

BILL ANALYSIS

Senate Research Center
79S30973 KEL-D

S.J.R. 11
By: Ogden
Finance
5/11/2006
As Filed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Currently the legislature is prevented from appropriating funds to the Higher Education Fund (fund) once the principal in the fund reaches \$2 billion. Additionally, the state constitution allows only a 10-year maturity on fund bonds.

S.J.R. 11 proposes a constitutional amendment providing for the continuation of the constitutional appropriation of money to certain higher education entities and for the allocation of income from the Higher Education Fund to those entities, and extending the period of maturity for certain bonds and notes issued by 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 Section 17(b), (e), and (i), Article VII, Texas Constitution, as follows:

(b) Requires funds appropriated under Subsections (a) and (i) to be for the use of specific agencies and institutions of higher education. Updates the list of institutions eligible under this section.

(e) Increases the maturation timeline for bonds and notes issued under this subsection to 20 years from 10 years.

(i) Requires 10 percent of the interest, dividends, and other income accruing from the investments of the higher education fund (fund) during the previous fiscal year to be deposited to the credit of the fund, at the beginning of each fiscal year after the fund reaches \$2 billion. Requires the balance of annual income from the investment of the principal of the fund, after certain appropriations, to be allocated and distributed by equitable formula as provided by general law. Authorizes said allocations to be expended only for the same purpose as provided for the appropriations made under Subsection (a). Deletes existing text relating to the cessation of appropriations to the fund beginning in the fiscal year after the fund reaches \$2 billion.

SECTION 2. Requires this proposed constitutional amendment to be submitted to the voters at an election to be held November 7, 2006. Sets forth the required language for the proposition.