designation. The financial assistance may be in the amount and form and according to the terms that the commission by rule determines. The commission shall give priority to property the commission determines to be endangered by demolition, neglect, underuse, looting,

vandalism, or other threat to the property. Gifts and grants deposited to the credit of the account specifically for any eligible projects may be used only for the type of projects specified. If such a specification is not made, the gift or grant shall be unencumbered and accrue to the benefit of the Texas preservation trust fund account. If such a specification is made, the entire amount of the gift or grant may be used during any period for the project or type of project specified.

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

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

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

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

ARTICLE 28. FISCAL MATTERS CONCERNING INFORMATION TECHNOLOGY

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

Sec. 2054.380. FEES. (a) The department shall set and charge a fee to each state agency that receives a service from a statewide technology center in an amount sufficient to cover the direct and indirect cost of providing the service.

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

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

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

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

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

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

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

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

(a) The department shall develop a system of billings and charges for services provided in operating and administering the consolidated telecommunications system that allocates the total state cost to each entity served by the system based on

proportionate usage. The department shall set and charge a fee to each entity that receives services provided under this chapter in an amount sufficient to cover the direct and indirect costs of providing the service. Revenue derived from the collection of fees imposed under this subsection may be appropriated to the department for:

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

(2) providing:

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

(B) network security services under Chapter 2059.

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

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

ARTICLE 29. STATE DEBT

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

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

Sec. 1231.151. DEFINITIONS. In this subchapter:

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

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

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

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

(1) interest rates;

(2) debt maturity; and

(3) debt service payment structures.

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

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

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

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

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

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

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

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

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

(a-1) The state bar shall credit an attorney licensed in this state with meeting the minimum continuing legal education requirements of the state bar for a reporting year if during the reporting year the attorney is employed full-time as an attorney by the office of the attorney general. An attorney credited for continuing legal education under this subsection must meet the continuing legal education requirements of the state bar in legal ethics or professional responsibility. This subsection expires January 1, 2014.

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

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

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

ARTICLE 31. REGISTRATION FEE AND REGISTRATION RENEWAL FEE FOR LOBBYISTS

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

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

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

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

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

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

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

Sec. 1551.3075. TOBACCO USER PREMIUM DIFFERENTIAL. (a) The board of trustees shall assess each participant in a health benefit plan provided under the group benefits program who uses one or more tobacco products a tobacco user premium differential, to be paid in monthly installments. Except as provided by Subsection (b), the board of trustees shall determine the amount of the monthly installments of the premium differential.

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

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

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

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

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

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

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

ARTICLE 33. PUBLIC ASSISTANCE REPORTING INFORMATION SYSTEM

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

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

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

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

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

(3) analyze and investigate data received from the federal Public Assistance Reporting Information System (PARIS) that is administered by the Administration for Children and Families of the United States Department of Health and Human Services.

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

ARTICLE 34. REGIONAL POISON CONTROL CENTER MANAGEMENT CONTROLS AND EFFICIENCY

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

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

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

ARTICLE 35. AUTHORIZED USES FOR CERTAIN DEDICATED PERMANENT FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 37. FISCAL MATTERS CONCERNING SURPLUS AND SALVAGE PROPERTY

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

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

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

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

(A) a private donor; or

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

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

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

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

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

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

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

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

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

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

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

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

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

~~(1) Travis County;~~

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

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

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

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

Sec. 2175.182. STATE AGENCY TRANSFER OF PROPERTY [~~TO COMMISSION~~]. (a) A state agency that determines it has surplus or salvage property shall inform the commission of that fact for the purpose of determining the method of disposal of the property. [The commission is responsible for the disposal of surplus or salvage property under this subchapter.] The commission may take physical possession of the property.

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

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

(2) salvage property.

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

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

Sec. 2175.1825. ADVERTISING ON COMPTROLLER WEBSITE. (a) Not later than the second day after the date the comptroller receives notice from a state agency ~~[the commission]~~ under Section 2175.182(c), the comptroller shall advertise the property's kind, number, location, and condition on the comptroller's website.

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

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

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

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

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

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

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

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

Sec. 2175.189. ADVERTISEMENT OF SALE. If the value of an item or a lot of property to be sold is estimated to be more than \$25,000 ~~[\$5,000]~~, the commission shall advertise the sale at least once in at least one newspaper of general circulation in the vicinity in which the property is located.

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

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

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

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

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

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

(c) Proceeds from the sale of gambling equipment from a municipality or commissioners court, less the costs of the sale, including costs of advertising, storage, shipping, and auctioneer or broker services, and the amount of the fee collected under Section 2175.188 [~~2175.131~~], shall be divided according to an agreement between the commission and the municipality or commissioners court that provided the equipment for sale. The agreement must provide that:

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

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

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

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

Sec. 2175.905. DISPOSITION OF DATA PROCESSING EQUIPMENT. (a) If a disposition of a state agency's surplus or salvage data processing equipment is not made under Section 2175.184, the state agency shall transfer the equipment to:

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

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

(3) the Texas Department of Criminal Justice.

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

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

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

(3) the Texas Department of Criminal Justice.

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

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

ARTICLE 38. LAW ENFORCEMENT AND CUSTODIAL OFFICER
SUPPLEMENTAL RETIREMENT FUND

SECTION 38.01. Section 815.317, Government Code, is amended by adding Subsection (a-1) to read as follows:

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

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

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

- (1) abused children's counseling 0.0088 percent;
- (2) crime stoppers assistance 0.2581 percent;
- (3) breath alcohol testing 0.5507 percent;
- (4) Bill Blackwood Law Enforcement Management Institute 2.1683 percent;
- (5) law enforcement officers standards and education 5.0034 percent;
- (6) comprehensive rehabilitation 5.3218 percent;
- (7) law enforcement and custodial officer supplemental retirement fund ~~operator's and chauffeur's license~~ 11.1426 percent;
- (8) criminal justice planning 12.5537 percent;
- (9) an account in the state treasury to be used only for the establishment and operation of the Center for the Study and Prevention of Juvenile Crime and Delinquency at Prairie View A&M University 1.2090 percent;
- (10) compensation to victims of crime fund 37.6338 percent;
- (11) fugitive apprehension account 12.0904 percent;
- (12) judicial and court personnel training fund 4.8362 percent;
- (13) an account in the state treasury to be used for the establishment and operation of the Correctional Management Institute of Texas and Criminal Justice Center Account 1.2090 percent; and
- (14) fair defense account 6.0143 percent.

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

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

ARTICLE 39. SALES AND USE TAX COLLECTION AND ALLOCATION

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

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

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

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

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

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

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

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

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

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

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

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

(1) maintains, occupies, or uses in this state permanently, temporarily, directly, or indirectly or through a subsidiary or agent by whatever name, an office, ~~[place of]~~ distribution center, sales or sample room or place, warehouse, storage place, or any other physical location where ~~[place of]~~ business is conducted;

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

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

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

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

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

(7) holds a substantial ownership interest in, or is owned in whole or substantial part by, a person who maintains a location in this state from which business is conducted and if:

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

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

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

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

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

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

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

(9) otherwise does business in this state.

(d) In this section:

(1) "Ownership" includes:

(A) direct ownership;

(B) common ownership; and

(C) indirect ownership through a parent entity, subsidiary, or affiliate.

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

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

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

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

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

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

(i) the total membership interest of the limited liability company; or

(ii) the beneficial ownership interest in the membership interest of the limited liability company; or

(D) for any entity, including a partnership or association, at least 50 percent, directly or indirectly, of the capital or profits interest in the entity.

SECTION 39.03. Subchapter M, Chapter 151, Tax Code, is amended by adding Section 151.802 to read as follows:

Sec. 151.802. ALLOCATION OF CERTAIN REVENUE TO PROPERTY TAX RELIEF FUND. (a) This section applies only:

(1) during the state fiscal years beginning September 1 of 2012, 2013, 2014, 2015, and 2016; and

(2) with respect to unused franchise tax credits described by Sections 18(e) and (f), Chapter 1 (H.B. 3), Acts of the 79th Legislature, 3rd Called Session, 2006.

(b) Notwithstanding Section 151.801, the comptroller shall deposit to the credit of the property tax relief fund under Section 403.109, Government Code, an amount of the proceeds from the collection of the taxes imposed by this chapter equal to the amount of revenue the state does not receive from the tax imposed under Chapter 171 because taxable entities, as defined by that chapter, that are corporations are entitled to claim unused franchise tax credits after December 31, 2012, and during that state fiscal year.

(c) This section expires September 1, 2017.

SECTION 39.04. The change in law made by this article does not affect tax liability accruing before the effective date of this article. That liability continues in effect as if this article had not been enacted, and the former law is continued in effect for the collection of taxes due and for civil and criminal enforcement of the liability for those taxes.

SECTION 39.05. This article takes effect January 1, 2012.

ARTICLE 40. CARRYFORWARD OF CERTAIN FRANCHISE TAX CREDITS

SECTION 40.01. Subsections (e) and (f), Section 18, Chapter 1 (H.B. 3), Acts of the 79th Legislature, 3rd Called Session, 2006, are amended to read as follows:

(e) A corporation that has any unused credits established before the effective date of this Act under Subchapter P, Chapter 171, Tax Code, may claim those unused credits on or with the tax report for the period in which the credit was established. However, if the corporation was allowed to carry forward unused credits under that subchapter, the corporation may continue to apply those credits on or with each consecutive report until the earlier of the date the credit would have expired under the terms of Subchapter P, Chapter 171, Tax Code, had it continued in existence, or December 31, 2016 [~~2012~~], and the former law under which the corporation established the credits is continued in effect for purposes of determining the amount of the credits the corporation may claim and the manner in which the corporation may claim the credits.

(f) A corporation that has any unused credits established before the effective date of this Act under Subchapter Q, Chapter 171, Tax Code, may claim those unused credits on or with the tax report for the period in which the credit was established. However, if the corporation was allowed to carry forward unused credits under that subchapter, the corporation may continue to apply those credits on or with each consecutive report until the earlier of the date the credit would have expired under the terms of Subchapter Q, Chapter 171, Tax Code, had it continued in existence, or December 31, 2016 [~~2012~~], and the former law under which the corporation established the credits is continued in effect for purposes of determining the amount of the credits the corporation may claim and the manner in which the corporation may claim the credits.

ARTICLE 41. STATE PURCHASING

SECTION 41.01. Section 2155.082, Government Code, is amended to read as follows:

Sec. 2155.082. PROVIDING CERTAIN PURCHASING SERVICES ON FEE-FOR-SERVICE BASIS OR THROUGH BENEFIT FUNDING. (a) The comptroller [~~commission~~] may provide open market purchasing services on a fee-for-service basis for state agency purchases that are delegated to an agency under Section 2155.131, 2155.132, [~~2155.133,~~] or 2157.121 or that are exempted from the purchasing authority of the comptroller [~~commission~~]. The comptroller [~~commission~~] shall set the fees in an amount that recovers the comptroller's [~~commission's~~] costs in providing the services.

(b) The comptroller [~~commission~~] shall publish a schedule of [~~its~~] fees for services that are subject to this section. The schedule must include the comptroller's [~~commission's~~] fees for:

(1) reviewing bid and contract documents for clarity, completeness, and compliance with laws and rules;

(2) developing and transmitting invitations to bid;

(3) receiving and tabulating bids;

(4) evaluating and determining which bidder offers the best value to the state;

(5) creating and transmitting purchase orders; and

(6) participating in agencies' request for proposal processes.

(c) If the state agency on behalf of which the procurement is to be made agrees, the comptroller may engage a consultant to assist with a particular procurement on behalf of a state agency and pay the consultant from the cost savings realized by the state agency.

ARTICLE 42. PERIOD FOR SALES AND USE TAX HOLIDAY

SECTION 42.01. Subsection (a), Section 151.326, Tax Code, is amended to read as follows:

(a) The sale of an article of clothing or footwear designed to be worn on or about the human body is exempted from the taxes imposed by this chapter if:

(1) the sales price of the article is less than \$100; and

(2) the sale takes place during a period beginning at 12:01 a.m. on the [~~third~~] Friday before the eighth day preceding the earliest date on which any school district, other than a district operating a year-round system, may begin instruction for the school year as prescribed by Section 25.0811(a), Education Code, [~~in August~~] and ending at 12 midnight on the following Sunday.

SECTION 42.02. Subsection (a), Section 151.326, Tax Code, as amended by this article, does not affect tax liability accruing before the effective date of this article. That liability continues in effect as if this article had not been enacted, and the former law is continued in effect for the collection of taxes due and for civil and criminal enforcement of the liability for those taxes.

ARTICLE 43. LEGISLATIVE BUDGET BOARD MEETINGS

SECTION 43.01. Section 322.003, Government Code, is amended by adding Subsection (f) to read as follows:

(f) The board shall hold a public hearing each state fiscal year to receive a report from the comptroller and receive invited testimony regarding the financial condition of this state. The report from the comptroller shall include, to the extent practicable:

(1) information on each revenue source included in determining the estimate of anticipated revenue for purposes of the most recent statement required by Section 49a, Article III, Texas Constitution, and the total net revenue actually collected from that source for the state fiscal year as of the end of the most recent state fiscal quarter;

(2) a comparison for the period described by Subdivision (1) of the total net revenue collected from each revenue source required to be specified under that subdivision with the anticipated revenue from that source that was included for purposes of determining the estimate of anticipated revenue in the statement required by Section 49a, Article III, Texas Constitution;

(3) information on state revenue sources resulting from a law taking effect after the comptroller submitted the most recent statement required by Section 49a, Article III, Texas Constitution, and the estimated total net revenue collected from that source for the state fiscal year as of the end of the most recent state fiscal quarter;

(4) a summary of the indicators of state economic trends experienced since the most recent statement required by Section 49a, Article III, Texas Constitution; and

(5) a summary of anticipated state economic trends and the anticipated effect of the trends on state revenue collections.

SECTION 43.02. Chapter 322, Government Code, is amended by adding Section 322.0081 to read as follows:

Sec. 322.0081. BUDGET DOCUMENTS ONLINE. (a) The board shall post on the board's Internet website documents prepared by the board that are provided to a committee, subcommittee, or conference committee of either house of the legislature in connection with an appropriations bill.

(b) The board shall post a document to which this section applies as soon as practicable after the document is provided to a committee, subcommittee, or conference committee.

(c) The document must be downloadable and provide data in a format that allows the public to search, extract, organize, and analyze the information in the document.

(d) The requirement under Subsection (a) does not supersede any exceptions provided under Chapter 552.

(e) The board shall promulgate rules to implement the provisions of this section.

SECTION 43.03. Chapter 322, Government Code, is amended by adding Section 322.022 to read as follows:

Sec. 322.022. PUBLIC HEARING ON INTERIM BUDGET REDUCTION REQUEST. (a) In this section:

(1) "Interim budget reduction request" means a request communicated in any manner for a state agency to make adjustments to the strategies, methods of finance, performance measures, or riders applicable to the agency through the state budget in effect on the date the request is communicated that, if implemented, would reduce the agency's total expenditures for the current state fiscal biennium to an amount less than the total amount that otherwise would be permissible based on the appropriations made to the agency in the budget.

(2) "State agency" means an office, department, board, commission, institution, or other entity to which a legislative appropriation is made.

(b) A state agency shall provide to the board a detailed report of any expenditure reduction plan that:

(1) the agency develops in response to an interim budget reduction request made by the governor, the lieutenant governor, or a member of the legislature, or any combination of those persons; and

(2) if implemented, would reduce the agency's total expenditures for the current state fiscal biennium to an amount less than the total amount that otherwise would be permissible based on the appropriations made to the agency in the state budget for the biennium.

(c) The board shall hold a public hearing to solicit testimony on an expenditure reduction plan a state agency reports to the board as required by Subsection (b) as soon as practicable after receiving the report. The agency may not implement any element of the plan until the conclusion of the hearing.

(d) This section does not apply to an expenditure reduction a state agency desires to make that does not directly or indirectly result from an interim budget reduction request made by the governor, the lieutenant governor, or a member of the legislature, or any combination of those persons.

SECTION 43.04. Subchapter B, Chapter 403, Government Code, is amended by adding Section 403.0145 to read as follows:

Sec. 403.0145. PUBLICATION OF FEES SCHEDULE. As soon as practicable after the end of each state fiscal year, the comptroller shall publish online a schedule of all revenue to the state from fees authorized by statute. For each fee, the schedule must specify:

(1) the statutory authority for the fee;

(2) if the fee has been increased during the most recent legislative session, the amount of the increase;

(3) into which fund the fee revenue will be deposited; and

(4) the amount of the fee revenue that will be considered available for general governmental purposes and accordingly considered available for the purpose of certification under Section 403.121.

SECTION 43.05. Section 404.124, Government Code, is amended by amending Subsections (a) and (b) and adding Subsection (b-1) to read as follows:

(a) Before issuing notes the comptroller shall submit to the committee a general revenue cash flow shortfall forecast, based on the comptroller's most recent anticipated revenue estimate. The forecast must contain a detailed report of estimated revenues and expenditures for each month and each major revenue and expenditure category and must demonstrate the maximum general revenue cash flow shortfall that may be predicted. The committee shall hold a public hearing to receive invited testimony on the forecast, including testimony on this state's overall economic condition, as soon as practicable after receiving the forecast.

(b) Based on the forecast and testimony provided at the hearing required by Subsection (a), the committee may approve the issuance of notes, subject to Subsections (b-1) and (c), and the maximum outstanding balance of notes in any fiscal year. The outstanding balance may not exceed the maximum temporary cash shortfall forecast by the comptroller for any period in the fiscal year. The comptroller may not issue notes in excess of the amount approved.

(b-1) The committee's approval of the issuance of notes granted under Subsection (b) expires on the 91st day after the date the hearing conducted under Subsection (a) concludes. The comptroller may not issue notes on or after the 91st day unless the comptroller submits another general revenue cash flow shortfall forecast to the committee and the committee subsequently grants approval for the issuance of the notes in accordance with the procedure required by Subsections (a) and (b). Each subsequent approval expires on the 61st day after the date the hearing on which the approval was based concludes.

ARTICLE 44. ECONOMIC AND WORKFORCE DEVELOPMENT PROGRAMS

SECTION 44.01. Section 481.078, Government Code, is amended by adding Subsection (m) to read as follows:

(m) Notwithstanding Subsections (e) and (e-1), during the state fiscal biennium that begins on September 1, 2011, the governor may transfer money from the fund to the Texas Workforce Commission to fund the Texas Back to Work Program established under Chapter 314, Labor Code. This subsection expires September 1, 2013.

SECTION 44.02. Subtitle B, Title 4, Labor Code, is amended by adding Chapter 314 to read as follows:

CHAPTER 314. TEXAS BACK TO WORK PROGRAM

Sec. 314.001. DEFINITION. In this chapter, "qualified applicant" means a person who made less than \$40 per hour at the person's last employment before becoming unemployed.

Sec. 314.002. INITIATIVE ESTABLISHED. (a) The Texas Back to Work Program is established within the commission.

(b) The purpose of the program is to establish public-private partnerships with employers to transition residents of this state from receiving unemployment compensation to becoming employed as members of the workforce.

(c) An employer that participates in the initiative may receive a wage subsidy for hiring one or more qualified applicants who are unemployed at the time of hire.

Sec. 314.003. RULES. The commission may adopt rules as necessary to implement this chapter.

ARTICLE 45. ELIGIBILITY OF SURVIVING SPOUSE OF DISABLED VETERAN TO PAY AD VALOREM TAXES ON RESIDENCE HOMESTEAD IN INSTALLMENTS

SECTION 45.01. Section 31.031, Tax Code, is amended by amending Subsection (a) and adding Subsection (a-1) to read as follows:

(a) This section applies only to:

(1) [~~If before the delinquency date~~] an individual who is:

(A) disabled or at least 65 years of age; and

(B) [~~is~~] qualified for an exemption under Section 11.13(c); or

(2) an individual who is:

(A) the unmarried surviving spouse of a disabled veteran; and

(B) qualified for an exemption under Section 11.22.

(a-1) If before the delinquency date an individual to whom this section applies pays at least one-fourth of a taxing unit's taxes imposed on property that the person owns and occupies as a residence homestead, accompanied by notice to the taxing

unit that the person will pay the remaining taxes in installments, the person may pay the remaining taxes without penalty or interest in three equal installments. The first installment must be paid before April 1, the second installment before June 1, and the third installment before August 1.

SECTION 45.02. This article applies only to an ad valorem tax year that begins on or after the effective date of this article.

SECTION 45.03. This article takes effect January 1, 2012.

ARTICLE 46. EXTENSION OF FRANCHISE TAX EXEMPTION

SECTION 46.01. Subsection (c), Section 1, Chapter 286 (H.B. 4765), Acts of the 81st Legislature, Regular Session, 2009, is amended to read as follows:

(c) This [~~If this section takes effect, this~~] section expires December 31, 2013 [~~2011~~].

SECTION 46.02. Subsection (b), Section 2, Chapter 286 (H.B. 4765), Acts of the 81st Legislature, Regular Session, 2009, is amended to read as follows:

(b) ~~This section takes effect January 1, 2014 [2012, if H.B. No. 2154, Acts of the 81st Legislature, Regular Session, 2009, amends Section 155.0211, Tax Code, in a manner that results in an increase in the revenue from the tax under that section during the state fiscal biennium beginning September 1, 2009, that is attributable to that change, and that Act is enacted and becomes law. If H.B. No. 2154, Acts of the 81st Legislature, Regular Session, 2009, does not amend Section 155.0211, Tax Code, in that manner or is not enacted or does not become law, this section takes effect January 1, 2010].~~

SECTION 46.03. Subsection (b), Section 3, Chapter 286 (H.B. 4765), Acts of the 81st Legislature, Regular Session, 2009, is amended to read as follows:

(b) ~~This section takes effect January 1, 2014 [2012, if H.B. No. 2154, Acts of the 81st Legislature, Regular Session, 2009, amends Section 155.0211, Tax Code, in a manner that results in an increase in the revenue from the tax under that section during the state fiscal biennium beginning September 1, 2009, that is attributable to that change, and that Act is enacted and becomes law. If H.B. No. 2154, Acts of the 81st Legislature, Regular Session, 2009, does not amend Section 155.0211, Tax Code, in that manner or is not enacted or does not become law, this section takes effect January 1, 2010].~~

SECTION 46.04. This article takes effect immediately if this Act receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for this article to have immediate effect, this article takes effect on the 91st day after the last day of the legislative session.

ARTICLE 47. FISCAL MATTERS REGARDING ASSISTANT PROSECUTORS

SECTION 47.01. Subsection (f), Section 41.255, Government Code, is amended to read as follows:

(f) A county is not required to pay longevity supplements if the county does not receive funds from the comptroller as provided by Subsection (d). If sufficient funds are not available to meet the requests made by counties for funds for payment of assistant prosecutors qualified for longevity supplements:

(1) [7] the comptroller shall apportion the available funds to the eligible counties by reducing the amount payable to each county on an equal percentage basis;

(2) a county is not entitled to receive the balance of the funds at a later date;
and

(3) the longevity pay program under this chapter is suspended to the extent of the insufficiency. [A county that receives from the comptroller an amount less than the amount certified by the county to the comptroller under Subsection (d) shall apportion the funds received by reducing the amount payable to eligible assistant prosecutors on an equal percentage basis, but is not required to use county funds to make up any difference between the amount certified and the amount received.]

SECTION 47.02. Subsection (g), Section 41.255, Government Code, is repealed.

ARTICLE 48. FISCAL MATTERS REGARDING PROCESS SERVERS

SECTION 48.01. Subchapter B, Chapter 72, Government Code, is amended by adding Sections 72.013 and 72.014 to read as follows:

Sec. 72.013. PROCESS SERVER REVIEW BOARD. A person appointed to the process server review board established by supreme court order serves without compensation but is entitled to reimbursement for actual and necessary expenses incurred in traveling and performing official board duties.

Sec. 72.014. CERTIFICATION DIVISION. The office shall establish a certification division to oversee the regulatory programs assigned to the office by law or by the supreme court.

ARTICLE 49. FISCAL MATTERS REGARDING REIMBURSEMENT OF JURORS

SECTION 49.01. Section 61.001, Government Code, is amended by adding Subsections (a-1) and (a-2) to read as follows:

(a-1) Notwithstanding Subsection (a), and except as provided by Subsection (c), during the state fiscal biennium beginning September 1, 2011, a person who reports for jury service in response to the process of a court is entitled to receive as reimbursement for travel and other expenses an amount:

(1) not less than \$6 for the first day or fraction of the first day the person is in attendance in court in response to the process and discharges the person's duty for that day; and

(2) not less than the amount provided in the General Appropriations Act for each day or fraction of each day the person is in attendance in court in response to the process after the first day and discharges the person's duty for that day.

(a-2) This subsection and Subsection (a-1) expire September 1, 2013.

SECTION 49.02. Section 61.0015, Government Code, is amended by adding Subsections (a-1), (a-2), and (e-1) to read as follows:

(a-1) Notwithstanding Subsection (a), during the state fiscal biennium beginning September 1, 2011, the state shall reimburse a county the appropriate amount as provided in the General Appropriations Act for the reimbursement paid under Section 61.001 to a person who reports for jury service in response to the process of a court for each day or fraction of each day after the first day in attendance in court in response to the process.

(a-2) This subsection and Subsections (a-1) and (e-1) expire September 1, 2013.

(e-1) Notwithstanding Subsection (e), during the state fiscal biennium beginning September 1, 2011, if a payment on a county's claim for reimbursement is reduced under Subsection (d), or if a county fails to file the claim for reimbursement in a timely manner, the comptroller may, as provided by rule, apportion the payment of the balance owed the county. The comptroller's rules may permit a different rate of reimbursement for each quarterly payment under Subsection (c).

ARTICLE 50. COLLECTION IMPROVEMENT PROGRAM

SECTION 50.01. Subsections (f), (h), (i), and (j), Article 103.0033, Code of Criminal Procedure, are amended to read as follows:

(f) The ~~[comptroller, in cooperation with the]~~ office~~[-]~~ shall develop a methodology for determining the collection rate of counties and municipalities described by Subsection (e) before implementation of a program. The office ~~[comptroller]~~ shall determine the rate for each county and municipality not later than the first anniversary of the county's or municipality's adoption of a program.

(h) The office~~[-, in consultation with the comptroller,]~~ may:

- (1) use case dispositions, population, revenue data, or other appropriate measures to develop a prioritized implementation schedule for programs; and
- (2) determine whether it is not cost-effective to implement a program in a county or municipality and grant a waiver to the county or municipality.

(i) Each county and municipality shall at least annually submit to the office ~~[and the comptroller]~~ a written report that includes updated information regarding the program, as determined by the office ~~[in cooperation with the comptroller]~~. The report must be in a form approved by the office ~~[in cooperation with the comptroller]~~.

(j) The office ~~[comptroller]~~ shall periodically audit counties and municipalities to verify information reported under Subsection (i) and confirm that the county or municipality is conforming with requirements relating to the program. ~~[The comptroller shall consult with the office in determining how frequently to conduct audits under this section.]~~

SECTION 50.02. Subsection (e), Section 133.058, Local Government Code, is amended to read as follows:

(e) A municipality or county may not retain a service fee if, during an audit under ~~[Section 133.059 of this code or]~~ Article 103.0033(j), Code of Criminal Procedure, the Office of Court Administration of the Texas Judicial System ~~[comptroller]~~ determines that the municipality or county is not in compliance with Article 103.0033, Code of Criminal Procedure. The municipality or county may continue to retain a service fee under this section on receipt of a written confirmation from the Office of Court Administration of the Texas Judicial System ~~[comptroller]~~ that the municipality or county is in compliance with Article 103.0033, Code of Criminal Procedure.

SECTION 50.03. Subsection (c-1), Section 133.103, Local Government Code, is amended to read as follows:

(c-1) The treasurer shall send 100 percent of the fees collected under this section to the comptroller if, during an audit under ~~[Section 133.059 of this code or]~~ Article 103.0033(j), Code of Criminal Procedure, the Office of Court Administration of the Texas Judicial System ~~[comptroller]~~ determines that the municipality or county is not in compliance with Article 103.0033, Code of Criminal Procedure. The municipality

or county shall continue to dispose of fees as otherwise provided by this section on receipt of a written confirmation from the Office of Court Administration of the Texas Judicial System ~~[comptroller]~~ that the municipality or county is in compliance with Article 103.0033, Code of Criminal Procedure.

SECTION 50.04. If H.B. No. 2949, Acts of the 82nd Legislature, Regular Session, 2011, becomes law, this article has no effect.

ARTICLE 51. CORRECTIONAL MANAGED HEALTH CARE

SECTION 51.01. Subsection (a), Section 501.133, Government Code, is amended to read as follows:

(a) The committee consists of five voting ~~[nine]~~ members and one nonvoting member ~~[appointed]~~ as follows:

(1) one member ~~[two members]~~ employed full-time by the department, ~~[at least one of whom is a physician,]~~ appointed by the executive director;

(2) one member who is a physician and ~~[two members]~~ employed full-time by The University of Texas Medical Branch at Galveston, ~~[at least one of whom is a physician,]~~ appointed by the president of the medical branch;

(3) one member who is a physician and ~~[two members]~~ employed full-time by the Texas Tech University Health Sciences Center, ~~[at least one of whom is a physician,]~~ appointed by the president of the university; ~~[and]~~

(4) two ~~[three]~~ public members appointed by the governor who are not affiliated with the department or with any entity with which the committee has contracted to provide health care services under this chapter, at least one ~~[two]~~ of whom is [are] licensed to practice medicine in this state; and

(5) the state Medicaid director, to serve ex officio as a nonvoting member.

SECTION 51.02. Subsection (b), Section 501.135, Government Code, is amended to read as follows:

(b) A person may not be an appointed ~~[a]~~ member of the committee and may not be a committee employee employed in a "bona fide executive, administrative, or professional capacity," as that phrase is used for purposes of establishing an exemption to the overtime provisions of the federal Fair Labor Standards Act of 1938 (29 U.S.C. Section 201 et seq.) and its subsequent amendments if:

(1) the person is an officer, employee, or paid consultant of a Texas trade association in the field of health care or health care services; or

(2) the person's spouse is an officer, manager, or paid consultant of a Texas trade association in the field of health care or health care services.

SECTION 51.03. Section 501.136, Government Code, is amended to read as follows:

Sec. 501.136. TERMS OF OFFICE FOR PUBLIC MEMBERS. Committee members appointed by the governor serve staggered four-year ~~[six-year]~~ terms, with the term of one of those members expiring on February 1 of each odd-numbered year. Other committee members serve at the will of the appointing official or until termination of the member's employment with the entity the member represents.

SECTION 51.04. Section 501.147, Government Code, is amended to read as follows:

Sec. 501.147. DEPARTMENT [~~COMMITTEE~~] AUTHORITY TO CONTRACT. (a) The department [~~committee~~] may enter into a contract [~~on behalf of the department~~] to fully implement the managed health care plan under this subchapter. A contract entered into under this subsection must include provisions necessary to ensure that The University of Texas Medical Branch at Galveston is eligible for and makes reasonable efforts to participate in the purchase of prescription drugs under Section 340B, Public Health Service Act (42 U.S.C. Section 256b).

(b) The department [~~committee~~] may [~~in addition to providing services to the department,~~] contract with other governmental entities for similar health care services and integrate those services into the managed health care provider network.

(c) In contracting for implementation of the managed health care plan, the department [~~committee~~], to the extent possible, shall integrate the managed health care provider network with the public medical schools of this state and the component and affiliated hospitals of those medical schools. The contract must authorize The University of Texas Medical Branch at Galveston to contract directly with the Texas Tech University Health Sciences Center for the provision of health care services. The Texas Tech University Health Sciences Center shall cooperate with The University of Texas Medical Branch at Galveston in its efforts to participate in the purchase of prescription drugs under Section 340B, Public Health Service Act (42 U.S.C. Section 256b).

(d) For services that the public medical schools and their components and affiliates cannot provide, the department [~~committee~~] shall initiate a competitive bidding process for contracts with other providers for medical care to persons confined by the department.

(e) the department, in cooperation with the committee, may contract with an individual or firm for a biennial review of, and report concerning, expenditures under the managed health care plan. The review must be conducted by an individual or firm experienced in auditing the state's Medicaid expenditures and other medical expenditures. Not later than September 1 of each even-numbered year, the department shall submit a copy of a report under this section to the health care providers that are part of the managed health care provider network established under this subchapter, the Legislative Budget Board, the governor, the lieutenant governor, and the speaker of the house of representatives.

SECTION 51.05. Subsection (a), Section 501.148, Government Code, is amended to read as follows:

(a) The committee may [~~shall~~]:

(1) develop statewide policies for the delivery of correctional health care;
 (2) [~~maintain contracts for health care services in consultation with the department and the health care providers;~~

[(3)] communicate with the department and the legislature regarding the financial needs of the correctional health care system;

(3) in conjunction with the department, [(4) allocate funding made available through legislative appropriations for correctional health care;

[(5)] monitor the expenditures of The University of Texas Medical Branch at Galveston and the Texas Tech University Health Sciences Center to ensure that those expenditures comply with applicable statutory and contractual requirements;

(4) ~~(6)~~ serve as a dispute resolution forum in the event of a disagreement relating to inmate health care services between:

(A) the department and the health care providers; or

(B) The University of Texas Medical Branch at Galveston and the Texas Tech University Health Sciences Center;

(5) ~~(7)~~ address problems found through monitoring activities by the department and health care providers, including requiring corrective action if care does not meet expectations as determined by those monitoring activities;

(6) ~~(8)~~ identify and address long-term needs of the correctional health care system; and

(7) ~~(9)~~ report to the Texas Board of Criminal Justice at the board's regularly scheduled meeting each quarter on the committee's policy recommendations ~~decisions~~, the financial status of the correctional health care system, and corrective actions taken by or required of the department or the health care providers.

SECTION 51.06. (a) The Correctional Managed Health Care Committee established under Section 501.133, Government Code, as that section existed before amendment by this article, is abolished effective November 30, 2011.

(b) An appointing official under Section 501.133, Government Code, shall appoint the members of the Correctional Managed Health Care Committee under Section 501.133, Government Code, as amended by this Act, not later than November 30, 2011. The governor shall appoint one public member to serve a term that expires February 1, 2013, and one public member to serve a term that expires February 1, 2015.

(c) The term of a person who is serving as a member of the Correctional Managed Health Care Committee immediately before the abolition of that committee under Subsection (a) of this section expires on November 30, 2011. Such a person is eligible for appointment by an appointing official to the new committee under Section 501.133, Government Code, as amended by this article.

ARTICLE 52. GENERAL HOUSING MATTERS

SECTION 52.01. (a) If H.B. No. 2457, Acts of the 82nd Legislature, Regular Session, 2011, does not become law, Section 481.078, Government Code, is amended by amending Subsection (c) and adding Subsection (d-1) to read as follows:

(c) Except as provided by Subsections ~~Subsection~~ (d) and (d-1), the fund may be used only for economic development, infrastructure development, community development, job training programs, and business incentives.

(d-1) The fund may be used for the Texas homeless housing and services program administered by the Texas Department of Housing and Community Affairs. Subsections (e-1), (f), (g), (h), (i), and (j) and Section 481.080 do not apply to a grant awarded for a purpose specified by this subsection.

(b) If H.B. No. 2457, Acts of the 82nd Legislature, Regular Session, 2011, becomes law, Section 481.078, Government Code, is amended by amending Subsection (c) and adding Subsection (d-1) to read as follows:

(c) Except as provided by Subsections ~~Subsection~~ (d) and (d-1), the fund may be used only for economic development, infrastructure development, community development, job training programs, and business incentives.

(d-1) The fund may be used for the Texas homeless housing and services program administered by the Texas Department of Housing and Community Affairs. Subsections (e-1), (f), (f-1), (f-2), (g), (h), (h-1), (i), and (j) and Section 481.080 do not apply to a grant awarded for a purpose specified by this subsection.

SECTION 52.02. Section 481.079, Government Code, is amended by adding Subsection (a-1) to read as follows:

(a-1) For grants awarded for a purpose specified by Section 481.078(d-1), the report must include only the amount and purpose of each grant.

SECTION 52.03. Subchapter K, Chapter 2306, Government Code, is amended by adding Section 2306.2585 to read as follows:

Sec. 2306.2585. HOMELESS HOUSING AND SERVICES PROGRAM. (a) The department may administer a homeless housing and services program in each municipality in this state with a population of 285,500 or more to:

(1) provide for the construction, development, or procurement of housing for homeless persons; and

(2) provide local programs to prevent and eliminate homelessness.

(b) The department may adopt rules to govern the administration of the program, including rules that:

(1) provide for the allocation of any available funding; and

(2) provide detailed guidelines as to the scope of the local programs in the municipalities described by Subsection (a).

(c) The department may use any available revenue, including legislative appropriations, and shall solicit and accept gifts and grants for the purposes of this section. The department shall use gifts and grants received for the purposes of this section before using any other revenue.

SECTION 52.04. This article takes effect on the later of:

(1) the earliest day on which this article may take effect under Section 39, Article III, Texas Constitution; or

(2) June 20, 2011.

ARTICLE 53. UNIFORM GRANT AND CONTRACT MANAGEMENT

SECTION 53.01. Section 783.004, Government Code, is amended to read as follows:

Sec. 783.004. OFFICE OF THE COMPTROLLER [~~GOVERNOR'S OFFICE~~]. The office of the comptroller [~~governor's office~~] is the state agency for uniform grant and contract management.

SECTION 53.02. Subsections (a) and (b), Section 783.005, Government Code, are amended to read as follows:

(a) The comptroller [~~governor's office~~] shall develop uniform and concise language for any assurances that a local government is required to make to a state agency.

(b) The comptroller [~~governor's office~~] may:

(1) categorize assurances according to the type of grant or contract;

(2) designate programs to which the assurances are applicable; and

(3) revise the assurances.

SECTION 53.03. Section 783.006, Government Code, is amended to read as follows:

Sec. 783.006. STANDARD FINANCIAL MANAGEMENT CONDITIONS. (a) The comptroller [governor's office] shall compile and distribute to each state agency an official compilation of standard financial management conditions.

(b) The comptroller [governor's office] shall develop the compilation from Federal Management Circular A-102 or from a revision of that circular and from other applicable statutes and regulations.

(c) The comptroller [governor's office] shall include in the compilation official commentary regarding administrative or judicial interpretations that affect the application of financial management standards.

(d) The comptroller [governor's office] may:

- (1) categorize the financial management conditions according to the type of grant or contract;
- (2) designate programs to which the conditions are applicable; and
- (3) revise the conditions.

SECTION 53.04. Subsection (d), Section 783.007, Government Code, is amended to read as follows:

(d) The agency shall file a notice of each proposed rule that establishes a variation from uniform assurances or standard conditions with the comptroller [governor's office].

SECTION 53.05. Subsection (b), Section 783.008, Government Code, is amended to read as follows:

(b) On receipt of a request for a single audit or audit coordination, the comptroller [governor's office] in consultation with the state auditor shall not later than the 30th day after the date of the request designate a single state agency to coordinate state audits of the local government.

ARTICLE 54. FRANCHISE TAX APPLICABILITY AND EXCLUSIONS

SECTION 54.01. Section 171.0001, Tax Code, is amended by adding Subdivisions (1-a), (10-a), (10-b), and (11-b) to read as follows:

(1-a) "Artist" means a natural person or an entity that contracts to perform or entertain at a live entertainment event.

(10-a) "Live entertainment event" means an event that occurs on a specific date to which tickets are sold in advance by a third-party vendor and at which:

(A) a natural person or a group of natural persons, physically present at the venue, performs for the purpose of entertaining a ticket holder who is present at the event;

(B) a traveling circus or animal show performs for the purpose of entertaining a ticket holder who is present at the event; or

(C) a historical, museum-quality artifact is on display in an exhibition.

(10-b) "Live event promotion services" means services related to the promotion, coordination, operation, or management of a live entertainment event. The term includes services related to:

(A) the provision of staff for the live entertainment event; or

(B) the scheduling and promotion of an artist performing or entertaining at the live entertainment event.

(11-b) "Qualified live event promotion company" means a taxable entity that:

(A) receives at least 60 percent of the entity's annual total revenue from the provision or arrangement for the provision of three or more live event promotion services;

(B) maintains a permanent nonresidential office from which the live event promotion services are provided or arranged;

(C) employs 10 or more full-time employees during all or part of the period for which taxable margin is calculated;

(D) does not provide services for a wedding or carnival; and

(E) is not a movie theater.

SECTION 54.02. Subsection (c), Section 171.0002, Tax Code, is amended to read as follows:

(c) "Taxable entity" does not include an entity that is:

(1) a grantor trust as defined by Sections 671 and 7701(a)(30)(E), Internal Revenue Code, all of the grantors and beneficiaries of which are natural persons or charitable entities as described in Section 501(c)(3), Internal Revenue Code, excluding a trust taxable as a business entity pursuant to Treasury Regulation Section 301.7701-4(b);

(2) an estate of a natural person as defined by Section 7701(a)(30)(D), Internal Revenue Code, excluding an estate taxable as a business entity pursuant to Treasury Regulation Section 301.7701-4(b);

(3) an escrow;

(4) a real estate investment trust (REIT) as defined by Section 856, Internal Revenue Code, and its "qualified REIT subsidiary" entities as defined by Section 856(i)(2), Internal Revenue Code, provided that:

(A) a REIT with any amount of its assets in direct holdings of real estate, other than real estate it occupies for business purposes, as opposed to holding interests in limited partnerships or other entities that directly hold the real estate, is a taxable entity; and

(B) a limited partnership or other entity that directly holds the real estate as described in Paragraph (A) is not exempt under this subdivision, without regard to whether a REIT holds an interest in it;

(5) a real estate mortgage investment conduit (REMIC), as defined by Section 860D, Internal Revenue Code;

(6) a nonprofit self-insurance trust created under Chapter 2212, Insurance Code, or a predecessor statute;

(7) a trust qualified under Section 401(a), Internal Revenue Code; ~~or~~

(8) a trust or other entity that is exempt under Section 501(c)(9), Internal Revenue Code; or

(9) an unincorporated entity organized as a political committee under the Election Code or the provisions of the Federal Election Campaign Act of 1971 (2 U.S.C. Section 431 et seq.).

SECTION 54.03. Section 171.1011, Tax Code, is amended by adding Subsections (g-5) and (g-7) to read as follows:

(g-5) A taxable entity that is a qualified live event promotion company shall exclude from its total revenue, to the extent included under Subsection (c)(1)(A), (c)(2)(A), or (c)(3), a payment made to an artist in connection with the provision of a live entertainment event or live event promotion services.

(g-7) A taxable entity that is a qualified courier and logistics company shall exclude from its total revenue, to the extent included under Subsection (c)(1)(A), (c)(2)(A), or (c)(3), subcontracting payments made by the taxable entity to nonemployee agents for the performance of delivery services on behalf of the taxable entity. For purposes of this subsection, "qualified courier and logistics company" means a taxable entity that:

(1) receives at least 80 percent of the taxable entity's annual total revenue from its entire business from a combination of at least two of the following courier and logistics services:

(A) expedited same-day delivery of an envelope, package, parcel, roll of architectural drawings, box, or pallet;

(B) temporary storage and delivery of the property of another entity, including an envelope, package, parcel, roll of architectural drawings, box, or pallet; and

(C) brokerage of same-day or expedited courier and logistics services to be completed by a person or entity under a contract that includes a contractual obligation by the taxable entity to make payments to the person or entity for those services;

(2) during the period on which margin is based, is registered as a motor carrier under Chapter 643, Transportation Code, and if the taxable entity operates on an interstate basis, is registered as a motor carrier or broker under the unified carrier registration system, as defined by Section 643.001, Transportation Code, during that period;

(3) maintains an automobile liability insurance policy covering individuals operating vehicles owned, hired, or otherwise used in the taxable entity's business, with a combined single limit for each occurrence of at least \$1 million;

(4) maintains at least \$25,000 of cargo insurance;

(5) maintains a permanent nonresidential office from which the courier and logistics services are provided or arranged;

(6) has at least five full-time employees during the period on which margin is based;

(7) is not doing business as a livery service, floral delivery service, motor coach service, taxicab service, building supply delivery service, water supply service, fuel or energy supply service, restaurant supply service, commercial moving and storage company, or overnight delivery service; and

(8) is not delivering items that the taxable entity or an affiliated entity sold.

SECTION 54.04. This article applies only to a report originally due on or after January 1, 2012.

SECTION 54.05. This article takes effect January 1, 2012.

ARTICLE 55. ENTERPRISE AND EMERGING TECHNOLOGY FUNDS

SECTION 55.01. Section 481.078, Government Code, is amended by amending Subsections (e) and (j) and adding Subsections (f-1), (f-2), and (h-1) to read as follows:

(e) The administration of the fund is considered to be a trustee program within the office of the governor. The governor may negotiate on behalf of the state regarding awarding, by grant, money appropriated from the fund. The governor may award money appropriated from the fund only with the ~~[express written]~~ prior approval of the lieutenant governor and speaker of the house of representatives. For purposes of this subsection, an award of money appropriated from the fund is considered disapproved by the lieutenant governor or speaker of the house of representatives if that officer does not approve the proposal to award the grant before the 91st day after the date of receipt of the proposal from the governor. The lieutenant governor or the speaker of the house of representatives may extend the review deadline applicable to that officer for an additional 14 days by submitting a written notice to that effect to the governor before the expiration of the initial review period.

(f-1) A grant agreement must contain a provision:

- (1) requiring the creation of a minimum number of jobs in this state; and
- (2) specifying the date by which the recipient intends to create those jobs.

(f-2) A grant agreement must contain a provision providing that if the recipient does not meet job creation performance targets as of the dates specified in the agreement, the recipient shall repay the grant in accordance with Subsection (j).

(h-1) At least 14 days before the date the governor intends to amend a grant agreement, the governor shall notify and provide a copy of the proposed amendment to the speaker of the house of representatives and the lieutenant governor.

(j) Repayment of a grant under Subsection (f)(1)(A) shall ~~may~~ be prorated to reflect a partial attainment of job creation performance targets, and may be prorated for a partial attainment of other performance targets.

SECTION 55.02. Subsections (a) and (b), Section 490.005, Government Code, are amended to read as follows:

(a) Not later than January 31 ~~[+]~~ of each year, the governor shall submit to the lieutenant governor, the speaker of the house of representatives, and the standing committee of each house of the legislature with primary jurisdiction over economic development matters and post on the office of the governor's Internet website a report that includes the following information regarding awards made under the fund during each ~~[for the]~~ preceding ~~[three]~~ state fiscal year ~~[years]~~:

- (1) the total number and amount of awards made;
- (2) the number and amount of awards made under Subchapters D, E, and F;
- (3) the aggregate total of private sector investment, federal government funding, and contributions from other sources obtained in connection with awards made under each of the subchapters listed in Subdivision (2);
- (4) the name of each award recipient and the amount of the award made to the recipient; and
- (5) a brief description of the equity position that the governor, on behalf of the state, may take in companies receiving awards and the names of the companies in which the state has taken an equity position.

(b) The annual report must also contain:

(1) the total number of jobs actually created by each project receiving funding under this chapter;

(2) an analysis of the number of jobs actually created by each project receiving funding under this chapter; and

(3) a brief description regarding:

(A) the methodology used to determine the information provided under Subdivisions (1) and (2), which may be developed in consultation with the comptroller's office;

(B) [~~(1)~~] the intended outcomes of projects funded under Subchapter D during each [~~the~~] preceding [~~two~~] state fiscal year [~~years~~]; and

(C) [~~(2)~~] the actual outcomes of all projects funded under Subchapter D during each preceding state fiscal year [~~the fund's existence~~], including any financial impact on the state resulting from a liquidity event involving a company whose project was funded under that subchapter.

SECTION 55.03. Subchapter A, Chapter 490, Government Code, is amended by adding Section 490.006 to read as follows:

Sec. 490.006. VALUATION OF INVESTMENTS; INCLUSION IN ANNUAL REPORT. To the maximum extent practicable, the office of the governor shall annually perform a valuation of the equity positions taken by the governor, on behalf of the state, in companies receiving awards under the fund and of other investments made by the governor, on behalf of the state, in connection with an award under the fund. The valuation must:

(1) be based on a methodology that:

(A) may be developed in consultation with the comptroller's office; and

(B) is consistent with generally accepted accounting principles; and

(2) be included with the annual report required under Section 490.005.

SECTION 55.04. The heading to Section 490.052, Government Code, is amended to read as follows:

Sec. 490.052. APPOINTMENT TO COMMITTEE [~~BY GOVERNOR~~]; NOMINATIONS.

SECTION 55.05. Section 490.052, Government Code, is amended by amending Subsection (a) and adding Subsections (a-1) and (a-2) to read as follows:

(a) The governor shall appoint to the committee 13 individuals nominated as provided by Subsection (b).

(a-1) The lieutenant governor shall appoint two individuals to the committee.

(a-2) The speaker of the house of representatives shall appoint two individuals to the committee.

SECTION 55.06. Subchapter B, Chapter 490, Government Code, is amended by adding Section 490.0521 to read as follows:

Sec. 490.0521. FINANCIAL STATEMENT REQUIRED. (a) Each member of the committee shall file with the office of the governor a verified financial statement complying with Sections 572.022 through 572.0252 as is required of a state officer by Section 572.021.

(b) All information obtained and maintained pursuant to Subsection (a), including information derived from the financial statements, is confidential and is not subject to disclosure under Chapter 552.

(c) The governor, on request or in the normal course of official business, shall provide information that is confidential under Subsection (b) to the state auditor's office.

(d) This section does not affect release of information for legislative purposes pursuant to Section 552.008.

SECTION 55.07. Section 490.054, Government Code, is amended to read as follows:

Sec. 490.054. TERMS. (a) Members of the committee appointed by the governor serve staggered two-year terms, subject to the pleasure of the governor.

(b) Members of the committee appointed by the lieutenant governor or the speaker of the house of representatives serve two-year terms.

SECTION 55.08. Section 490.056, Government Code, is amended by adding Subsections (c), (d), and (e) to read as follows:

(c) Each entity recommended by the committee for an award of money from the fund as provided by this chapter shall obtain and provide the following information to the office of the governor:

(1) a federal criminal history background check for each principal of the entity;

(2) a state criminal history background check for each principal of the entity;

(3) a credit check for each principal of the entity;

(4) a copy of a government-issued form of photo identification for each principal of the entity; and

(5) information regarding whether the entity or a principal of the entity has ever been subject to a sanction imposed by the Securities and Exchange Commission for a violation of applicable federal law.

(d) For purposes of Subsection (c), "principal" means:

(1) an officer of an entity; or

(2) a person who has at least a 10 percent ownership interest in an entity.

(e) With each proposal to award funding submitted by the governor to the lieutenant governor and speaker of the house of representatives for purposes of obtaining prior approval, the governor shall provide each officer with a copy of the information provided by the appropriate entity under Subsection (c).

SECTION 55.09. Section 490.057, Government Code, is amended to read as follows:

Sec. 490.057. CONFIDENTIALITY. (a) Except as provided by Subsection (b), information [Information] collected by the governor's office, the committee, or the committee's advisory panels concerning the identity, background, finance, marketing plans, trade secrets, or other commercially or academically sensitive information of an individual or entity being considered for, receiving, or having received an award from the fund is confidential unless the individual or entity consents to disclosure of the information.

(b) The following information collected by the governor's office, the committee, or the committee's advisory panels under this chapter is public information and may be disclosed under Chapter 552:

(1) the name and address of an individual or entity receiving or having received an award from the fund;

(2) the amount of funding received by an award recipient;

(3) a brief description of the project that is funded under this chapter;

(4) if applicable, a brief description of the equity position that the governor, on behalf of the state, has taken in an entity that has received an award from the fund; and

(5) any other information designated by the committee with the consent of:

(A) the individual or entity receiving or having received an award from the fund, as applicable;

(B) the governor;

(C) the lieutenant governor; and

(D) the speaker of the house of representatives.

SECTION 55.10. Section 490.101, Government Code, is amended by amending Subsection (f) and adding Subsection (f-1) to read as follows:

(f) The administration of the fund is considered to be a trustee program within the office of the governor. The governor may negotiate on behalf of the state regarding awards from the fund. The governor may award money appropriated from the fund only with the ~~express written~~ prior approval of the lieutenant governor and speaker of the house of representatives.

(f-1) For purposes of Subsection (f), an award of money appropriated from the fund is considered disapproved by the lieutenant governor or speaker of the house of representatives if that officer does not approve the proposal to award funding before the 91st day after the date of receipt of the proposal from the governor. The lieutenant governor or the speaker of the house of representatives may extend the review deadline applicable to that officer for an additional 14 days by submitting a written notice to that effect to the governor before the expiration of the initial review period.

SECTION 55.11. Subchapter D, Chapter 490, Government Code, is amended by adding Section 490.1521 to read as follows:

Sec. 490.1521. MINUTES OF CERTAIN MEETINGS. (a) Each regional center of innovation and commercialization established under Section 490.152, including the Texas Life Science Center for Innovation and Commercialization, shall keep minutes of each meeting at which applications for funding under this subchapter are evaluated. The minutes must:

(1) include the name of each applicant recommended by the regional center of innovation and commercialization to the committee for funding; and

(2) indicate the vote of each member of the governing body of the regional center of innovation and commercialization, including any recusal by a member and the member's reason for recusal, with regard to each application reviewed.

(b) Each regional center of innovation and commercialization shall retain a copy of the minutes of each meeting to which this section applies for at least three years.

SECTION 55.12. Section 203.021, Labor Code, is amended by adding Subsection (e) to read as follows:

(e) Money in the compensation fund may not be transferred to the:

(1) Texas Enterprise Fund created under Section 481.078, Government Code; or

(2) Texas emerging technology fund established under Section 490.101, Government Code.

SECTION 55.13. Section 204.123, Labor Code, is amended to read as follows:

Sec. 204.123. TRANSFER TO ~~[TEXAS ENTERPRISE FUND,]~~ SKILLS DEVELOPMENT FUND, TRAINING STABILIZATION FUND, AND COMPENSATION FUND. (a) If, on September 1 of a year, the commission determines that the amount in the compensation fund will exceed 100 percent of its floor as computed under Section 204.061 on the next October 1 computation date, the commission shall transfer from the holding fund created under Section 204.122:

(1) ~~[from the first \$160 million deposited in the holding fund in any state fiscal biennium:~~

~~[(A) during the state fiscal biennium ending August 31, 2007:~~

~~[(i) 67 percent to the Texas Enterprise Fund created under Section 481.078, Government Code, except that the amount transferred under this paragraph may not exceed the amount appropriated by the legislature to the Texas Enterprise Fund in that biennium; and~~

~~[(ii) 33 percent to the skills development fund created under Section 303.003, except that the amount transferred under this paragraph may not exceed the amount appropriated by the legislature to the skills development program strategies and activities in that biennium; and~~

~~[(B) during any state fiscal biennium beginning on or after September 1, 2007, 100]~~

~~[(i) 75 percent to the Texas Enterprise Fund created under Section 481.078, Government Code, except that the amount transferred under this paragraph may not exceed the amount appropriated by the legislature to the Texas Enterprise Fund in that biennium; and~~

~~[(ii) 25] percent to the skills development fund created under Section 303.003, except that the amount transferred under this subdivision ~~[paragraph]~~ may not exceed the amount appropriated by the legislature to the skills development program strategies and activities in that biennium; and~~

(2) any remaining amount in the holding fund after the distribution under Subdivision (1) to the training stabilization fund created under Section 302.101.

(b) If, on September 1 of a year, the commission determines that the amount in the compensation fund will be at or below 100 percent of its floor as computed under Section 204.061 on the next October 1 computation date, the commission shall transfer to the compensation fund as much of the amount in the holding fund as is necessary to raise the amount in the compensation fund to 100 percent of its floor, up to and including the entire amount in the holding fund. The commission shall transfer any remaining balance in the holding fund to the ~~[Texas Enterprise Fund, the]~~ skills development fund~~[-]~~ and the training stabilization fund in the manner ~~[in the percentages]~~ prescribed by Subsection (a).

SECTION 55.14. Subsections (b) and (c), Section 302.101, Labor Code, are amended to read as follows:

(b) Money in the training stabilization fund may be used in a year in which the amounts in the employment and training investment holding fund are insufficient to meet the legislative appropriation for that fiscal year for ~~[either the Texas Enterprise Fund or]~~ the skills development program strategies and activities.

(c) Money in the training stabilization fund shall be transferred to the ~~[Texas Enterprise Fund and the]~~ skills development fund under Subsection (b) not later than September 30. ~~[The transfer under Subsection (b) shall consist of transferring 67 percent of the money in the training stabilization fund to the Texas Enterprise Fund and 33 percent of the money in the training stabilization fund to the skills development fund.]~~ The amount transferred from the training stabilization fund may not exceed the amounts appropriated to the ~~[Texas Enterprise Fund and]~~ skills development program strategies and activities in the fiscal year in which the transfer is made.

SECTION 55.15. Sections 481.078(e) and 490.101(f), Government Code, as amended by this article, and Section 490.101(f-1), Government Code, as added by this article, apply only to a proposal for an award from the Texas Enterprise Fund or Texas emerging technology fund submitted by the governor to the lieutenant governor or speaker of the house of representatives for prior approval on or after the effective date of this article. A proposal submitted by the governor for prior approval before the effective date of this article is governed by the law in effect on the date the proposal was submitted for that approval, and the former law is continued in effect for that purpose.

SECTION 55.16. Section 481.078(j), Government Code, as amended by this article, and Sections 481.078(f-1) and (f-2), Government Code, as added by this article, apply only to a grant agreement that is entered into on or after the effective date of this article. A grant agreement that is entered into before the effective date of this article is governed by the law in effect on the date the agreement was entered into, and the former law is continued in effect for that purpose.

SECTION 55.17. (a) The terms of the members of the Texas Emerging Technology Advisory Committee serving immediately before the effective date of this article expire on the 91st day after the last day of the legislative session.

(b) As soon as practicable after this article takes effect, the governor, lieutenant governor, and speaker of the house of representatives shall appoint members to the Texas Emerging Technology Advisory Committee established under Subchapter B, Chapter 490, Government Code, in a manner that complies with that subchapter, as amended by this article.

(c) At the first meeting of members of the Texas Emerging Technology Advisory Committee established under Subchapter B, Chapter 490, Government Code, as amended by this article, occurring on or after the 91st day after the last day of the legislative session, the members appointed by the governor shall draw lots to determine which six members will serve a term expiring September 1, 2012, and which seven members will serve a term expiring September 1, 2013.

SECTION 55.18. If H.B. No. 2457, Acts of the 82nd Legislature, Regular Session, 2011, becomes law, this article has no effect.

ARTICLE 56. AD VALOREM TAXATION OF LAND USED TO RAISE OR KEEP BEES

SECTION 56.01. Subdivision (2), Section 23.51, Tax Code, is amended to read as follows:

(2) "Agricultural use" includes but is not limited to the following activities: cultivating the soil, producing crops for human food, animal feed, or planting seed or for the production of fibers; floriculture, viticulture, and horticulture; raising or keeping livestock; raising or keeping exotic animals for the production of human food or of fiber, leather, pelts, or other tangible products having a commercial value; planting cover crops or leaving land idle for the purpose of participating in a governmental program, provided the land is not used for residential purposes or a purpose inconsistent with agricultural use; and planting cover crops or leaving land idle in conjunction with normal crop or livestock rotation procedure. The term also includes the use of land to produce or harvest logs and posts for the use in constructing or repairing fences, pens, barns, or other agricultural improvements on adjacent qualified open-space land having the same owner and devoted to a different agricultural use. The term also includes the use of land for wildlife management. The term also includes the use of land to raise or keep bees for pollination or for the production of human food or other tangible products having a commercial value, provided that the land used is not less than 5 or more than 20 acres.

SECTION 56.02. This article applies only to the appraisal of land for ad valorem tax purposes for a tax year that begins on or after the effective date of this Act.

ARTICLE 57. PLACE OF BUSINESS OF A RETAILER FOR SALES TAX PURPOSES

SECTION 57.01. Subdivision (3), Subsection (a), Section 321.002, Tax Code, is amended to read as follows:

(3) "Place of business of the retailer" means an established outlet, office, or location operated by the retailer or the retailer's agent or employee for the purpose of receiving orders for taxable items and includes any location at which three or more orders are received by the retailer during a calendar year. A warehouse, storage yard, or manufacturing plant is not a "place of business of the retailer" unless at least three orders are received by the retailer during the calendar year at the warehouse, storage yard, or manufacturing plant. An outlet, office, facility, or any location that contracts with a retail or commercial business [engaged in activities to which this chapter applies] to process for that business invoices, purchase orders, [or] bills of lading, or other equivalent records onto which sales tax is added, including an office operated for the purpose of buying and selling taxable goods to be used or consumed by the retail or commercial business, is not a "place of business of the retailer" if the comptroller determines that the outlet, office, facility, or location functions or exists to avoid the tax imposed by this chapter or to rebate a portion of the tax imposed by this chapter to the contracting business. Notwithstanding any other provision of this subdivision, a kiosk is not a "place of business of the retailer." In this subdivision, "kiosk" means a small stand-alone area or structure that:

(A) is used solely to display merchandise or to submit orders for taxable items from a data entry device, or both;

(B) is located entirely within a location that is a place of business of another retailer, such as a department store or shopping mall; and

(C) at which taxable items are not available for immediate delivery to a customer.

SECTION 57.02. (a) Except as provided by Subsection (b) of this section, this article takes effect October 1, 2011.

(b) If H.B. No. 590, Acts of the 82nd Legislature, Regular Session, 2011, becomes law, this article has no effect.

ARTICLE 58. TEXAS FARM AND RANCH LANDS CONSERVATION PROGRAM

SECTION 58.01. Subsection (b), Section 183.059, Natural Resources Code, is amended to read as follows:

(b) To receive a grant from the fund under this subchapter, an applicant who is qualified to be an easement holder under this subchapter must submit an application to the council. The application must:

(1) set out the parties' clear conservation goals consistent with the program;

(2) include a site-specific estimate-of-value appraisal by a licensed appraiser qualified to determine the market value of the easement; and

~~(3) [demonstrate that the applicant is able to match 50 percent of the amount of the grant being sought, considering that the council may choose to allow a donation of part of the appraised value of the easement to be considered as in-kind matching funds; and~~

~~[(4)]~~ include a memorandum of understanding signed by the landowner and the applicant indicating intent to sell an agricultural conservation easement and containing the terms of the contract for the sale of the easement.

SECTION 58.02. If S.B. No. 1044, Acts of the 82nd Legislature, Regular Session, 2011, becomes law, this article has no effect.

ARTICLE 59. CERTAIN CONTRIBUTION RATE COMPUTATIONS

SECTION 59.01. Section 815.402, Government Code, is amended by adding Subsections (a-1) and (h-1) to read as follows:

(a-1) Notwithstanding Subsection (a)(1), if the state contribution to the retirement system is computed using a percentage less than 6.5 percent for the state fiscal year beginning September 1, 2011, the member's contribution is not required to be computed using a percentage equal to the percentage used to compute the state contribution for that biennium. This subsection expires September 1, 2012.

(h-1) Notwithstanding Subsection (h), if the state contribution to the law enforcement and custodial officer supplemental retirement fund is computed using a percentage less than 0.5 percent for the state fiscal year beginning September 1, 2011, the member's contribution is not required to be computed using a percentage equal to the percentage used to compute the state contribution for that biennium. This subsection expires September 1, 2012.

SECTION 59.02. If S.B. No. 1664, Acts of the 82nd Legislature, Regular Session, 2011, becomes law, this article has no effect.

ARTICLE 60. QUINQUENNIAL REPORTING OF CERTAIN INFORMATION
FOR UNCLAIMED PROPERTY

SECTION 60.01. Subsection (a), Section 411.0111, Government Code, is amended to read as follows:

(a) Not later than June 1 of every fifth ~~each~~ year, the department shall provide to the comptroller, for the purpose of assisting the comptroller in the identification of persons entitled to unclaimed property reported to the comptroller, the name, address, social security number, date of birth, and driver's license or state identification number of each person about whom the department has such information in its records.

SECTION 60.02. Subsection (a), Section 811.012, Government Code, as effective September 1, 2011, is amended to read as follows:

(a) Not later than June 1 of every fifth ~~each~~ year, the retirement system shall provide to the comptroller, for the purpose of assisting the comptroller in the identification of persons entitled to unclaimed property reported to the comptroller, the name, address, social security number, and date of birth of each member, retiree, and beneficiary from the retirement system's records.

SECTION 60.03. Subsection (a), Section 821.010, Government Code, is amended to read as follows:

(a) Not later than June 1 of every fifth ~~each~~ year, the retirement system shall provide to the comptroller, for the purpose of assisting the comptroller in the identification of persons entitled to unclaimed property reported to the comptroller, the name, address, social security number, and date of birth of each member, retiree, and beneficiary from the retirement system's records.

SECTION 60.04. Subsection (a), Section 301.086, Labor Code, is amended to read as follows:

(a) Not later than June 1 of every fifth ~~each~~ year, the commission shall provide to the comptroller, for the purpose of assisting the comptroller in the identification of persons entitled to unclaimed property reported to the comptroller, the name, address, social security number, and date of birth of each person about whom the commission has such information in its records.

SECTION 60.05. The Department of Public Safety, the Employees Retirement System of Texas, the Teacher Retirement System of Texas, and the Texas Workforce Commission shall provide information to the comptroller as required by Sections 411.0111(a), 811.012(a), and 821.010(a), Government Code, and Section 301.086(a), Labor Code, as amended by this article, beginning in 2016.

ARTICLE 61. AD VALOREM TAXATION OF CERTAIN STORED PROPERTY

SECTION 61.01. Subsection (a), Section 11.253, Tax Code, is amended by amending Subdivision (2) and adding Subdivisions (5) and (6) to read as follows:

(2) "Goods-in-transit" means tangible personal property that:

(A) is acquired in or imported into this state to be forwarded to another location in this state or outside this state;

(B) is stored under a contract of bailment by a public warehouse operator ~~detained~~ at one or more public warehouse facilities ~~a location~~ in this state that are not in any way owned or controlled by ~~in which~~ the owner of the personal

property [~~does not have a direct or indirect ownership interest~~] for the account of [~~assembling, storing, manufacturing, processing, or fabricating purposes by~~] the person who acquired or imported the property;

(C) is transported to another location in this state or outside this state not later than 175 days after the date the person acquired the property in or imported the property into this state; and

(D) does not include oil, natural gas, petroleum products, aircraft, dealer's motor vehicle inventory, dealer's vessel and outboard motor inventory, dealer's heavy equipment inventory, or retail manufactured housing inventory.

(5) "Bailee" and "warehouse" have the meanings assigned by Section 7.102, Business & Commerce Code.

(6) "Public warehouse operator" means a person that:

(A) is both a bailee and a warehouse; and

(B) stores under a contract of bailment, at one or more public warehouse facilities, tangible personal property that is owned by other persons solely for the account of those persons and not for the operator's account.

SECTION 61.02. Section 11.253, Tax Code, is amended by amending Subsections (e) and (h) and adding Subsections (j-1) and (j-2) to read as follows:

(e) In determining the market value of goods-in-transit that in the preceding year were [~~assembled,~~] stored [~~, manufactured, processed, or fabricated~~] in this state, the chief appraiser shall exclude the cost of equipment, machinery, or materials that entered into and became component parts of the goods-in-transit but were not themselves goods-in-transit or that were not transported to another location in this state or outside this state before the expiration of 175 days after the date they were brought into this state by the property owner or acquired by the property owner in this state. For component parts held in bulk, the chief appraiser may use the average length of time a component part was held by the owner of the component parts during the preceding year at a location in this state that was not owned by or under the control of the owner of the component parts in determining whether the component parts were transported to another location in this state or outside this state before the expiration of 175 days.

(h) The chief appraiser by written notice delivered to a property owner who claims an exemption under this section may require the property owner to provide copies of property records so the chief appraiser can determine the amount and value of goods-in-transit and that the location in this state where the goods-in-transit were detained for storage [~~assembling, storing, manufacturing, processing, or fabricating purposes~~] was not owned by or under the control of the owner of the goods-in-transit. If the property owner fails to deliver the information requested in the notice before the 31st day after the date the notice is delivered to the property owner, the property owner forfeits the right to claim or receive the exemption for that year.

(j-1) Notwithstanding Subsection (j) or official action that was taken under that subsection before October 1, 2011, to tax goods-in-transit exempt under Subsection (b) and not exempt under other law, a taxing unit may not tax such goods-in-transit in a tax year that begins on or after January 1, 2012, unless the governing body of the taxing unit takes action on or after October 1, 2011, in the manner required for official action by the governing body, to provide for the taxation of the goods-in-transit. The

official action to tax the goods-in-transit must be taken before January 1 of the first tax year in which the governing body proposes to tax goods-in-transit. Before acting to tax the exempt property, the governing body of the taxing unit must conduct a public hearing as required by Section 1-n(d), Article VIII, Texas Constitution. If the governing body of a taxing unit provides for the taxation of the goods-in-transit as provided by this subsection, the exemption prescribed by Subsection (b) does not apply to that unit. The goods-in-transit remain subject to taxation by the taxing unit until the governing body of the taxing unit, in the manner required for official action, rescinds or repeals its previous action to tax goods-in-transit or otherwise determines that the exemption prescribed by Subsection (b) will apply to that taxing unit.

(j-2) Notwithstanding Subsection (j-1), if under Subsection (j) the governing body of a taxing unit, before October 1, 2011, took action to provide for the taxation of goods-in-transit and pledged the taxes imposed on the goods-in-transit for the payment of a debt of the taxing unit, the tax officials of the taxing unit may continue to impose the taxes against the goods-in-transit until the debt is discharged, if cessation of the imposition would impair the obligation of the contract by which the debt was created.

SECTION 61.03. Subdivision (2), Subsection (a), Section 11.253, Tax Code, as amended by this article, applies only to an ad valorem tax year that begins on or after January 1, 2012.

SECTION 61.04. (a) Except as provided by Subsection (b) of this section, this article takes effect January 1, 2012.

(b) Section 61.02 of this article takes effect October 1, 2011.

ARTICLE 62. FISCAL MATTERS CONCERNING ADVANCED PLACEMENT

SECTION 62.01. Subsection (h), Section 28.053, Education Code, is amended to read as follows:

(h) The commissioner may enter into agreements with the college board and the International Baccalaureate Organization to pay for all examinations taken by eligible public school students. An eligible student is a student ~~[one]~~ who:

(1) takes a college advanced placement or international baccalaureate course at a public school or who is recommended by the student's principal or teacher to take the test; and

(2) demonstrates financial need as determined in accordance with guidelines adopted by the board that are consistent with the definition of financial need adopted by the college board or the International Baccalaureate Organization.

ARTICLE 63. FISCAL MATTERS CONCERNING TUITION EXEMPTIONS

SECTION 63.01. Subsection (c), Section 54.214, Education Code, is amended to read as follows:

(c) To be eligible for an exemption under this section, a person must:

- (1) be a resident of this state;
- (2) be a school employee serving in any capacity;
- (3) for the initial term or semester for which the person receives an exemption under this section, have worked as an educational aide for at least one school year during the five years preceding that term or semester;
- (4) establish financial need as determined by coordinating board rule;

(5) be enrolled at the institution of higher education granting the exemption in courses required for teacher certification in one or more subject areas determined by the Texas Education Agency to be experiencing a critical shortage of teachers at the public schools in this state [~~at the institution of higher education granting the exemption~~];

(6) maintain an acceptable grade point average as determined by coordinating board rule; and

(7) comply with any other requirements adopted by the coordinating board under this section.

SECTION 63.02. The change in law made by this article applies beginning with tuition and fees charged for the 2012 fall semester. Tuition and fees charged for a term or semester before the 2012 fall semester are covered by the law in effect during the term or semester for which the tuition and fees are charged, and the former law is continued in effect for that purpose.

ARTICLE 64. FISCAL MATTERS CONCERNING DUAL HIGH SCHOOL AND JUNIOR COLLEGE CREDIT

SECTION 64.01. Subsection (c), Section 130.008, Education Code, is amended to read as follows:

(c) The contact hours attributable to the enrollment of a high school student in a course offered for joint high school and junior college credit under this section, excluding a course for which the student attending high school may receive course credit toward the physical education curriculum requirement under Section 28.002(a)(2)(C), shall be included in the contact hours used to determine the junior college's proportionate share of the state money appropriated and distributed to public junior colleges under Sections 130.003 and 130.0031, even if the junior college waives all or part of the tuition or fees for the student under Subsection (b).

SECTION 64.02. This article applies beginning with funding for the 2011 fall semester.

SECTION 64.03. If S.B. No. 419, Acts of the 82nd Legislature, Regular Session, 2011, becomes law, this article has no effect.

ARTICLE 65. CLASSIFICATION OF ENTITIES AS ENGAGED IN RETAIL TRADE FOR PURPOSES OF THE FRANCHISE TAX

SECTION 65.01. Subdivision (12), Section 171.0001, Tax Code, is amended to read as follows:

(12) "Retail trade" means:

(A) the activities described in Division G of the 1987 Standard Industrial Classification Manual published by the federal Office of Management and Budget; and

(B) apparel rental activities classified as Industry 5999 or 7299 of the 1987 Standard Industrial Classification Manual published by the federal Office of Management and Budget.

SECTION 65.02. This article applies only to a report originally due on or after the effective date of this Act.

SECTION 65.03. This article takes effect January 1, 2012.

ARTICLE 66. RETENTION OF CERTAIN FOUNDATION SCHOOL FUND
PAYMENTS

SECTION 66.01. Subchapter E, Chapter 42, Education Code, is amended by adding Section 42.2511 to read as follows:

Sec. 42.2511. AUTHORIZATION FOR CERTAIN DISTRICTS TO RETAIN ADDITIONAL STATE AID. (a) This section applies only to a school district that was provided with state aid under Section 42.2516 for the 2009-2010 or 2010-2011 school year based on the amount of aid to which the district would have been entitled under that section if Section 42.2516(g), as it existed on January 1, 2009, applied to determination of the amount to which the district was entitled for that school year.

(b) Notwithstanding any other law, a district to which this section applies may retain the state aid provided to the district as described by Subsection (a).

(c) This section expires September 1, 2013.

SECTION 66.02. It is the intent of the legislature that the authorization provided by Section 42.2511, Education Code, as added by this article, to retain state aid described by that section is not affected by the expiration of that provision on September 1, 2013.

ARTICLE 67. THE STATE COMPRESSION PERCENTAGE

SECTION 67.01. Section 42.2516, Education Code, is amended by adding Subsection (b-2) to read as follows:

(b-2) If a school district adopts a maintenance and operations tax rate that is below the rate equal to the product of the state compression percentage multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year, the commissioner shall reduce the district's entitlement under this section in proportion to the amount by which the adopted rate is less than the rate equal to the product of the state compression percentage multiplied by the rate adopted by the district for the 2005 tax year. The reduction required by this subsection applies beginning with the maintenance and operations tax rate adopted for the 2009 tax year.

ARTICLE 68. TEXAS GUARANTEED STUDENT LOAN CORPORATION;
BOARD OF DIRECTORS

SECTION 68.01. Subsections (a) and (b), Section 57.13, Education Code, are amended to read as follows:

(a) The corporation is governed by a board of nine ~~++~~ directors in accordance with this section.

(b) The governor, with the advice and consent of the senate, shall appoint the ~~10~~ members of ~~to~~ the board as follows:

(1) four ~~five~~ members who must have knowledge of or experience in finance, including management of funds or business operations;

(2) one member who must be a student enrolled at a postsecondary educational institution for the number of credit hours required by the institution to be classified as a full-time student of the institution; and

(3) four members who must be members of the faculty or administration of a ~~an eligible~~ postsecondary educational institution that is an eligible institution for purposes of the Higher Education Act of 1965, as amended, ~~as defined by Section 57.46].~~

SECTION 68.02. Section 57.17, Education Code, is amended to read as follows:

Sec. 57.17. OFFICERS. The governor shall designate the chairman from among the board's membership. The board shall elect from among its members a ~~[chairman,~~ vice-chairman~~]~~ and other officers that the board considers necessary. The chairman and vice-chairman serve for a term of one year and may be redesignated or reelected, as applicable.

SECTION 68.03. Subsection (d), Section 57.13, Education Code, is repealed.

SECTION 68.04. If S.B. No. 40, Acts of the 82nd Legislature, Regular Session, 2011, becomes law, this article has no effect.

ARTICLE 69. FISCAL MATTERS CONCERNING LEASES OF PUBLIC LAND FOR MINERAL DEVELOPMENT

SECTION 69.01. Subsections (a) and (c), Section 85.66, Education Code, are amended to read as follows:

(a) If oil or other minerals are developed on any of the lands leased by the board, the royalty or money as stipulated in the sale shall be paid to the general land office at Austin on or before the last day of each month for the preceding month during the life of the rights purchased, and shall be set aside ~~[in the state treasury]~~ as specified in Section 85.70 ~~[of this code]~~. The royalty or money paid to the general land office shall be accompanied by the sworn statement of the owner, manager, or other authorized agent showing the gross amount of oil, gas, sulphur, mineral ore, and other minerals produced and saved since the last report, the amount of oil, gas, sulphur, mineral ore, and other minerals produced and sold off the premises, and the market value of the oil, gas, sulphur, mineral ore, and other minerals, together with a copy of all daily gauges, or vats, tanks, gas meter readings, pipeline receipts, gas line receipts and other checks and memoranda of the amounts produced and put into pipelines, tanks, vats, or pool and gas lines, gas storage, other places of storage, and other means of transportation.

(c) The commissioner of the general land office shall tender to the board on or before the 10th day of each month a report of all receipts that are collected from the lease or sale of oil, gas, sulphur, mineral ore, and other minerals and that are deposited ~~[turned into the state treasury,]~~ as provided by Section 85.70 during ~~[of this code, of]~~ the preceding month.

SECTION 69.02. Section 85.69, Education Code, is amended to read as follows:

Sec. 85.69. PAYMENTS; DISPOSITION. Payments under this subchapter shall be made to the commissioner of the general land office at Austin, who shall transmit to the board ~~[comptroller]~~ all royalties, lease fees, rentals for delay in drilling or mining, and all other payments, including all filing assignments and relinquishment fees, to be deposited ~~[in the state treasury]~~ as provided by Section 85.70 ~~[of this code]~~.

SECTION 69.03. Section 85.70, Education Code, is amended to read as follows:

Sec. 85.70. CERTAIN MINERAL LEASES; DISPOSITION OF MONEY; SPECIAL FUNDS; INVESTMENT. (a) Except as provided by Subsection (c) ~~[of this section]~~, all money received under and by virtue of this subchapter shall be deposited in ~~[the state treasury to the credit of]~~ a special fund managed by the board to be

known as The Texas A&M University System Special Mineral Investment Fund. Money in the fund is considered to be institutional funds, as defined by Section 51.009, of the system and its component institutions. The [With the approval of the comptroller, the board of regents of The Texas A&M University System may appoint one or more commercial banks, depository trust companies, or other entities to serve as custodian or custodians of the Special Mineral Investment Fund's securities with authority to hold the money realized from those securities pending completion of an investment transaction if the money held is reinvested within one business day of receipt in investments determined by the board of regents. Money not reinvested within one business day of receipt shall be deposited in the state treasury not later than the fifth day after the date of receipt. In the judgment of the board, this] special fund may be invested so as to produce [an] income which may be expended under the direction of the board for the general use of any component of The Texas A&M University System, including erecting permanent improvements and in payment of expenses incurred in connection with the administration of this subchapter. The unexpended income likewise may be invested as [herein] provided by this section.

(b) The income from the investment of the special mineral investment fund created by [under] Subsection (a) [of this section] shall be deposited in [to the credit of] a fund managed by the board to be known as The Texas A&M University System Special Mineral Income Fund, and is considered to be institutional funds, as defined by Section 51.009, of the system and its component institutions [shall be appropriated by the legislature exclusively for the university system for the purposes herein provided].

(c) The board shall lease for oil, gas, sulphur, or other mineral development, as prescribed by this subchapter, all or part of the land under the exclusive control of the board owned by the State of Texas and acquired for the use of Texas A&M University-Kingsville and its divisions. Any money received by the board concerning such land under this subchapter shall be deposited in [the state treasury to the credit of] a special fund managed by the board to be known as the Texas A&M University-Kingsville special mineral fund. Money in the fund is considered to be institutional funds, as defined by Section 51.009, of the university and is[.] to be used exclusively for the university [Texas A&M University Kingsville] and its branches and divisions. [Money may not be expended from this fund except as authorized by the general appropriations act.]

(d) All deposits in and investments of the fund under this section shall be made in accordance with Section 51.0031.

(e) Section 34.017, Natural Resources Code, does not apply to funds created by this section.

SECTION 69.04. Subsection (b), Section 95.36, Education Code, is amended to read as follows:

(b) Except as provided in Subsection (c) of this section, any money received by virtue of this section and the income from the investment of such money shall be deposited in [the State Treasury to the credit of] a special fund managed by the board to be known as the Texas State University System special mineral fund. Money in the fund is considered to be institutional funds, as defined by Section 51.009, of the system and its component institutions and is[.] to be used exclusively for those

entities. All deposits in and investments of the fund shall be made in accordance with Section 51.0031. Section 34.017, Natural Resources Code, does not apply to the fund ~~[the university system and the universities in the system. However, no money shall ever be expended from this fund except as authorized by the General Appropriations Act].~~

SECTION 69.05. Subsection (b), Section 109.61, Education Code, is amended to read as follows:

(b) Any money received by virtue of this section shall be deposited in ~~[the state treasury to the credit of]~~ a special fund managed by the board to be known as the Texas Tech University special mineral fund. Money in the fund is considered to be institutional funds, as defined by Section 51.009, of the university and is[.] to be used exclusively for the university and its branches and divisions. All deposits in and investments of the fund shall be made in accordance with Section 51.0031. Section 34.017, Natural Resources Code, does not apply to the fund. [However, no money shall ever be expended from this fund except as authorized by the general appropriations act.]

SECTION 69.06. Subsections (a) and (c), Section 109.75, Education Code, are amended to read as follows:

(a) If oil or other minerals are developed on any of the lands leased by the board, the royalty as stipulated in the sale shall be paid to the general land office in Austin on or before the last day of each month for the preceding month during the life of the rights purchased. The royalty payments shall be set aside ~~[in the state treasury]~~ as specified in Section 109.61 ~~[of this code]~~ and used as provided in that section.

(c) The commissioner of the general land office shall tender to the board on or before the 10th day of each month a report of all receipts that are collected from the lease or sale of oil, gas, sulphur, or other minerals and that are deposited in [turned into] the special fund as provided by Section 109.61 [in the state treasury] during the preceding month.

SECTION 69.07. Subsection (b), Section 109.78, Education Code, is amended to read as follows:

(b) Payment of all royalties, lease fees, rentals for delay in drilling or mining, filing fees for assignments and relinquishments, and all other payments shall be made to the commissioner of the general land office at Austin. The commissioner shall transmit all payments received to the board [comptroller] for deposit to the credit of the Texas Tech University special mineral fund as provided by Section 109.61.

SECTION 69.08. Section 85.72, Education Code, is repealed.

ARTICLE 70. FOUNDATION SCHOOL PROGRAM FINANCING; CERTAIN TAX INCREMENT FUND REPORTING MATTERS

SECTION 70.01. (a) This section applies only to a school district that, before May 1, 2011, received from the commissioner of education a notice of a reduction in state funding for the 2004-2005, 2005-2006, 2006-2007, 2007-2008, and 2008-2009 school years based on the district's reporting related to deposits of taxes into a tax increment fund under Chapter 311, Tax Code.

(b) Notwithstanding any other law, including Section 42.302(b)(2), Education Code, the commissioner of education shall reduce by one-half the amounts of the reduction of entitlement amounts computed for purposes of adjusting entitlement amounts to account for taxes deposited into a tax increment fund for any of the school years described by Subsection (a) of this section.

(c) This section expires September 1, 2013.

ARTICLE 71. FISCAL MATTERS RELATING TO PUBLIC SCHOOL FINANCE

SECTION 71.01. Effective September 1, 2011, Section 12.106, Education Code, is amended by amending Subsection (a) and adding Subsection (a-3) to read as follows:

(a) A charter holder is entitled to receive for the open-enrollment charter school funding under Chapter 42 equal to the greater of:

(1) the percentage specified by Section 42.2516(i) multiplied by the amount of funding per student in weighted average daily attendance, excluding enrichment funding under Sections 42.302(a-1)(2) and (3), as they existed on January 1, 2009, that would have been received for the school during the 2009-2010 school year under Chapter 42 as it existed on January 1, 2009, and an additional amount of the percentage specified by Section 42.2516(i) multiplied by \$120 for each student in weighted average daily attendance; or

(2) the amount of funding per student in weighted average daily attendance, excluding enrichment funding under Section 42.302(a), to which the charter holder would be entitled for the school under Chapter 42 if the school were a school district without a tier one local share for purposes of Section 42.253 and without any local revenue for purposes of Section 42.2516.

(a-3) In determining funding for an open-enrollment charter school under Subsection (a), the commissioner shall apply the regular program adjustment factor provided under Section 42.101 to calculate the regular program allotment to which a charter school is entitled.

SECTION 71.02. Effective September 1, 2017, Subsection (a), Section 12.106, Education Code, is amended to read as follows:

(a) A charter holder is entitled to receive for the open-enrollment charter school funding under Chapter 42 equal to ~~the greater of:~~

~~[(1) the amount of funding per student in weighted average daily attendance, excluding enrichment funding under Sections 42.302(a-1)(2) and (3), as they existed on January 1, 2009, that would have been received for the school during the 2009-2010 school year under Chapter 42 as it existed on January 1, 2009, and an additional amount of \$120 for each student in weighted average daily attendance; or~~

~~[(2)] the amount of funding per student in weighted average daily attendance, excluding enrichment funding under Section 42.302(a), to which the charter holder would be entitled for the school under Chapter 42 if the school were a school district without a tier one local share for purposes of Section 42.253 [and without any local revenue for purposes of Section 42.2516].~~

SECTION 71.03. Effective September 1, 2011, Section 21.402, Education Code, is amended by amending Subsections (a), (b), (c), and (c-1) and adding Subsection (i) to read as follows:

(a) Except as provided by Subsection (d)~~[(e)]~~ or (f), a school district must pay each classroom teacher, full-time librarian, full-time counselor certified under Subchapter B, or full-time school nurse not less than the minimum monthly salary, based on the employee's level of experience in addition to other factors, as determined by commissioner rule, determined by the following formula:

$$MS = SF \times FS$$

where:

"MS" is the minimum monthly salary;

"SF" is the applicable salary factor specified by Subsection (c); and

"FS" is the amount, as determined by the commissioner under Subsection (b), of the basic allotment as provided by Section 42.101(a) or (b) for a school district with a maintenance and operations tax rate at least equal to the state maximum compressed tax rate, as defined by Section 42.101(a) [state and local funds per weighted student, including funds provided under Section 42.2516, available to a district eligible to receive state assistance under Section 42.302 with a maintenance and operations tax rate per \$100 of taxable value equal to the product of the state compression percentage, as determined under Section 42.2516, multiplied by \$1.50, except that the amount of state and local funds per weighted student does not include the amount attributable to the increase in the guaranteed level made by Chapter 1187, Acts of the 77th Legislature, Regular Session, 2004].

(b) Not later than June 1 of each year, the commissioner shall determine the basic allotment and resulting monthly salaries to be paid by school districts as provided by Subsection (a) [amount of state and local funds per weighted student available, for purposes of Subsection (a), to a district described by that subsection for the following school year].

(c) The salary factors per step are as follows:

Years Experience	0	1	2	3	4
Salary Factor	<u>.5464</u> [.6226]	<u>.5582</u> [.6360]	<u>.5698</u> [.6492]	<u>.5816</u> [.6627]	<u>.6064</u> [.6909]
Years Experience	5	6	7	8	9
Salary Factor	<u>.6312</u> [.7492]	<u>.6560</u> [.7474]	<u>.6790</u> [.7737]	<u>.7008</u> [.7985]	<u>.7214</u> [.8220]
Years Experience	10	11	12	13	14
Salary Factor	<u>.7408</u> [.8444]	<u>.7592</u> [.8650]	<u>.7768</u> [.8854]	<u>.7930</u> [.9025]	<u>.8086</u> [.9213]
Years Experience	15	16	17	18	19
Salary Factor	<u>.8232</u> [.9380]	<u>.8372</u> [.9539]	<u>.8502</u> [.9687]	<u>.8626</u> [.9828]	<u>.8744</u> [.9963]
Years Experience	20	and	over		
Salary Factor	<u>.8854</u> [1.009]				

(c-1) Notwithstanding Subsections [Subsection] (a) and (b)~~[, for the 2009-2010 and 2010-2011 school years]~~, each school district shall pay a monthly salary to ~~[increase the monthly salary of]~~ each classroom teacher, full-time speech pathologist, full-time librarian, full-time counselor certified under Subchapter B, and full-time school nurse that is at least equal to the following monthly salary or the monthly salary determined by the commissioner under Subsections (a) and (b), whichever is ~~[by the] greater [of]~~:

<u>Years of Experience</u>	<u>Monthly Salary</u>
<u>0</u>	<u>2,732</u>
<u>1</u>	<u>2,791</u>
<u>2</u>	<u>2,849</u>
<u>3</u>	<u>2,908</u>
<u>4</u>	<u>3,032</u>
<u>5</u>	<u>3,156</u>
<u>6</u>	<u>3,280</u>
<u>7</u>	<u>3,395</u>
<u>8</u>	<u>3,504</u>
<u>9</u>	<u>3,607</u>
<u>10</u>	<u>3,704</u>
<u>11</u>	<u>3,796</u>
<u>12</u>	<u>3,884</u>
<u>13</u>	<u>3,965</u>
<u>14</u>	<u>4,043</u>
<u>15</u>	<u>4,116</u>
<u>16</u>	<u>4,186</u>
<u>17</u>	<u>4,251</u>
<u>18</u>	<u>4,313</u>
<u>19</u>	<u>4,372</u>
<u>20 & Over</u>	<u>4,427</u>

~~[(1) \$80; or~~

~~[(2) the maximum uniform amount that, when combined with any resulting increases in the amount of contributions made by the district for social security coverage for the specified employees or by the district on behalf of the specified employees under Section 825.405, Government Code, may be provided using an amount equal to the product of \$60 multiplied by the number of students in weighted average daily attendance in the school during the 2009-2010 school year.]~~

(i) Not later than January 1, 2013, the commissioner shall submit to the governor, the lieutenant governor, the speaker of the house of representatives, and the presiding officer of each legislative standing committee with primary jurisdiction over primary and secondary education a written report that evaluates and provides recommendations regarding the salary schedule. This subsection expires September 1, 2013.

SECTION 71.04. Effective September 1, 2017, Section 21.402, Education Code, is amended by amending Subsection (a) and adding Subsection (e-1) to read as follows:

(a) Except as provided by Subsection (d), ~~(e-1)~~, or (f), a school district must pay each classroom teacher, full-time librarian, full-time counselor certified under Subchapter B, or full-time school nurse not less than the minimum monthly salary, based on the employee's level of experience in addition to other factors, as determined by commissioner rule, determined by the following formula:

$$MS = SF \times FS$$

where:

"MS" is the minimum monthly salary;

"SF" is the applicable salary factor specified by Subsection (c); and

"FS" is the amount, as determined by the commissioner under Subsection (b), of the basic allotment as provided by Section 42.101(a) or (b) for a school district with a maintenance and operation tax rate at least equal to the state maximum compressed tax rate, as defined by Section 42.101(a) [state and local funds per weighted student, including funds provided under Section 42.2516, available to a district eligible to receive state assistance under Section 42.302 with a maintenance and operations tax rate per \$100 of taxable value equal to the product of the state compression percentage, as determined under Section 42.2516, multiplied by \$1.50, except that the amount of state and local funds per weighted student does not include the amount attributable to the increase in the guaranteed level made by Chapter 1187, Acts of the 77th Legislature, Regular Session, 2004].

(e-1) If the minimum monthly salary determined under Subsection (a) for a particular level of experience is less than the minimum monthly salary for that level of experience in the preceding year, the minimum monthly salary is the minimum monthly salary for the preceding year.

SECTION 71.05. Subsection (a), Section 41.002, Education Code, is amended to read as follows:

(a) A school district may not have a wealth per student that exceeds:

(1) the wealth per student that generates the amount of maintenance and operations tax revenue per weighted student available to a district with maintenance and operations tax revenue per cent of tax effort equal to the maximum amount provided per cent under Section 42.101(a) or (b) [42.101], for the district's maintenance and operations tax effort equal to or less than the rate equal to the product of the state compression percentage, as determined under Section 42.2516, multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year;

(2) the wealth per student that generates the amount of maintenance and operations tax revenue per weighted student available to the Austin Independent School District, as determined by the commissioner in cooperation with the Legislative Budget Board, for the first six cents by which the district's maintenance and operations tax rate exceeds the rate equal to the product of the state compression percentage, as determined under Section 42.2516, multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year, subject to Section 41.093(b-1); or

(3) \$319,500, for the district's maintenance and operations tax effort that exceeds the first six cents by which the district's maintenance and operations tax effort exceeds the rate equal to the product of the state compression percentage, as determined under Section 42.2516, multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year.

SECTION 71.06. The heading to Section 42.101, Education Code, is amended to read as follows:

Sec. 42.101. BASIC AND REGULAR PROGRAM ALLOTMENTS [ALLOTMENT].

SECTION 71.07. Section 42.101, Education Code, is amended by amending Subsections (a) and (b) and adding Subsections (c) and (c-1) to read as follows:

(a) The basic [For each student in average daily attendance, not including the time students spend each day in special education programs in an instructional arrangement other than mainstream or career and technology education programs, for which an additional allotment is made under Subchapter C, a district is entitled to an] allotment is an amount equal to the lesser of \$4,765 or the amount that results from the following formula:

$$A = \$4,765 \times (\text{DCR}/\text{MCR})$$

where:

"A" is the resulting amount for [allotment to which] a district [is entitled];

"DCR" is the district's compressed tax rate, which is the product of the state compression percentage, as determined under Section 42.2516, multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year; and

"MCR" is the state maximum compressed tax rate, which is the product of the state compression percentage, as determined under Section 42.2516, multiplied by \$1.50.

(b) A greater amount for any school year for the basic allotment under Subsection (a) may be provided by appropriation.

(c) A school district is entitled to a regular program allotment equal to the amount that results from the following formula:

$$\text{RPA} = \text{ADA} \times \text{AA} \times \text{RPAF}$$

where:

"RPA" is the regular program allotment to which the district is entitled;

"ADA" is the number of students in average daily attendance in a district, not including the time students spend each day in special education programs in an instructional arrangement other than mainstream or career and technology education programs, for which an additional allotment is made under Subchapter C;

"AA" is the district's adjusted basic allotment, as determined under Section 42.102 and, if applicable, as further adjusted under Section 42.103; and

"RPAF" is the regular program adjustment factor, which is an amount established by appropriation.

(c-1) Notwithstanding Subsection (c), the regular program adjustment factor ("RPAF") is 0.9239 for the 2011-2012 school year and 0.98 for the 2012-2013 school year. This subsection expires September 1, 2013.

SECTION 71.08. Section 42.105, Education Code, is amended to read as follows:

Sec. 42.105. SPARSITY ADJUSTMENT. Notwithstanding Sections 42.101, 42.102, and 42.103, a school district that has fewer than 130 students in average daily attendance shall be provided a regular program [~~an adjusted basic~~] allotment on the basis of 130 students in average daily attendance if it offers a kindergarten through grade 12 program and has preceding or current year's average daily attendance of at least 90 students or is 30 miles or more by bus route from the nearest high school district. A district offering a kindergarten through grade 8 program whose preceding or current year's average daily attendance was at least 50 students or which is 30 miles or more by bus route from the nearest high school district shall be provided a regular program [~~an adjusted basic~~] allotment on the basis of 75 students in average daily attendance. An average daily attendance of 60 students shall be the basis of providing the regular program [~~adjusted basic~~] allotment if a district offers a kindergarten through grade 6 program and has preceding or current year's average daily attendance of at least 40 students or is 30 miles or more by bus route from the nearest high school district.

SECTION 71.09. Subsection (a), Section 42.251, Education Code, is amended to read as follows:

(a) The sum of the regular program [~~basic~~] allotment under Subchapter B and the special allotments under Subchapter C, computed in accordance with this chapter, constitute the tier one allotments. The sum of the tier one allotments and the guaranteed yield allotments under Subchapter F, computed in accordance with this chapter, constitute the total cost of the Foundation School Program.

SECTION 71.10. Subchapter E, Chapter 42, Education Code, is amended by adding Section 42.2514 to read as follows:

Sec. 42.2514. ADDITIONAL STATE AID FOR TAX INCREMENT FINANCING PAYMENTS. For each school year, a school district, including a school district that is otherwise ineligible for state aid under this chapter, is entitled to state aid in an amount equal to the amount the district is required to pay into the tax increment fund for a reinvestment zone under Section 311.013(n), Tax Code.

SECTION 71.11. Effective September 1, 2011, Section 42.2516, Education Code, is amended by amending Subsections (a), (b), (d), and (f-2) and adding Subsection (i) to read as follows:

(a) In this title [~~section~~], "state compression percentage" means the percentage [~~as determined by the commissioner,~~] of a school district's adopted maintenance and operations tax rate for the 2005 tax year that serves as the basis for state funding [~~for tax rate reduction under this section~~]. If the state compression percentage is not established by appropriation for a school year, the [The] commissioner shall determine the state compression percentage for each school year based on the percentage by which a district is able to reduce the district's maintenance and operations tax rate for that year, as compared to the district's adopted maintenance and operations tax rate for the 2005 tax year, as a result of state funds appropriated for distribution under this section for that year from the property tax relief fund established under Section 403.109, Government Code, or from another funding source available for school district property tax relief.

(b) Notwithstanding any other provision of this title, a school district that imposes a maintenance and operations tax at a rate at least equal to the product of the state compression percentage multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year is entitled to at least the amount of state revenue necessary to provide the district with the sum of:

(1) the percentage specified by Subsection (i) of the amount, as calculated under Subsection (e), [the amount] of state and local revenue per student in weighted average daily attendance for maintenance and operations that the district would have received during the 2009-2010 school year under Chapter 41 and this chapter, as those chapters existed on January 1, 2009, at a maintenance and operations tax rate equal to the product of the state compression percentage for that year multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year;

(2) the percentage specified by Subsection (i) of an amount equal to the product of \$120 multiplied by the number of students in weighted average daily attendance in the district; and

(3) ~~[an amount equal to the amount the district is required to pay into the tax increment fund for a reinvestment zone under Section 311.013(n), Tax Code, in the current tax year; and~~

~~[(4)]~~ any amount to which the district is entitled under Section 42.106.

(d) In determining the amount to which a district is entitled under Subsection (b)(1), the commissioner shall:

(1) include the percentage specified by Subsection (i) of any amounts received by the district during the 2008-2009 school year under Rider 86, page III-23, Chapter 1428 (H.B. 1), Acts of the 80th Legislature, Regular Session, 2007 (the General Appropriations Act); and

(2) for a school district that paid tuition under Section 25.039 during the 2008-2009 school year, reduce the amount to which the district is entitled by the amount of tuition paid during that school year.

(f-2) The rules adopted by the commissioner under Subsection (f-1) must:

(1) require the commissioner to determine, as if this section did not exist, the effect under Chapter 41 and this chapter of a school district's action described by Subsection (f-1)(1), (2), (3), or (4) on the total state revenue to which the district would be entitled or the cost to the district of purchasing sufficient attendance credits to reduce the district's wealth per student to the equalized wealth level; and

(2) require an increase or reduction in the amount of state revenue to which a school district is entitled under Subsection (b)(1) ~~[(f-2)]~~ that is substantially equivalent to any change in total state revenue or the cost of purchasing attendance credits that would apply to the district if this section did not exist.

(i) The percentage to be applied for purposes of Subsections (b)(1) and (2) and Subsection (d)(1) is 100.00 percent for the 2011-2012 school year and 92.35 percent for the 2012-2013 school year. For the 2013-2014 school year and each subsequent school year, the legislature by appropriation shall establish the percentage reduction to be applied.

SECTION 71.12. Effective September 1, 2017, the heading to Section 42.2516, Education Code, is amended to read as follows:

Sec. 42.2516. STATE COMPRESSION PERCENTAGE [~~ADDITIONAL STATE AID FOR TAX REDUCTION~~].

SECTION 71.13. Effective September 1, 2017, Subsection (a), Section 42.2516, Education Code, is amended to read as follows:

(a) In this title [~~section~~], "state compression percentage" means the percentage [~~as determined by the commissioner,~~] of a school district's adopted maintenance and operations tax rate for the 2005 tax year that serves as the basis for state funding [~~for tax rate reduction under this section~~]. If the state compression percentage is not established by appropriation for a school year, the [The] commissioner shall determine the state compression percentage for each school year based on the percentage by which a district is able to reduce the district's maintenance and operations tax rate for that year, as compared to the district's adopted maintenance and operations tax rate for the 2005 tax year, as a result of state funds appropriated for [distribution under this section for] that year from the property tax relief fund established under Section 403.109, Government Code, or from another funding source available for school district property tax relief.

SECTION 71.14. Effective September 1, 2011, Subsection (a), Section 42.25161, Education Code, is amended to read as follows:

(a) The commissioner shall provide South Texas Independent School District with the amount of state aid necessary to ensure that the district receives an amount of state and local revenue per student in weighted average daily attendance that is at least the percentage specified by Section 42.2516(i) of \$120 greater than the amount the district would have received per student in weighted average daily attendance during the 2009-2010 school year under this chapter, as it existed on January 1, 2009, at a maintenance and operations tax rate equal to the product of the state compression percentage multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year, provided that the district imposes a maintenance and operations tax at that rate.

SECTION 71.15. Subchapter E, Chapter 42, Education Code, is amended by adding Section 42.2525 to read as follows:

Sec. 42.2525. ADJUSTMENTS FOR CERTAIN DEPARTMENT OF DEFENSE DISTRICTS. The commissioner is granted the authority to ensure that Department of Defense school districts do not receive more than an eight percent reduction should the federal government reduce appropriations to those schools.

SECTION 71.16. Effective September 1, 2011, Subsections (h) and (i), Section 42.253, Education Code, are amended to read as follows:

(h) If the amount appropriated for the Foundation School Program for the second year of a state fiscal biennium is less than the amount to which school districts are entitled for that year, the commissioner shall certify the amount of the difference to the Legislative Budget Board not later than January 1 of the second year of the state fiscal biennium. The Legislative Budget Board shall propose to the legislature that the certified amount be transferred to the foundation school fund from the economic stabilization fund and appropriated for the purpose of increases in allocations under this subsection. If the legislature fails during the regular session to enact the proposed transfer and appropriation and there are not funds available under Subsection (j), the commissioner shall adjust [reduce] the total amounts due to each school district under

~~this chapter and the total amounts necessary for each school district to comply with the requirements of Chapter 41 [amount of state funds allocated to each district] by an amount determined by applying to each district, including a district receiving funds under Section 42.2516, the same percentage adjustment so that the total amount of the adjustment to all districts [a method under which the application of the same number of cents of increase in tax rate in all districts applied to the taxable value of property of each district, as determined under Subchapter M, Chapter 403, Government Code,] results in an amount [a total levy] equal to the total adjustment necessary. A school district is not entitled to reimbursement in a subsequent fiscal year of the amount resulting from the adjustment authorized by this subsection [reduction. The following fiscal year, a district's entitlement under this section is increased by an amount equal to the reduction made under this subsection].~~

(i) Not later than March 1 each year, the commissioner shall determine the actual amount of state funds to which each school district is entitled under the allocation formulas in this chapter for the current school year, as adjusted in accordance with Subsection (h), if applicable, and shall compare that amount with the amount of the warrants issued to each district for that year. If the amount of the warrants differs from the amount to which a district is entitled because of variations in the district's tax rate, student enrollment, or taxable value of property, the commissioner shall adjust the district's entitlement for the next fiscal year accordingly.

SECTION 71.17. Effective September 1, 2017, Subsection (h), Section 42.253, Education Code, is amended to read as follows:

(h) If the amount appropriated for the Foundation School Program for the second year of a state fiscal biennium is less than the amount to which school districts are entitled for that year, the commissioner shall certify the amount of the difference to the Legislative Budget Board not later than January 1 of the second year of the state fiscal biennium. The Legislative Budget Board shall propose to the legislature that the certified amount be transferred to the foundation school fund from the economic stabilization fund and appropriated for the purpose of increases in allocations under this subsection. If the legislature fails during the regular session to enact the proposed transfer and appropriation and there are not funds available under Subsection (j), the commissioner shall ~~adjust [reduce]~~ the total amounts due to each school district under this chapter and the total amounts necessary for each school district to comply with the requirements of Chapter 41 ~~[amount of state funds allocated to each district]~~ by an amount determined by applying to each district the same percentage adjustment so that the total amount of the adjustment to all districts [a method under which the application of the same number of cents of increase in tax rate in all districts applied to the taxable value of property of each district, as determined under Subchapter M, Chapter 403, Government Code,] results in an amount [a total levy] equal to the total adjustment necessary. A school district is not entitled to reimbursement in a subsequent fiscal year of the amount resulting from the adjustment authorized by this subsection [reduction. The following fiscal year, a district's entitlement under this section is increased by an amount equal to the reduction made under this subsection].

SECTION 71.18. Section 42.258, Education Code, is amended by amending Subsection (a) and adding Subsection (a-1) to read as follows:

(a) If a school district has received an overallocation of state funds, the agency shall, by withholding from subsequent allocations of state funds for the current or subsequent school year or by requesting and obtaining a refund, recover from the district an amount equal to the overallocation.

(a-1) Notwithstanding Subsection (a), the agency may recover an overallocation of state funds over a period not to exceed the subsequent five school years if the commissioner determines that the overallocation was the result of exceptional circumstances reasonably caused by statutory changes to Chapter 41 or 46 or this chapter and related reporting requirements.

SECTION 71.19. Subsection (b), Section 42.260, Education Code, is amended to read as follows:

(b) For each year, the commissioner shall certify to each school district or participating charter school the amount of[+:

~~[(+)]~~ additional funds to which the district or school is entitled due to the increase made by H.B. No. 3343, Acts of the 77th Legislature, Regular Session, 2001, to:

(1) ~~[(A)]~~ the equalized wealth level under Section 41.002; or

(2) ~~[(B)]~~ the guaranteed level of state and local funds per weighted student per cent of tax effort under Section 42.302[+or

~~[(2) additional state aid to which the district or school is entitled under Section 42.2513].~~

SECTION 71.20. Section 44.004, Education Code, is amended by adding Subsection (g-1) to read as follows:

(g-1) If the rate calculated under Subsection (c)(5)(A)(ii)(b) decreases after the publication of the notice required by this section, the president is not required to publish another notice or call another meeting to discuss and adopt the budget and the proposed lower tax rate.

SECTION 71.21. Subsection (a), Section 26.05, Tax Code, is amended to read as follows:

(a) The governing body of each taxing unit, before the later of September 30 or the 60th day after the date the certified appraisal roll is received by the taxing unit, shall adopt a tax rate for the current tax year and shall notify the assessor for the unit of the rate adopted. The tax rate consists of two components, each of which must be approved separately. The components are:

(1) for a taxing unit other than a school district, the rate that, if applied to the total taxable value, will impose the total amount published under Section 26.04(e)(3)(C), less any amount of additional sales and use tax revenue that will be used to pay debt service, or, for a school district, the rate calculated ~~[published]~~ under Section 44.004(c)(5)(A)(ii)(b), Education Code; and

(2) the rate that, if applied to the total taxable value, will impose the amount of taxes needed to fund maintenance and operation expenditures of the unit for the next year.

SECTION 71.22. Effective September 1, 2017, Subsection (i), Section 26.08, Tax Code, is amended to read as follows:

(i) For purposes of this section, the effective maintenance and operations tax rate of a school district is the tax rate that, applied to the current total value for the district, would impose taxes in an amount that, when added to state funds that would be distributed to the district under Chapter 42, Education Code, for the school year beginning in the current tax year using that tax rate, ~~[including state funds that will be distributed to the district in that school year under Section 42.2516, Education Code,]~~ would provide the same amount of state funds distributed under Chapter 42, Education Code, ~~[including state funds distributed under Section 42.2516, Education Code,]~~ and maintenance and operations taxes of the district per student in weighted average daily attendance for that school year that would have been available to the district in the preceding year if the funding elements for Chapters 41 and 42, Education Code, for the current year had been in effect for the preceding year.

SECTION 71.23. Subsection (n), Section 311.013, Tax Code, is amended to read as follows:

(n) This subsection applies only to a school district whose taxable value computed under Section 403.302(d), Government Code, is reduced in accordance with Subdivision (4) of that subsection. In addition to the amount otherwise required to be paid into the tax increment fund, the district shall pay into the fund an amount equal to the amount by which the amount of taxes the district would have been required to pay into the fund in the current year if the district levied taxes at the rate the district levied in 2005 exceeds the amount the district is otherwise required to pay into the fund in the year of the reduction. This additional amount may not exceed the amount the school district receives in state aid for the current tax year under Section 42.2514, Education Code. The school district shall pay the additional amount after the district receives the state aid to which the district is entitled for the current tax year under Section 42.2514, Education Code.

SECTION 71.24. Effective September 1, 2011, the following provisions of the Education Code are repealed:

- (1) Subsections (c-2), (c-3), and (e), Section 21.402;
- (2) Section 42.008; and
- (3) Subsections (a-1) and (a-2), Section 42.101.

SECTION 71.25. (a) Effective September 1, 2017, the following provisions of the Education Code are repealed:

- (1) Section 41.0041;
- (2) Subsections (b), (b-1), (b-2), (c), (d), (e), (f), (f-1), (f-2), (f-3), and (i), Section 42.2516;
- (3) Section 42.25161;
- (4) Subsection (c), Section 42.2523;
- (5) Subsection (g), Section 42.2524;
- (6) Subsection (c-1), Section 42.253; and
- (7) Section 42.261.

(b) Effective September 1, 2017, Subsections (i-1) and (j), Section 26.08, Tax Code, are repealed.

SECTION 71.26. (a) The speaker of the house of representatives and the lieutenant governor shall establish a joint legislative interim committee to conduct a comprehensive study of the public school finance system in this state.

(b) Not later than January 15, 2013, the committee shall make recommendations to the 83rd Legislature regarding changes to the public school finance system.

(c) The committee is dissolved September 1, 2013.

SECTION 71.27. It is the intent of the legislature, between fiscal year 2014 and fiscal year 2018, to continue to reduce the amount of Additional State Aid For Tax Reduction (ASATR) to which a school district is entitled under Section 42.2516, Education Code, and to increase the basic allotment to which a school district is entitled under Section 42.101, Education Code.

SECTION 71.28. Except as otherwise provided by this Act, the changes in law made by this Act to Chapter 42, Education Code, apply beginning with the 2011-2012 school year.

SECTION 71.29. The change in law made by Subsection (g-1), Section 44.004, Education Code, as added by this Act, applies beginning with adoption of a tax rate for the 2011 tax year.

ARTICLE 72. MIXED BEVERAGE TAX REIMBURSEMENTS

SECTION 72.01. Effective September 1, 2013, Subsection (b), Section 183.051, Tax Code, is amended to read as follows:

(b) The comptroller shall issue to each county described in Subsection (a) a warrant drawn on the general revenue fund in an amount appropriated by the legislature that may not be less [~~greater~~] than 10.7143 percent of receipts from permittees within the county during the quarter and shall issue to each incorporated municipality described in Subsection (a) a warrant drawn on that fund in an amount appropriated by the legislature that may not be less [~~greater~~] than 10.7143 percent of receipts from permittees 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.

The amendment to **SB 1** was read.

Senator Van de Putte offered the following amendment to Floor Amendment No. 1:

Floor Amendment No. 2

Amend Floor Amendment No. 1 by Duncan to **SB 1** as follows and adjust accordingly:

Strike SECTION 71.15 in its entirety and replace with:

SECTION 71.15. Subchapter E, Chapter 42, Education Code, is amended by adding Section 42.2525 to read as follows:

Sec. 42.2525. ADJUSTMENTS FOR CERTAIN DISTRICTS RECEIVING FEDERAL IMPACT AID. The commissioner is granted the authority to ensure that school districts receiving federal impact aid due to a presence of a military installation or significant concentrations of military students do not receive more than an eight percent reduction should the federal government reduce appropriations to those schools.

The amendment to Floor Amendment No. 1 to **SB 1** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 2.

Senator Rodriguez offered the following amendment to Floor Amendment No. 1:

Floor Amendment No. 3

Amend Amendment No. 1 by Duncan to **SB 1** (senate committee printing) by adding the following appropriately numbered ARTICLE to the amendment and renumbering subsequent ARTICLES and SECTIONS of the amendment accordingly:

ARTICLE _____. FISCAL MATTERS REGARDING BASIC CIVIL LEGAL SERVICES, INDIGENT DEFENSE, AND JUDICIAL TECHNICAL SUPPORT SECTION _____.01. Subchapter A, Chapter 22, Government Code, is amended by adding Section 22.016 to read as follows:

Sec. 22.016. JUDICIAL ACCESS AND IMPROVEMENT ACCOUNT. (a) The judicial access and improvement account is an account in the general revenue fund.

(b) Subject to Subsection (d), money in the judicial access and improvement account shall be appropriated only as provided by this section. The supreme court may use an amount determined by the supreme court, which annually may not exceed \$1 million, to phase in electronic filing and retrieval in courts in this state. The remainder of the money in the account shall be divided as follows:

(1) an amount equal to 70 percent of the remainder shall be deposited to the credit of the basic civil legal services account of the judicial fund established under Section 51.943 for use in programs approved by the supreme court that provide basic civil legal services to indigents; and

(2) an amount equal to 30 percent of the remainder shall be deposited to the credit of the fair defense account established under Section 71.058.

(c) The supreme court in consultation with the judicial committee on information technology may enter into an agreement with the Office of Court Administration of the Texas Judicial System to implement the electronic filing and retrieval in courts of this state authorized under Subsection (b), including acquiring the necessary technology, software, and data storage.

(d) The comptroller may retain two percent of the money remitted to the comptroller for deposit in the judicial access and improvement account. The comptroller shall use the money to audit and administer fund balances and to ensure the timely deposit of money in accounts as required by this section.

(e) Section 403.095 does not apply to money dedicated under this section.

SECTION __.02. Section 101.0615, Government Code, is amended to read as follows:

Sec. 101.0615. DISTRICT COURT FEES AND COSTS: LOCAL GOVERNMENT CODE. The clerk of a district court shall collect fees and costs under the Local Government Code as follows:

(1) additional filing fees:

(A) for each civil suit filed, for court-related purposes for the support of the judiciary and for civil legal services to an indigent:

(i) for family law cases and proceedings as defined by Section 25.0002, Government Code (Sec. 133.151, Local Government Code) . . . \$45; or

(ii) for any case other than a case described by Subparagraph (i) (Sec. 133.151, Local Government Code) . . . \$50; and

(B) on the filing of any civil action or proceeding requiring a filing fee, including an appeal, and on the filing of any counterclaim, cross-action, intervention, interpleader, or third-party action requiring a filing fee, to fund civil legal services for the indigent:

(i) for family law cases and proceedings as defined by Section 25.0002, Government Code (Sec. 133.152, Local Government Code) . . . \$15 [~~\$5~~]; or

(ii) for any case other than a case described by Subparagraph (i) (Sec. 133.152, Local Government Code) . . . \$20 [~~\$10~~];

(2) additional filing fee to fund the courthouse security fund, if authorized by the county commissioners court (Sec. 291.008, Local Government Code) . . . not to exceed \$5;

(3) additional filing fee for filing documents not subject to certain filing fees to fund the courthouse security fund, if authorized by the county commissioners court (Sec. 291.008, Local Government Code) . . . \$1;

(4) additional filing fee to fund the courthouse security fund in Webb County, if authorized by the county commissioners court (Sec. 291.009, Local Government Code) . . . not to exceed \$20;

(5) court cost in civil cases other than suits for delinquent taxes to fund the county law library fund, if authorized by the county commissioners court (Sec. 323.023, Local Government Code) . . . not to exceed \$35; and

(6) on the filing of a civil suit, an additional filing fee to be used for court-related purposes for the support of the judiciary (Sec. 133.154, Local Government Code) . . . \$42.

SECTION __.03. Subchapter F, Chapter 102, Government Code, is amended by adding Section 102.1035 to read as follows:

Sec. 102.1035. ADDITIONAL COURT COSTS ON CONVICTION IN JUSTICE COURT: LOCAL GOVERNMENT CODE. A clerk of a justice court shall collect from a defendant a court cost of \$5 under Section 133.108, Local Government Code, on conviction of an offense, other than an offense relating to a pedestrian or the parking of a motor vehicle.

SECTION __.04. Subchapter G, Chapter 102, Government Code, is amended by adding Section 102.1215 to read as follows:

Sec. 102.1215. ADDITIONAL COURT COSTS ON CONVICTION IN MUNICIPAL COURT: LOCAL GOVERNMENT CODE. A clerk of a municipal court shall collect from a defendant a court cost of \$5 under Section 133.108, Local Government Code, on conviction of an offense, other than an offense relating to a pedestrian or the parking of a motor vehicle.

SECTION __.05. Subchapter B, Chapter 403, Government Code, is amended by adding Section 403.0306 to read as follows:

Sec. 403.0306. FEES AND COSTS ASSESSED FOR JUDICIAL ACCESS AND IMPROVEMENT ACCOUNT. Notwithstanding any other law, if in any state fiscal biennium the legislature:

(1) does not appropriate any money to the judicial access and improvement account for the purposes provided by Section 22.016:

(A) the comptroller and the office of court administration shall notify each clerk of a justice or municipal court, as appropriate, not to assess fees and court costs under Sections 102.1035 and 102.1215 of this code and Section 133.108, Local Government Code, during the state fiscal biennium; and

(B) a clerk of a justice or municipal court may not assess fees and court costs under Sections 102.1035 and 102.1215 of this code and Section 133.108, Local Government Code, during the state fiscal biennium; or

(2) appropriates only a portion of the money to the judicial access and improvement account for the purposes provided by Section 22.016:

(A) the comptroller and the office of court administration shall:

(i) proportionally adjust the amount of the fees and court costs to be assessed under Sections 102.1035 and 102.1215 of this code and Section 133.108, Local Government Code, during the state fiscal biennium; and

(ii) notify each clerk of a justice or municipal court, as appropriate, of the amount of the fees and court costs to be assessed under Sections 102.1035 and 102.1215 of this code and Section 133.108, Local Government Code, during the state fiscal biennium; and

(B) a clerk of a justice or municipal court shall assess the amount of the fees and court costs determined by the comptroller under Paragraph (A) during the state fiscal biennium.

SECTION __.06. Section 133.003, Local Government Code, is amended to read as follows:

Sec. 133.003. CRIMINAL FEES. This chapter applies to the following criminal fees:

- (1) the consolidated fee imposed under Section 133.102;
- (2) the time payment fee imposed under Section 133.103;
- (3) fees for services of peace officers employed by the state imposed under Article 102.011, Code of Criminal Procedure, and forwarded to the comptroller as provided by Section 133.104;
- (4) costs on conviction imposed in certain statutory county courts under Section 51.702, Government Code, and deposited in the judicial fund;
- (5) costs on conviction imposed in certain county courts under Section 51.703, Government Code, and deposited in the judicial fund;

(6) the administrative fee for failure to appear or failure to pay or satisfy a judgment imposed under Section 706.006, Transportation Code;

(7) fines on conviction imposed under Section 621.506(g), Transportation Code;

(8) the fee imposed under Article 102.0045, Code of Criminal Procedure;

(9) the cost on conviction imposed under Section 133.105 and deposited in the judicial fund; ~~and~~

(10) the cost on conviction imposed under Section 133.107; and

(11) the cost on conviction imposed under Section 133.108.

SECTION __.07. Section 133.058, Local Government Code, is amended by adding Subsection (c-1) to read as follows:

(c-1) A municipality or county may retain five percent of the money collected as a fee under Section 133.108 to be used for judicial support.

SECTION __.08. Subchapter C, Chapter 133, Local Government Code, is amended by adding Section 133.108 to read as follows:

Sec. 133.108. FEE FOR JUDICIAL ACCESS AND IMPROVEMENT. (a) A person convicted in a municipal or justice court of an offense, other than an offense relating to a pedestrian or the parking of a motor vehicle, shall pay as a court cost, in addition to other costs, a fee of \$5 to be used to fund basic civil legal services and criminal defense for indigents and electronic filing in courts in this state through the judicial access and improvement account established under Section 22.016, Government Code.

(b) The treasurer shall remit the fees collected under this section to the comptroller in the manner provided by Subchapter B. The comptroller shall credit the remitted fees to the credit of the judicial access and improvement account established under Section 22.016, Government Code.

SECTION __.09. Section 133.152(a), Local Government Code, is amended to read as follows:

(a) In addition to other fees collected under Section 133.151(a) or otherwise authorized or required by law, the clerk of a district court shall collect the following fees on the filing of any civil action or proceeding requiring a filing fee, including an appeal, and on the filing of any counterclaim, cross-action, intervention, interpleader, or third-party action requiring a filing fee:

(1) \$15 ~~[\$5]~~ in family law cases and proceedings as defined by Section 25.0002, Government Code; and

(2) \$20 ~~[\$10]~~ in any case other than a case described by Subdivision (1).

SECTION __.10. (a) Section 51.607, Government Code, does not apply to the imposition of a court cost or fee under this article.

(b) The changes in law made by this article apply to the costs imposed on or after October 1, 2011, for conviction of an offense that occurs on or after that date.

(c) For purposes of Subsection (b) of this section, an offense is committed before the date specified by that subsection if any element of the offense occurs before the specified date. Court costs imposed on conviction of an offense committed before that specified date are governed by the law in effect on the date the offense was committed, and the former law is continued in effect for that purpose.

(d) Section 133.152(a), Local Government Code, as amended by this article, and Section 101.0615, Government Code, as amended by this article, apply only to a civil action or proceeding filed in a district court on or after the effective date of this article. A civil action or proceeding filed before that date is governed by the law in effect on the date the action or proceeding was filed, and the former law is continued in effect for that purpose.

RODRIGUEZ	HINOJOSA
CARONA	WENTWORTH
ELLIS	WEST

The amendment to Floor Amendment No. 1 to **SB 1** was read.

On motion of Senator Duncan, Floor Amendment No. 3 was tabled by the following vote: Yeas 19, Nays 11.

Yeas: Birdwell, Deuell, Duncan, Eltife, Estes, Fraser, Harris, Hegar, Huffman, Jackson, Nelson, Nichols, Ogden, Patrick, Seliger, Shapiro, Wentworth, West, Williams.

Nays: Davis, Ellis, Gallegos, Hinojosa, Lucio, Rodriguez, Uresti, Van de Putte, Watson, Whitmire, Zaffirini.

Absent: Carona.

Senator Gallegos offered the following amendment to Floor Amendment No. 1:

Floor Amendment No. 4

Amend Amendment No. 1 by Duncan to **SB 1** (Senate committee printing) by adding the following appropriately numbered ARTICLE to the amendment and renumbering subsequent ARTICLES and SECTIONS of the amendment accordingly:

ARTICLE ____ . INHERITANCE TAX

SECTION __.01. Section 211.001(14), Tax Code, is amended to read as follows:

(14) "Value" means value as finally determined and used for purposes of computing the federal tax or the tax imposed by this chapter.

SECTION __.02. Section 211.003, Tax Code, is amended to read as follows:

Sec. 211.003. REFERENCES TO INTERNAL REVENUE CODE. A citation of or a reference to a subtitle, a chapter, or a section of the Internal Revenue Code of 1954 is a citation of or reference to ~~[includes]~~ that subtitle, chapter, or section as it existed ~~[exists]~~ on December 31, 2000 ~~[September 1, 1981, or as amended after that date and also includes any other provision of the Internal Revenue Code enacted after September 1, 1981, that is similar to or a replacement of the subtitle, chapter, or section cited or referred to].~~

SECTION __.03. Section 211.056, Tax Code, is amended by amending Subsection (a) and adding Subsection (a-1) to read as follows:

(a) This section applies only to an estate that is subject to both the federal tax and the tax imposed by this chapter.

(a-1) The comptroller shall confer with the Internal Revenue Service of the United States to determine the value of a decedent's estate that is located in this state and that is valued by the United States for tax purposes.

SECTION __.04. Subchapter B, Chapter 211, Tax Code, is amended by adding Section 211.057 to read as follows:

Sec. 211.057. VALUE OF ESTATES NOT SUBJECT TO FEDERAL TAX. The comptroller shall adopt rules for determining the value of a decedent's estate that is located in this state and that is not subject to the federal tax.

SECTION __.05. Section 211.102, Tax Code, is amended to read as follows:

Sec. 211.102. DAY ON WHICH PAYMENT IS DUE. Except as provided by Sections 211.103 and 211.104 [~~211.104(b)~~], payment of a tax imposed by Section 211.051, 211.052, or 211.053 [~~of this code~~] on a decedent's estate is due nine months after the day of the decedent's death.

SECTION __.06. Section 211.103, Tax Code, is amended by adding Subsection (a-1) to read as follows:

(a-1) The personal representative of an estate that is subject to a tax imposed by this chapter but that is not subject to the federal tax may request an extension of time under Section 111.057 for filing a report required by this chapter.

SECTION __.07. Section 211.104, Tax Code, is amended by amending Subsection (a) and adding Subsection (a-1) to read as follows:

(a) This section applies only to an estate that is subject to both the federal tax and the tax imposed by this chapter.

(a-1) Within 30 days after receiving notice or information of the final assessment and determination of the value of the taxable estate assessed and determined by the federal government for the purpose of fixing federal estate taxes on that estate, the personal representative shall make to the comptroller a report of the value of the estate as so fixed and determined. The report shall be made in a form and contain information as the comptroller directs.

SECTION __.08. Sections 211.105 and 211.106, Tax Code, are amended to read as follows:

Sec. 211.105. DATE DUE OF TAXES ON GENERATION-SKIPPING TRANSFERS. (a) The taxes imposed by this chapter on generation-skipping transfers that are subject to the federal tax are due and payable at the same time as the federal tax on generation-skipping transfers.

(b) The comptroller shall adopt rules specifying a due date for taxes imposed by this chapter on generation-skipping transfers that are not subject to the federal tax.

Sec. 211.106. RETURNS. A payment relating to an estate that is subject to the federal tax must ~~shall~~ be accompanied by a copy of the federal estate or generation-skipping transfer tax return filed with the Internal Revenue Service and the Texas tax return containing any information the comptroller considers necessary for the enforcement of this chapter. A payment relating to an estate that is subject to the tax imposed by this chapter but is not subject to the federal tax must be accompanied by the Texas tax return ~~[In the event no federal estate or generation skipping transfer tax has been paid or is due and no federal estate or generation skipping transfer tax return must be filed, the filing of a Texas tax return is not required by this chapter].~~

SECTION __.09. Section 211.301, Tax Code, is amended to read as follows:

Sec. 211.301. ALLOCATION OF REVENUE [GENERAL REVENUE FUND]. The revenue from a tax, interest, or penalty imposed by this chapter shall be deposited in the state treasury to the credit of the foundation school ~~[general revenue]~~ fund.

SECTION __.10. The change in law made by this article to Chapter 211, Tax Code, applies only to a transfer of property subject to that chapter that occurs as a result of the death of a person who dies on or after the effective date of this article. A transfer of property that occurs as a result of the death of a person who dies before the effective date of this article is governed by the law in effect on the date of the person's death, and that law is continued in effect for that purpose.

GALLEGOS	RODRIGUEZ
DAVIS	URESTI
ELLIS	VAN DE PUTTE
LUCIO	WEST

The amendment to Floor Amendment No. 1 to **SB 1** was read.

On motion of Senator Duncan, Floor Amendment No. 4 was tabled by the following vote: Yeas 19, Nays 12.

Yeas: Birdwell, Carona, Deuell, Duncan, Eltife, Estes, Fraser, Harris, Hegar, Huffman, Jackson, Nelson, Nichols, Ogden, Patrick, Seliger, Shapiro, Wentworth, Williams.

Nays: Davis, Ellis, Gallegos, Hinojosa, Lucio, Rodriguez, Uresti, Van de Putte, Watson, West, Whitmire, Zaffirini.

Senator Davis offered the following amendment to Floor Amendment No. 1:

Floor Amendment No. 5

Amend Amendment No. 1 by Duncan to **SB 1** (senate committee printing) as follows:

(1) Add the following appropriately numbered ARTICLE to the amendment and renumber the remaining ARTICLES of the amendment accordingly:

ARTICLE ____ . REPEAL OF TEMPORARY EXEMPTION OR TAX
REDUCTION FOR CERTAIN HIGH-COST GAS

SECTION __.01. Section 201.057, Tax Code, is repealed.

SECTION __.02. The change in law made by this article does not affect a tax imposed before the effective date of this Act. A tax imposed before the effective date of this Act is governed by the law in effect when the tax was imposed, and that law is continued in effect for purposes of the liability for and collection of that tax.

(2) In SECTION 23.05 of the bill, strike amended Subsection (d), Section 81.117, Natural Resources Code (page 56, lines 27 through 30), and substitute the following:

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

DAVIS	LUCIO	WATSON
ELLIS	RODRIGUEZ	WEST
GALLEGOS	URESTI	WHITMIRE
HINOJOSA	VAN DE PUTTE	ZAFFIRINI

The amendment to Floor Amendment No. 1 to **SB 1** was read.

On motion of Senator Duncan, Floor Amendment No. 5 was tabled by the following vote: Yeas 18, Nays 12, Present-not voting 1.

Yeas: Birdwell, Carona, Deuell, Duncan, Eltife, Estes, Fraser, Harris, Hegar, Huffman, Jackson, Nelson, Nichols, Patrick, Seliger, Shapiro, Wentworth, Williams.

Nays: Davis, Ellis, Gallegos, Hinojosa, Lucio, Rodriguez, Uresti, Van de Putte, Watson, West, Whitmire, Zaffirini.

Present-not voting: Ogden.

Senator Ellis offered the following amendment to Floor Amendment No. 1:

Floor Amendment No. 6

Amend Amendment No. 1 by Duncan to **SB 1** (senate committee printing) by adding the following appropriately numbered ARTICLE to the amendment and renumbering subsequent ARTICLES and SECTIONS of the amendment accordingly:

ARTICLE ____ REIMBURSEMENT FOR COLLECTION AND DISCOUNT FOR PREPAYMENT OF SALES AND USE TAXES AND ALLOCATION OF CERTAIN REVENUE

SECTION __.01. Section 151.423, Tax Code, is amended to read as follows:

Sec. 151.423. REIMBURSEMENT TO TAXPAYER FOR TAX COLLECTIONS. Subject to Section 151.4231, a [A] taxpayer may deduct and withhold three-fourths ~~[one-half]~~ of one percent of the amount of taxes due from the taxpayer on a timely return as reimbursement for the cost of collecting the taxes imposed by this chapter. ~~[The comptroller shall provide a card with each form distributed for the collection of taxes under this chapter. The card may be inserted by the taxpayer with the tax payment to provide for contribution of all or part of the reimbursement provided by this section for use as grants under Subchapter M, Chapter 56, Education Code. If the taxpayer chooses to contribute the reimbursement for the grants, the taxpayer shall include the amount of the reimbursement contribution with the tax payment. The comptroller shall transfer money contributed under this section for grants under Subchapter M, Chapter 56, Education Code, to the appropriate fund.]~~

SECTION __.02. Subchapter I, Chapter 151, Tax Code, is amended by adding Section 151.4231 to read as follows:

Sec. 151.4231. LIMITATION ON AMOUNT OF REIMBURSEMENT. (a) The amount deducted and withheld by a taxpayer under Section 151.423 may not exceed:

- (1) \$312.50 each month if the taxpayer files monthly;
- (2) \$937.50 each quarter if the taxpayer files quarterly under Section 151.401(b); and
- (3) \$3,750 each state fiscal year.

(b) The comptroller shall adopt rules for determining to which state fiscal month, quarter, and year amounts deducted and withheld by a taxpayer under Section 151.423 will be allocated for purposes of this section.

SECTION __.03. Section 151.424, Tax Code, is amended by amending Subsection (a) and adding Subsections (a-1), (e), and (f) to read as follows:

(a) In addition to the amount permitted to be deducted and withheld under Section 151.423, a [A] taxpayer who prepays the taxpayer's tax liability on the basis of a reasonable estimate of the tax liability for a quarter in which a prepayment is made or for a month in which a prepayment is made may deduct and withhold the lesser of the following, as determined by the comptroller under Subsection (e):

(1) 1.25 percent of the amount of the prepayment; or
(2) an annually adjusted percentage of the amount of the prepayment that yields an annualized rate of return equal to the prime rate as published in The Wall Street Journal on the first business day of each calendar year, plus four percent [~~in addition to the amount permitted to be deducted and withheld under Section 151.423 of this code~~].

(a-1) A reasonable estimate of the tax liability under Subsection (a) must be at least 90 percent of the tax ultimately due or the amount of tax paid in the same quarter, or month, if a monthly prepayer, in the last preceding year. Failure to prepay a reasonable estimate of the tax will result in the loss of the entire prepayment discount.

(e) Not later than January 5 of each year, the comptroller shall:

(1) determine the percentage of a taxpayer's prepayment that may be deducted and withheld under Subsection (a); and

(2) publish the percentage determined under this subsection on the comptroller's Internet website.

(f) The percentage determined under Subsection (e) applies to a deduction and withholding from a prepayment of tax liability that a taxpayer makes on or after January 15 of the year the comptroller makes the determination and before January 15 of the succeeding year.

SECTION __.04. Section 151.801, Tax Code, is amended by amending Subsection (a) and adding Subsections (a-1) and (a-2) to read as follows:

(a) Except for the amounts allocated under Subsections (a-1), (a-2), (b)₂ and (c), all proceeds from the collection of the taxes imposed by this chapter shall be deposited to the credit of the general revenue fund.

(a-1) The comptroller shall calculate the difference between the amount of the proceeds from the collection of the taxes imposed by this chapter that, in the absence of the limitation on reimbursements specified by Section 151.4231, taxpayers would deduct and withhold under Section 151.423 at the percentage in effect under that section on January 1, 2011, and the amount that taxpayers actually deduct and withhold under Section 151.423 after applying the limitation specified by Section 151.4231. The comptroller shall deposit an amount equal to that difference to the credit of the foundation school fund.

(a-2) If the percentage determined under Section 151.424(a)(2) applies in determining the amount a taxpayer may deduct and withhold under Section 151.424 from taxes imposed by this chapter, the comptroller shall determine the difference between the amount the taxpayer would deduct and withhold if the percentage under Section 151.424(a)(1) applied and the amount the taxpayer actually deducts and withholds under Section 151.424(a)(2). The comptroller shall deposit an amount equal to that difference to the credit of the foundation school fund.

SECTION __.05. The comptroller of public accounts shall make the initial determination required by Section 151.424(e), Tax Code, as added by this article, not later than January 5, 2012.

SECTION __.06. Section 151.423, Tax Code, as amended by this article, applies to a tax report due on or after the effective date of this Act. A tax report due before the effective date of this Act is governed by the law in effect on the date the tax report was due, and the former law is continued in effect for that purpose.

SECTION __.07. Section 151.424, Tax Code, as amended by this article, applies to a prepayment of tax liability made on or after January 15, 2012. A prepayment of tax liability made before January 15, 2012, is governed by the law in effect immediately preceding the effective date of this Act, and the former law is continued in effect for that purpose.

SECTION __.08. The change in law made by this article does not affect tax liability accruing before the effective date of this Act. That liability continues in effect as if this article had not been enacted, and the former law is continued in effect for the collection of taxes due and for civil and criminal enforcement of the liability for those taxes.

ELLIS	LUCIO	WATSON
DAVIS	RODRIGUEZ	WEST
GALLEGOS	URESTI	WHITMIRE
HINOJOSA	VAN DE PUTTE	ZAFFIRINI

The amendment to Floor Amendment No. 1 to **SB 1** was read.

On motion of Senator Duncan, Floor Amendment No. 6 was tabled by the following vote: Yeas 19, Nays 12.

Yeas: Birdwell, Carona, Deuell, Duncan, Eltife, Estes, Fraser, Harris, Hegar, Huffman, Jackson, Nelson, Nichols, Ogden, Patrick, Seliger, Shapiro, Wentworth, Williams.

Nays: Davis, Ellis, Gallegos, Hinojosa, Lucio, Rodriguez, Uresti, Van de Putte, Watson, West, Whitmire, Zaffirini.

Senator Ellis offered the following amendment to Floor Amendment No. 1:

Floor Amendment No. 7

Amend Amendment No. 1 by Duncan to **SB 1** (senate committee printing) by adding the following appropriately numbered ARTICLE and renumbering subsequent ARTICLES and SECTIONS of the amendment accordingly:

ARTICLE __. APPROPRIATION FROM ECONOMIC STABILIZATION FUND FOR FOUNDATION SCHOOL PROGRAM

SECTION __.01. The amount of \$4 billion is appropriated for the state fiscal biennium beginning September 1, 2011, from the economic stabilization fund to the Texas Education Agency for the Foundation School Program under Chapter 42, Education Code.

SECTION __.02. This article takes effect only if this Act receives a vote of two-thirds of the members present in each house of the legislature, as provided by Section 49-g(m), Article III, Texas Constitution.

The amendment to Floor Amendment No. 1 to **SB 1** was read.

Senator Ellis withdrew Floor Amendment No. 7.

Senator Ellis offered the following amendment to Floor Amendment No. 1:

Floor Amendment No. 8

Amend Amendment No. 1 by Duncan to **SB 1** (Senate committee printing) by adding the following appropriately numbered ARTICLE to the amendment and renumbering subsequent ARTICLES and SECTIONS of the amendment accordingly:

ARTICLE ____ . TEMPORARY EXEMPTION OR TAX REDUCTION FOR
CERTAIN HIGH-COST GAS

SECTION ____ . (a) Section 201.057, Tax Code, is amended by adding Subsection (e-1) to read as follows:

(e-1) Each month, the commission shall certify the average closing price of gas during the previous three months based on various price indices available to producers. The commission shall publish certifications under this subsection in the Texas Register. Notwithstanding any other provision of this section, the commission may not certify that gas is high-cost gas for purposes of this section during any month that the average closing price of gas certified by the commission for the previous three-month period is more than \$6.50 per mcf. If the price is later \$6.50 per mcf or less, any drilling and completion costs incurred during a month when the price exceeds \$6.50 per mcf are excluded from the calculation of the cumulative value of the exemption under Subsection (c).

(e-2) If the commission does not certify the gas as high-cost gas under Subsection (e-1), the comptroller shall determine the additional revenue from the tax imposed under this chapter that is attributable to the gas not being certified. After deducting the amount required by Section 201.403, the comptroller shall deposit that revenue to the credit of the foundation school program. Section 201.404 does not apply to revenue deposited under this subsection.

(b) The Railroad Commission of Texas shall publish the initial certification required by Section 201.057(e-1), Tax Code, as added by this section, not later than September 30, 2011.

The amendment to Floor Amendment No. 1 to **SB 1** was read.

On motion of Senator Duncan, Floor Amendment No. 8 was tabled by the following vote: Yeas 18, Nays 12, Present-not voting 1.

Yeas: Birdwell, Carona, Deuell, Duncan, Eltife, Estes, Fraser, Harris, Hegar, Huffman, Jackson, Nelson, Nichols, Patrick, Seliger, Shapiro, Wentworth, Williams.

Nays: Davis, Ellis, Gallegos, Hinojosa, Lucio, Rodriguez, Uresti, Van de Putte, Watson, West, Whitmire, Zaffirini.

Present-not voting: Ogden.

Senator Hinojosa offered the following amendment to Floor Amendment No. 1:

Floor Amendment No. 9

Amend Amendment No. 1 by Duncan to **SB 1** (senate committee printing) as follows:

(1) In Article 44, Section 44.01 of the amendment, amending Section 481.078, Government Code (page 102, line 11), strike "Subsection (m)" and substitute "Subsections (m) and (n)".

(2) In Article 44, Section 44.01 of the amendment, amending Section 481.078, Government Code, after added Subsection (m) (page 102, between lines 17 and 18), insert the following:

(n) Notwithstanding Subsections (e) and (e-1), the governor may transfer money from the fund to the comptroller to fund the Jobs and Education for Texans (JET) Grant Program established under Chapter 134, Education Code.

The amendment to Floor Amendment No. 1 to **SB 1** was read.

Senator Hinojosa withdrew Floor Amendment No. 9.

Question recurring on the adoption of Floor Amendment No. 1 to **SB 1**, the amendment as amended was adopted by the following vote: Yeas 19, Nays 12.

Yeas: Birdwell, Carona, Deuell, Duncan, Eltife, Estes, Fraser, Harris, Hegar, Huffman, Jackson, Nelson, Nichols, Ogden, Patrick, Seliger, Shapiro, Wentworth, Williams.

Nays: Davis, Ellis, Gallegos, Hinojosa, Lucio, Rodriguez, Uresti, Van de Putte, Watson, West, Whitmire, Zaffirini.

On motion of Senator Duncan and by unanimous consent, the caption was amended to conform to the body of the bill as amended.

SB 1 as amended was passed to engrossment by the following vote: Yeas 19, Nays 12. (Same as previous roll call)

SENATE RULE 7.12(a) SUSPENDED
(Printing of Bills)

Senator Ogden moved to suspend Senate Rule 7.12(a) and order the committee report for **SB 2** not printed.

The motion prevailed.

Senators Davis, Ellis, Gallegos, Lucio, Uresti, and Zaffirini asked to be recorded as voting "Nay" on suspension of the rule.

COMMITTEE SUBSTITUTE
SENATE BILL 2 ON SECOND READING

The President laid before the Senate **CSSB 2** by Senator Ogden at this time on its second reading:

CSSB 2, Appropriating money for the support of state government for the period beginning September 1, 2011 and ending August 31, 2013; and authorizing and prescribing conditions, limitations, rules, and procedures for allocating and expending the appropriated funds; and declaring an emergency.

The bill was read second time.

Senator Ogden offered the following amendment to the bill:

Floor Amendment No. 1

1. Amend **CSSB 2** by striking Section 14, Emergency Clause.

2. Amend **CSSB 2** by adding the following new sections after current Section 12 and re-numbering subsequent sections accordingly:

SECTION 13. Basic Civil Legal Services and Indigent Defense. In addition to amounts appropriated in House Bill 1, 82nd Legislature, Regular Session, 2011:

(a) The Supreme Court of Texas in Strategy B.1.1, Basic Civil Legal Services, is hereby appropriated \$8,783,784 in fiscal year 2012 and \$8,783,783 in fiscal year 2013 in General Revenue for Basic Civil Legal Services; and

(b) The Office of Court Administration in Strategy A.2.1, Indigent Defense, is hereby appropriated \$2,437,944 in fiscal year 2012 and \$5,175,887 in fiscal year 2013 from the General Revenue-Dedicated Fair Defense Account No. 5073 to restore grants to counties (\$2,350,894 in fiscal year 2012 and \$5,088,837 in fiscal year 2013) and grant administration (\$87,050 each fiscal year). The agency's FTE cap shall be increased by 1.0 FTE for grant administration in each year of the biennium.

SECTION 14. Trusteed Programs within the Office of the Governor: Disaster Funding.

(a) In addition to amounts appropriated in House Bill 1, 82nd Legislature, Regular Session, 2011, the Trusteed Programs within the Office of the Governor is hereby appropriated \$39,000,000 in General Revenue in fiscal year 2012 in lapsed appropriations made in HB 4586, 81st Legislature, Regular Session, 2009, for the purpose of providing disaster relief.

(b) If any state agency or institution of higher education receives reimbursement from the federal government, an insurer, or another source for an expenditure paid for or reimbursed under subsection (a) the agency or institution shall reimburse the state by depositing the amount of the reimbursement to the credit of the Trusteed Programs within the Office of the Governor. Amounts deposited under this subsection are re-appropriated to the Trusteed Programs within the Office of the Governor for disaster preparedness and recovery costs for the two-year period beginning on the effective date of this Act.

(c) Any unexpended balance as of August 31, 2012 may be carried forward to the fiscal year starting September 1, 2012 for the same purpose.

SECTION 15. Commission on State Emergency Communications.

(a) Rider 10 on page I-31 of House Bill 1, 82nd Legislature, Regular Session, 2011, in the bill pattern of the Commission on State Emergency Communications has no effect.

(b) Contingent on the collection of fees in the General Revenue-Dedicated 9-1-1 Services Fees Account No. 5050 in excess of \$112,968,000 contained in the Comptroller of Public Accounts' Biennial Revenue Estimate for the 2012-13 biennium, the Commission on State Emergency Communications is hereby appropriated the excess revenue, not to exceed \$11,722,424 for the 2012-2013 biennium, in Strategy A.1.1, 9-1-1 Network Operations and Equipment Replacement for 9-1-1 Network Operations and for 9-1-1 equipment replacement per the established 10 year equipment replacement schedule. If the Comptroller finds the

information sufficient to support the projection of increased revenues, a finding of fact to that effect shall be issued and the contingent appropriation shall be made available for the intended purposes.

SECTION 16. Texas State Technical College-Waco: Connally Technology Center. Contingent on Section 13 of House Bill 4, 82nd Legislature, Regular Session, 2011, not taking effect, in addition to amounts appropriated to the Texas State Technical College-Waco in HB 1, 82nd Legislature, Regular Session, 2001, \$2,000,000 is hereby is appropriated out of General Revenue Fund 0001 to the Texas State Technical College - Waco for institutional operations.

SECTION 17. Lamar Institute of Technology: Technical Arts Building. Contingent on Section 34 of House Bill 4, 82nd Legislature, Regular Session, 2011, not taking effect, in addition to amounts appropriated to the Lamar Institute of Technology in HB 1, 82nd Legislature, Regular Session, 2011, \$5,000,000 is hereby appropriated from General Revenue Fund 0001 to the Lamar Institute of Technology for institutional operations.

SECTION 18. This Act takes effect immediately.

The amendment to **CSSB 2** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 1.

Senator West offered the following amendment to the bill:

Floor Amendment No. 2

Amend **CSSB 2** by adding the following appropriately numbered SECTION and renumbering subsequent SECTIONS of the bill accordingly:

SECTION ____. TEXAS EDUCATION AGENCY: INCREASED BASIC ALLOTMENT UNDER FOUNDATION SCHOOL PROGRAM. Notwithstanding any other law, including an act of the 82nd Legislature, regardless of the date of enactment. Contingent on this Act being approved by a vote of two-thirds of the members present in each house of the legislature, as provided by Section 49-g(m), Article III, Texas Constitution, in addition to amounts previously appropriated for the state fiscal biennium ending August 31, 2011, the amount of \$1,100,000,000 is appropriated from Economic Stabilization Fund 0599 to the Texas Education Agency, Strategy A.1.1, FSP - Equalized Operations, for the two-year period beginning on the effective date of this Act to increase the basic allotment under Section 42.101, Education Code, to \$4,905 for the fiscal years beginning September 1, 2011, and September 1, 2012.

WEST	HINOJOSA	VAN DE PUTTE
DAVIS	LUCIO	WATSON
ELLIS	RODRIGUEZ	WHITMIRE
GALLEGOS	URESTI	ZAFFIRINI

The amendment to **CSSB 2** was read.

On motion of Senator Ogden, Floor Amendment No. 2 was tabled by the following vote: Yeas 17, Nays 14.

Yeas: Birdwell, Carona, Deuell, Duncan, Eltife, Estes, Fraser, Harris, Hegar, Huffman, Jackson, Nelson, Nichols, Ogden, Patrick, Shapiro, Williams.

Nays: Davis, Ellis, Gallegos, Hinojosa, Lucio, Rodriguez, Seliger, Uresti, Van de Putte, Watson, Wentworth, West, Whitmire, Zaffirini.

On motion of Senator Ogden and by unanimous consent, the caption was amended to conform to the body of the bill as amended.

CSSB 2 as amended was passed to engrossment by the following vote: Yeas 20, Nays 11.

Yeas: Birdwell, Carona, Deuell, Duncan, Eltife, Estes, Fraser, Harris, Hegar, Hinojosa, Huffman, Jackson, Nelson, Nichols, Ogden, Patrick, Seliger, Shapiro, Wentworth, Williams.

Nays: Davis, Ellis, Gallegos, Lucio, Rodriguez, Uresti, Van de Putte, Watson, West, Whitmire, Zaffirini.

CO-AUTHOR OF SENATE BILL 1

On motion of Senator Duncan, Senator Deuell will be shown as Co-author of **SB 1**.

CO-AUTHORS OF SENATE BILL 7

On motion of Senator Nelson, Senators Deuell, Duncan, Eltife, Patrick, Seliger, Wentworth, and Williams will be shown as Co-authors of **SB 7**.

CO-AUTHORS OF SENATE BILL 8

On motion of Senator Shapiro, Senators Carona, Ogden, Patrick, Seliger, Wentworth, and Williams will be shown as Co-authors of **SB 8**.

RESOLUTIONS OF RECOGNITION

The following resolutions were adopted by the Senate:

Memorial Resolution

SR 4 by Zaffirini, In memory of Clifford A. Estes of New Braunfels.

Congratulatory Resolutions

SR 1 by Rodriguez, Recognizing the Harmony School of Innovation in El Paso for its commitment to excellence.

SR 2 by Rodriguez, Recognizing the Harmony Science Academy of El Paso for its commitment to excellence.

SR 3 by West, Recognizing Burlyce Logan on the occasion of her graduation from the University of North Texas.

SR 5 by Deuell, Recognizing Carolyn and William Propes on the occasion of their 50th anniversary.

ADJOURNMENT

On motion of Senator Whitmire, the Senate at 6:31 p.m. adjourned, in memory of Clifford A. Estes, until 6:35 p.m. today.