

BILL ANALYSIS

Senate Research Center
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S.B. 1133
By: Bettencourt et al.
Education
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Interested parties are concerned that expenditures by public schools that are not part of the fundamental teaching mission of a public school should be curbed or ended. This is the case especially for schools with low property wealth whose tax dollars are particularly difficult to squeeze from the taxpayer. Interested parties observe this situation is even more egregious and must end when a school spends large sums of tax dollar at the school's disposal only by being a recipient-school of, rather than "Robin Hood," tax dollars.

To address these concerns, S.B. 1133 provides that a school district or open-enrollment charter school may not, directly or indirectly through an affiliate, including an affiliated nonprofit corporation, have a business interest in an entity or own real property associated with an entity described by the North American Industry Classification System (NAICS) in any of the following sector codes: Sector 53: Real Estate and Rental and Leasing; Sector 71: Arts, Entertainment, and Recreation; or Sector 72: Accommodation and Food Services (e.g., water park, golf course, or hotel).

The bill requires a school district or open-enrollment charter school directly or indirectly through an affiliate, including an affiliated nonprofit corporation, have a business interest in an entity or own real property associated with an entity described by NAICS sector codes Sector 53: Real Estate and Rental and Leasing, Sector 71: Arts, Entertainment, and Recreation, or Sector 72: Accommodation and Food Services, to divest all ownership of, or business interest in, an entity or real property associated with an entity described by that section not later than September 1, 2024.

As proposed, S.B. 1133 amends current law relating to prohibiting public schools from owning or having a business interest in certain entities and real property associated with those entities.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter E, Chapter 45, Education Code, by adding Section 45.116, as follows:

Sec. 45.116. OWNERSHIP OF OR BUSINESS INTEREST IN CERTAIN ENTITIES AND PROPERTY PROHIBITED. (a) Defines "affiliate" and "business interest" for purposes of this section.

(b) Prohibits a school district or open-enrollment charter school from, directly or indirectly through an affiliate, including an affiliated nonprofit corporation, having a business interest in an entity or owning real property associated with an entity described by the North American Industry Classification System (NAICS) in any of the following sector codes.

(1) Sector 53: Real Estate and Rental and Leasing;

(2) Sector 71: Arts, Entertainment, and Recreation; or

(3) Sector 72: Accommodation and Food Services.

SECTION 2. Provides that the change in law made by this Act applies to an ownership or business interest in an entity or real property acquired by a school district or open-enrollment charter school before, on, or after the effective date of this Act. Requires the school district or open-enrollment charter school subject to Section 45.116, Education Code, as added by this Act, to divest all ownership of, or business interest in, an entity or real property associated with an entity described by that section not later than September 1, 2024.

SECTION 3. Effective date: September 1, 2019.