

GOVERNMENT CODE
CHAPTER 403. COMPTROLLER OF PUBLIC ACCOUNTS
SUBCHAPTER A. GENERAL PROVISIONS

Sec. 403.001. DEFINITIONS. (a) In any state statute, "comptroller" means the comptroller of public accounts of the State of Texas.

(b) In this chapter:

(1) "Account" means a subdivision of a fund.

(2) "Dedicated revenue" means revenue set aside by law for a particular purpose or entity.

(3) "Fund" means a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources.

(4) "Special fund" means a fund, other than the general revenue fund, that is established by law for a particular purpose or entity.

(5) "Cash Management Improvement Act" means the federal Cash Management Improvement Act of 1990 (31 U.S.C. Section 6501 et seq.).

Acts 1987, 70th Leg., ch. 147, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1991, 72nd Leg., 1st C.S., ch. 4, Sec. 11.01, eff. Aug. 22, 1991; Acts 1993, 73rd Leg., ch. 449, Sec. 21, eff. Sept. 1, 1993.

Sec. 403.002. PERFORMANCE OF DUTY. (a) Repealed by Acts 2003, 78th Leg., ch. 285, Sec. 31(9).

(b) If the comptroller intentionally neglects or refuses to perform a duty of the office of comptroller, the comptroller is liable to the state for a penalty of not less than \$100 nor more than \$1,000 for each day of the neglect or refusal.

(c) The attorney general, by suit in the name of the state, shall recover penalties provided by this chapter. Venue and jurisdiction of the suit are in a court of Travis County.

Acts 1987, 70th Leg., ch. 147, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 2003, 78th Leg., ch. 285, Sec. 9, 31(9), eff. Sept. 1, 2003.

Sec. 403.003. CHIEF CLERK. (a) The comptroller shall appoint a chief clerk who shall:

(1) perform the duties of the comptroller when the comptroller is unavoidably absent or is incapable of discharging those duties;

(2) act as comptroller if the office of comptroller becomes vacant until a comptroller is appointed and qualified; and

(3) under the comptroller's direction, supervise the keeping of the books, records, and accounts of the office and perform other duties required by law or the comptroller.

(b) The chief clerk shall take the official oath.

Acts 1987, 70th Leg., ch. 147, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1997, 75th Leg., ch. 1035, Sec. 73, eff. Sept. 1, 1997; Acts 1997, 75th Leg., ch. 1423, Sec. 7.01, eff. Sept. 1, 1997; Acts 2003, 78th Leg., ch. 285, Sec. 10, eff. Sept. 1, 2003.

Sec. 403.004. CHIEF OF CLAIMS DIVISION. The comptroller shall designate one person as chief of the claims division. The chief of the claims division shall prepare or have prepared all warrants and is accountable to the comptroller for warrants coming into the person's possession.

Acts 1987, 70th Leg., ch. 147, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1991, 72nd Leg., ch. 641, Sec. 3, eff. Sept. 1, 1991.

Sec. 403.006. INSPECTION OF ACCOUNTS. On request of a house or committee of the legislature, the comptroller shall exhibit for the house's or committee's examination any book, paper, voucher, or other matter relating to the office.

Acts 1987, 70th Leg., ch. 147, Sec. 1, eff. Sept. 1, 1987.

Sec. 403.007. DIVISIONS. The comptroller may organize and maintain divisions within the comptroller's office as necessary for the efficient and orderly operation of the office.

Acts 1987, 70th Leg., ch. 147, Sec. 1, eff. Sept. 1, 1987.

Sec. 403.008. BONDS AND EMPLOYEES.. (a) The comptroller shall give any special bond required by an Act of Congress or a federal department or official to protect federal funds deposited with the comptroller. The state shall pay the expenses necessary and incidental to the execution of the bond.

(b) The comptroller shall appoint other employees that are authorized by law. The comptroller may require an employee to be insured in the manner and sum required by the comptroller.

(c) The state shall pay any expense incident to the execution of a bond authorized under Chapter 653 and any insurance of the chief clerk and other employees.

Added by Acts 1997, 75th Leg., ch. 1035, Sec. 75, eff. Sept. 1, 1997. Amended by Acts 2003, 78th Leg., ch. 285, Sec. 11, eff. Sept. 1, 2003.

SUBCHAPTER B. GENERAL POWERS AND DUTIES

Sec. 403.011. GENERAL POWERS. (a) The comptroller shall:

(1) obtain a seal with "Comptroller's Office, State of Texas" engraved around the margin and a five-pointed star in the center, to be used as the seal of the office to authenticate official acts, except warrants drawn on the state treasury;

(2) adopt regulations the comptroller considers essential to the speedy and proper assessment and collection of state revenues;

(3) supervise, as the sole accounting officer of the state, the state's fiscal concerns and manage those concerns as required by law;

(4) require all accounts presented to the comptroller for settlement not otherwise provided for by law to be made on forms that the comptroller prescribes;

(5) prescribe and furnish the form or electronic format to be used in the collection of public revenue;

(6) prescribe the mode and manner of keeping and stating of accounts of persons collecting state revenue;

(7) prescribe forms or electronic formats of the same class, kind, and purpose so that they are uniform in size, arrangement, matter, and form;

(8) require each person receiving money or managing or having disposition of state property of which an account is kept in the comptroller's office periodically to render statements of the money or property to the comptroller;

(9) require each person who has received and not accounted for state money to settle the person's account;

(10) keep and settle all accounts in which the state is interested;

(11) examine and settle the account of each person indebted to the state, verify the amount or balance, and direct and supervise the collection of the money;

(12) audit claims against the state the payment of which is provided for by law, unless the audit is otherwise specially provided for;

(13) determine the method for auditing claims against the state in a cost-effective manner, including the use of stratified and statistical sampling techniques in conjunction with automated edits;

(14) maintain the necessary records and data for each approved claim against the state so that an adequate audit can be performed and the comptroller can submit a report to each house of the legislature, upon request, stating the name and amount of each approved claim;

(15) keep and state each account between the state and the United States;

(16) keep journals through which all entries are made in the ledger;

(17) draw warrants on the treasury for payment of all money required by law to be paid from the treasury on warrants drawn by the comptroller;

(18) suggest plans for the improvement and management of the general revenue; and

(19) preserve the books, records, papers, and other property of the comptroller's office and deliver them in good condition to the successor to that office.

(b) The comptroller may solicit, accept, or refuse a gift or grant of money, services, or property on behalf of the state for any public purpose related to the office or duties of the comptroller. Acts 1987, 70th Leg., ch. 147, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1989, 71st Leg., ch. 108, Sec. 4, eff. Sept. 1, 1989; Acts 1997, 75th Leg., ch. 1423, Sec. 7.03, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1467, Sec. 1.12, eff. June 19, 1999.

Sec. 403.0111. DISTRIBUTION OF FEDERAL TAX INFORMATION. (a) In addition to the distribution of state tax and fiscal information, the comptroller's office is authorized to take the lead in promoting awareness of federal earned income tax credits and to encourage other agencies to similarly promote awareness of the federal tax credit for working families and individuals who may qualify.

(b) State agencies that otherwise distribute information to

the public may use existing resources to distribute information to persons likely to qualify for federal earned income tax credits and shall cooperate with the comptroller in information distribution efforts.

Added by Acts 1995, 74th Leg., ch. 418, Sec. 1, eff. Sept. 1, 1995.

Sec. 403.0115. REPORTS PUBLISHED ON INTERNET. The comptroller shall promptly publish on the comptroller's Internet site each report that is:

- (1) published by the comptroller; and
- (2) public information subject to disclosure under the open records law, Chapter 552.

Added by Acts 1999, 76th Leg., ch. 1582, Sec. 1, eff. Sept. 1, 1999.

Sec. 403.012. ACCEPTANCE OF FEDERAL MONEY. The comptroller may accept federal money for a state agency not otherwise restricted by statute or by rider or special provision in the General Appropriations Act, if the state agency has certified to the comptroller that the agency will be responsible for compliance with applicable federal and state law.

Acts 1987, 70th Leg., ch. 147, Sec. 1, eff. Sept. 1, 1987.

Sec. 403.0121. ACCEPTANCE OF FEDERAL MONEY. The comptroller shall execute instruments necessary to accept money, gifts, or assets authorized by federal statute to be paid to the state in lieu of taxes or as a gift by the Secretary of Housing and Urban Development or any federal agency. The comptroller shall deposit funds received under this section in the general revenue fund.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 18, eff. Sept. 1, 1993.

Sec. 403.013. REPORT TO GOVERNOR. (a) In this section, "state agency" means:

- (1) any department, commission, board, office, or other agency in the executive or legislative branch of state government created by the constitution or a statute of this state;

- (2) the Supreme Court of Texas, the Court of Criminal Appeals of Texas, a court of appeals, the Texas Civil Judicial Council, the Office of Court Administration of the Texas Judicial System, the State Bar of Texas, or another state judicial agency created by the constitution or a statute of this state;

- (3) a university system or an institution of higher education as defined by Section 61.003, Education Code; or

- (4) another governmental organization that the comptroller determines to be a component unit of state government for purposes of financial reporting under the provisions of this section.

(b) On the first Monday of November of each year, and at other times the governor requires, the comptroller shall exhibit to the governor, in addition to the reports required by the constitution, an exact and complete statement showing:

- (1) the funds and revenues of the state; and
- (2) public expenditures during the preceding year or during another period required by the governor.

(c) On the last day of February of each year, in addition to the reports required by the constitution and this section, the comptroller shall exhibit to the governor an audited comprehensive annual financial report that includes all state agencies determined to be part of the statewide accounting entity and that is prepared in accordance with generally accepted accounting principles as prescribed or modified in pronouncements of the Governmental Accounting Standards Board.

(d) The report under Subsection (c) shall be compiled from the financial information requested by the comptroller under Subchapter B, Chapter 2101, until it can be prepared from information contained in a fully operational uniform automated statewide accounting and reporting system.

(e) The comptroller is not required to include in the report under Subsection (c) a state agency or other governmental organization that the comptroller finds is not a component unit of state government for purposes of financial reporting under this section.

(f) The Texas growth fund and Texas growth fund II, created as provided by Section 70, Article XVI, Texas Constitution, shall provide the financial information listed in Subchapter B, Chapter 2101, to the comptroller once each year, not later than the date established by the comptroller.

Acts 1987, 70th Leg., ch. 147, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1989, 71st Leg., ch. 4, Sec. 2.02(a), eff. Sept. 1, 1989; Acts 1993, 73rd Leg., ch. 268, Sec. 16, eff. Sept. 1, 1993; Acts

1993, 73rd Leg., ch. 449, Sec. 23, eff. Sept. 1, 1993; Acts 2001, 77th Leg., ch. 1158, Sec. 9, eff. Sept. 1, 2001; Acts 2001, 77th Leg., ch. 1158, Sec. 10, eff. June 15, 2001.

Sec. 403.0131. APPROPRIATION CERTIFICATION. (a) Not later than the 10th day, excluding Sundays, after the date on which an act making an appropriation is reported enrolled by the house of origin, the comptroller shall complete the evaluation and certification of the appropriation required by Section 49a(b), Article III, Texas Constitution.

(b) As soon as practical after the comptroller certifies the appropriations made by the legislature in a regular or special session, the comptroller shall prepare a summary table that details the basis for the certification of all major funds. The table must be similar in format and detail to the summary tables of the major fund estimates published in the comptroller's biennial revenue estimate and must include the biennial appropriations from all major funds. The comptroller shall deliver a copy of each table prepared under this section to the governor, the lieutenant governor, the speaker of the house of representatives, each member of the legislature, and the Legislative Budget Board.

Added by Acts 1999, 76th Leg., ch. 281, Sec. 2, eff. Sept. 1, 1999. Amended by Acts 2003, 78th Leg., 3rd C.S., ch. 3, Sec. 24.01, eff. Jan. 11, 2004.

Sec. 403.014. REPORT ON EFFECT OF CERTAIN TAX PROVISIONS. (a) Before each regular session of the legislature, the comptroller shall report to the legislature and the governor on the effect, if it is possible to assess, of exemptions, discounts, exclusions, special valuations, special accounting treatments, special rates, and special methods of reporting relating to:

- (1) sales, excise, and use tax under Chapter 151, Tax Code;
- (2) franchise tax under Chapter 171, Tax Code;
- (3) school district property taxes under Title 1, Tax Code; and
- (4) any other tax generating more than five percent of state tax revenue in the prior fiscal year.

(b) The report must include:

(1) an analysis of each special provision that reduces the amount of tax payable, to include an estimate of the loss of revenue for a six-year period including the current fiscal biennium and a citation of the statutory or legal authority for the provision; and

(2) for provisions reducing revenue by more than one percent of total revenue for a tax covered by this section:

(A) the effect of each provision on the distribution of the tax burden by income class and industry or business class, as appropriate; and

(B) the effect of each provision on total income by income class.

(c) The report may include:

(1) an assessment of the intended purpose of the provision and whether the provision is achieving that objective; and

(2) a recommendation for retaining, eliminating, or amending the provision.

(d) The report may be included in any other report made by the comptroller.

(e) At the request of the chair of a committee of the senate or house of representatives to which has been referred a bill or resolution establishing, extending, or restricting an exemption, discount, exclusion, special valuation, special accounting treatment, special rate, or special method of reporting relating to any state tax, the Legislative Budget Board with the assistance, as requested, of the comptroller shall prepare a letter analysis of the effect on the state's tax revenues that would result from the passage of the bill or resolution. The letter analysis shall contain the same information as provided in Subsection (b), as appropriate.

(f) The comptroller and Legislative Budget Board may request from any state officer or agency information necessary to complete the report or letter analysis. Each state officer or agency shall cooperate with the comptroller and Legislative Budget Board in providing information or analysis for the report or letter analysis.

Acts 1987, 70th Leg., ch. 147, Sec. 1, eff. Sept. 1, 1987. Amended

by Acts 1997, 75th Leg., ch. 1035, Sec. 47, eff. June 19, 1997; Acts 1999, 76th Leg., ch. 1467, Sec. 2.02, eff. Oct. 1, 1999.

Sec. 403.0141. REPORT ON INCIDENCE OF TAX. (a) Before each regular session of the legislature, the comptroller shall report to the legislature and the governor on the overall incidence of the school district property tax and any state tax generating more than 2.5 percent of state tax revenue in the prior fiscal year. The analysis shall report on the distribution of the tax burden for the taxes included in the report.

(b) At the request of the chair of a committee of the senate or house of representatives to which has been referred a bill or resolution to change the tax system that would increase, decrease, or redistribute tax by more than \$20 million, the Legislative Budget Board with the assistance, as requested, of the comptroller shall prepare an incidence impact analysis of the bill or resolution. The analysis shall report on the incidence effects that would result if the bill or resolution were enacted.

(c) To the extent data is available, the incidence impact analysis under Subsections (a) and (b):

(1) shall evaluate the tax burden:

(A) on the overall income distribution, using a systemwide incidence measure or other appropriate measures of equality and inequality; and

(B) on income classes, including, at a minimum, quintiles of the income distribution, on renters and homeowners, on industry or business classes, as appropriate, and on various types of business organizations;

(2) may evaluate the tax burden:

(A) by other appropriate taxpayer characteristics, such as whether the taxpayer is a farmer, rancher, retired elderly, or resident or nonresident of the state; and

(B) by distribution of impact on consumers, labor, capital, and out-of-state persons and entities;

(3) shall evaluate the effect of each tax on total income by income group; and

(4) shall:

(A) use the broadest measure of economic income for which reliable data is available; and

(B) include a statement of the incidence assumptions that were used in making the analysis.

Added by Acts 1997, 75th Leg., ch. 1035, Sec. 48, eff. Sept. 1, 1997. Amended by Acts 1999, 76th Leg., ch. 1467, Sec. 2.03, eff. Oct. 1, 1999.

Sec. 403.015. ELECTRONIC COMPUTING AND DATA PROCESSING. The comptroller may:

(1) establish and operate a central electronic computing and data processing center to:

(A) maintain the central accounting records of the state;

(B) prepare payrolls and other warrants;

(C) audit tax reports; and

(D) perform other accounting and data processing activities for which this equipment economically and practically may be used;

(2) prescribe and revise claim forms, registers, warrants, and other documents submitted in support of payroll or other claims or to support tax or other payments to the state, in order to provide for the orderly and economical use of equipment under this section; and

(3) prescribe and revise procedures, techniques, and formats for electronic data transmission, in order to improve the flow of data between state agencies.

Acts 1987, 70th Leg., ch. 147, Sec. 1, eff. Sept. 1, 1987.

Sec. 403.016. ELECTRONIC FUNDS TRANSFER. (a) The comptroller shall establish and operate an electronic funds transfer system in accordance with this section. The comptroller may use the services of financial institutions, automated clearinghouses, and the federal government to establish and operate the system.

(b) The comptroller shall use the electronic funds transfer system to pay an employee's net state salary and travel expense reimbursements unless:

(1) the employee does not hold a classified position under the state's position classification plan and the employee's gross state salary is less than the gross state salary for a

position classified to group 8, step 1, of the state position classification plan; or

(2) the employee holds a classified position under the state's position classification plan that is classified below group 8.

(c) The comptroller shall use the electronic funds transfer system to make:

(1) payments of more than \$100 to annuitants by the Employees Retirement System of Texas or the Teacher Retirement System of Texas under either system's administrative jurisdiction;

(2) recurring payments to municipalities, counties, political subdivisions, special districts, and other governmental entities of this state; and

(3) payments to vendors who choose to receive payment through the electronic funds transfer system rather than by warrant.

(d) If the comptroller is not required by this section to use the electronic funds transfer system to pay a person, the comptroller may use the system to pay the person on the person's request.

(e) Repealed by Acts 1997, 75th Leg., ch. 1035, Sec. 90(a), eff. June 19, 1997.

(f)(1) Except as provided by Subdivisions (2) and (4) and subject to any limitation in rules adopted by the comptroller, an automated clearinghouse, or the federal government, the comptroller may use the electronic funds transfer system to deposit payments only to one or more accounts of a payee at one or more financial institutions, including credit unions.

(2) The comptroller may also use the electronic funds transfer system to deposit a portion of an employee's gross pay into the employee's account at a credit union as prescribed by Subchapter G, Chapter 659.

(3) A single electronic funds transfer may contain payments to multiple payees. Individual transfers or warrants are not required for each payee.

(4) The comptroller may also use the electronic funds transfer system to deposit a portion of an employee's gross pay into an account of an eligible state employee organization for a membership as prescribed by Subchapter G, Chapter 659.

(g) When a law requires the comptroller to make a payment by warrant, the comptroller may instead make the payment through the electronic funds transfer system. The comptroller's use of the electronic funds transfer system or any other payment means does not create a right that would not have been created if a warrant had been issued.

(h) Notwithstanding any requirement in this section to make a payment through the electronic funds transfer system, the comptroller shall issue a warrant to pay a person if:

(1) the person properly notifies the comptroller that:

(A) receiving the payment by electronic funds transfer would be impractical to the person;

(B) receiving the payment by electronic funds transfer would be more costly to the person than receiving the payment by warrant;

(C) the person is unable to establish a qualifying account at a financial institution to receive electronic funds transfers; or

(D) the person chooses to receive the payment by warrant; or

(2) the state agency on whose behalf the comptroller makes the payment properly notifies the comptroller that:

(A) making the payment by electronic funds transfer would be impractical to the agency; or

(B) making the payment by electronic funds transfer would be more costly to the agency than making the payment by warrant.

(i) Notwithstanding any requirement in this section to make a payment through the electronic funds transfer system, the comptroller may make a payment by warrant if the comptroller determines that:

(1) using the electronic funds transfer system would be impractical to the state; or

(2) the cost to the state of using the electronic funds transfer system would exceed the cost of issuing a warrant.

(j) The comptroller shall adopt rules to administer this

section, including rules relating to the notifications that may be provided to the comptroller under Subsection (h).

(k) Repealed by Acts 1999, 76th Leg., ch. 945, Sec. 2, eff. June 18, 1999.

Acts 1987, 70th Leg., ch. 147, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1991, 72nd Leg., ch. 641, Sec. 4, eff. Sept. 1, 1991; Acts 1991, 72nd Leg., ch. 909, Sec. 2, eff. Aug. 26, 1991; Acts 1991, 72nd Leg., 1st C.S., ch. 4, Sec. 3.01, eff. Jan. 1, 1992; Acts 1993, 73rd Leg., ch. 449, Sec. 24, eff. Sept. 1, 1993; Acts 1993, 73rd Leg., ch. 939, Sec. 13, eff. Aug. 30, 1993; Acts 1997, 75th Leg., ch. 634, Sec. 1(a), eff. Sept. 1, 1998; Acts 1997, 75th Leg., ch. 1035, Sec. 49, 90(a), eff. June 19, 1997; Acts 1999, 76th Leg., ch. 945, Sec. 1, 2, eff. June 18, 1999; Acts 2003, 78th Leg., ch. 1310, Sec. 15, eff. June 20, 2003.

Sec. 403.0165. PAYROLL DEDUCTION FOR STATE EMPLOYEE ORGANIZATION. (a) An employee of a state agency may authorize a transfer each pay period from the employee's salary or wage payment for a membership fee in an eligible state employee organization. The authorization shall remain in effect until an employee authorizes a change in the authorization. Authorizations and changes in authorizations must be provided in accordance with rules adopted by the comptroller.

(b) The comptroller shall adopt rules for transfers by employees to a certified eligible state employee organization. The rules may authorize electronic transfers of amounts deducted from employees' salaries and wages under this section.

(c) Participation by employees of state agencies in the payroll deduction program authorized by this section is voluntary.

(d) To be certified by the comptroller, a state employee organization must have a current dues structure for state employees in place and operating in this state for a period of at least 18 months.

(e) Any organization requesting certification shall demonstrate that the fee structure proposed from state employees is equal to an average of not less than one-half of the fees for that organization nationwide.

(f) An organization not previously certified may submit an application for certification as an eligible state employee organization to the comptroller at any time except during the period after June 2 and before September 1.

(g) The comptroller may approve an application under Subsection (f) if a state employee organization demonstrates to the satisfaction of the comptroller that it qualifies as an eligible state employee organization by providing the documentation required by this section and applicable rules adopted by the comptroller.

(h) The comptroller may charge an administrative fee to cover the costs incurred as a result of administering this section. The administrative fees charged by the comptroller shall be paid by each qualifying state employee organization on a pro rata basis to be determined by the comptroller. The comptroller by rule shall determine the most efficient and effective method of collecting the fees.

(i) The comptroller may adopt rules for the administration of this section.

(j) Repealed by Acts 1997, 75th Leg., ch. 1035, Sec. 90(a), eff. June 19, 1997.

(k) Any state employee organization that has a membership of at least 4,000 state employee members on April 1, 1991, shall be certified by the comptroller as an eligible state employee organization. Such an organization may not be required to meet any other eligibility requirements as set out in this section for certification, including requirements in the definition of eligible state employee organization under Subsection (l).

(l) In this section:

(1) "Eligible state employee organization" means a state employee organization with a membership of at least 4,000 state employees continuously for the 18 months preceding a request for certification from the comptroller that conducts activities on a statewide basis and that the comptroller has certified under this article.

(2) "State agency" means a department, commission, board, office, or any other state entity of state government. Added by Acts 1991, 72nd Leg., 1st C.S., ch. 4, Sec. 3.02, eff. Jan. 1, 1992. Amended by Acts 1993, 73rd Leg., ch. 449, Sec. 25, eff.

Sept. 1, 1993; Acts 1997, 75th Leg., ch. 1035, Sec. 32, 90(a), eff. June 19, 1997.

Sec. 403.017. CUSTODY OF SECURITY FOR MONEY AND DEEDS. (a) A bond, note, or other security for money given to the state or an officer for the use of the state shall be deposited in the office of the comptroller.

(b) A deed conveying land or an interest in land to the state for highway purposes shall be deposited in the Austin office of the Texas Department of Transportation.

Acts 1987, 70th Leg., ch. 147, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1991, 72nd Leg., ch. 641, Sec. 5, eff. Sept. 1, 1991; Acts 1995, 74th Leg., ch. 165, Sec. 22(33), eff. Sept. 1, 1995.

Sec. 403.018. ASSISTANCE IN RECONSTRUCTING DESTROYED RECORDS. The comptroller may assist any taxpayer in reconstructing and recompiling business records that are damaged or destroyed by natural disaster.

Acts 1987, 70th Leg., ch. 147, Sec. 1, eff. Sept. 1, 1987.

Sec. 403.019. CONTRACTS TO COLLECT OUT-OF-STATE DEBTS. (a) The comptroller may contract with a person who is qualified in the business of debt collection to collect on behalf of this state a tax or other amount finally determined to be owed to this state by a person residing outside this state and not known by the agency referring the debt to have sufficient assets in this state to satisfy the debt if the comptroller determines that the collection service to be provided by the collector would be economical and in the best interest of the state. Subject to Subsection (c), a contract may permit or require the person to pursue a judicial action in a court outside this state to collect a tax or other amount owed. A contract may also apply to a tax or other amount owed by a person residing outside this state and not known by the agency referring the debt to have sufficient assets in this state to satisfy the debt to a political subdivision of this state, if the comptroller or another state official is required by law to collect the tax or other amount owed for the political subdivision. No contract authorized under this section may exceed four years in length, except that such contract may provide for an extension for the sole purpose of concluding actions pending at the time of the termination of the contract. This restriction shall not be construed so as to prohibit a contractor from bidding on a subsequent contract.

(b) The comptroller must obtain services authorized by this section in the manner provided for the purchase of services by contract under Chapters 2155-2158. In addition to any other notice required by that Act for inviting bids, the comptroller shall solicit bids for a contract by publishing notice in the Texas Register.

(c) A contract under this section is not valid unless approved by the attorney general. The attorney general shall approve a contract if the attorney general determines that the contract complies with the requirements of this section and is in the best interest of the state. No judicial action by any person on behalf of the state under a contract authorized and approved by this section may be brought unless approved by the attorney general.

(d) A contract authorized by this section may provide for reasonable compensation for services provided under the contract, including compensation determined by the application of a specified percentage of the total amount collected, including penalties, interest, court costs, or attorney's fees. If the debt to be collected consists of unpaid taxes, including any penalties, interest, or costs incurred in connection with the taxes, for which tax enforcement funds are available, the comptroller shall pay the compensation for services provided under the contract from those funds.

(e) An amount collected under a contract authorized by this section shall be deposited in a suspense account established for that purpose in the state treasury. The comptroller shall pay any compensation provided by the contract that is not paid from other funds under Subsection (d) from the suspense account. After those amounts have been paid, the remainder shall be transferred to the fund or account to which the amount collected is required to be deposited. If the amount collected is not required to be deposited to a specific fund or account, the amount shall be transferred to the general revenue fund.

(f) The comptroller may provide for the imposition of a collection fee not to exceed 15 percent of the amount owed in

addition to the other amounts owed to this state to be collected under a contract authorized by this section. The person who owes the other amounts to be collected under the contract is liable for the collection fee. The collection fee may be collected under the contract in addition to the other amounts due. The amount of the collection fee is the amount provided by the contract, whether a specified amount or an amount contingent on the amount collected or other factor, for compensation of the person with whom the contract is made and any court costs or attorney's fees incurred in collecting the amount owed to this state.

(g) The comptroller shall require a person acting on behalf of the state under a contract authorized by this section to post a bond or other security in an amount the comptroller determines is sufficient to cover all revenue or other property of the state that is expected to come into the possession or control of the person in the course of providing the service.

(h) A person acting on behalf of the state under a contract authorized by this section does not exercise any of the sovereign power of this state, except that the person is an agent of this state for purposes of determining the priority of a claim that the person is attempting to collect under the contract with respect to the claims of other creditors.

(i) The comptroller may provide a person acting on behalf of the state under a contract authorized by this section with any confidential information in the custody of the comptroller relating to the debtor that is necessary to the collection of the claim and that the comptroller is not prohibited from sharing under an agreement with another state or the federal government. A person acting on behalf of the state under a contract authorized by this section, and each employee or agent of the person, is subject to all prohibitions against the disclosure of confidential information obtained from the state in connection with the contract that apply to the comptroller or an employee of the comptroller. A person acting on behalf of the state under a contract authorized by this section or an employee or agent of the person who discloses confidential information in violation of a prohibition made applicable to the person under this subsection is subject to the same sanctions and penalties that would apply to the comptroller or an employee of the comptroller for that disclosure.

(j) The comptroller shall require a person acting on behalf of the state under a contract authorized by this section to obtain and maintain insurance coverage adequate to provide reasonable coverage for damages negligently, recklessly, or intentionally caused by the person or the person's agent in the course of collecting a debt under the contract and to protect the state from any liability for those damages. This state is not liable for and may not indemnify a person acting on behalf of the state under a contract authorized by this section for damages negligently, recklessly, or intentionally caused by the person or the person's agent in the course of collecting a tax or other amount under the contract.

(k) In addition to any other reasons that may be provided in the contract, a contract authorized under this section may be terminated if a person acting on behalf of the state under such contract, or an employee or agent of the person, is found to be in violation of the federal Fair Debt Collection Practices Act, discloses confidential information to a person not authorized to receive it as provided in Subsection (i) of this section, or performs any act resulting in a final judgment for damages against this state.

(l) The execution of a contract under this section does not accelerate the imposition of any penalty imposed or to be imposed on the tax or other amount to be collected under the contract.

Added by Acts 1989, 71st Leg., ch. 752, Sec. 1, eff. Jan. 1, 1991. Amended by Acts 1997, 75th Leg., ch. 165, Sec. 17.191, eff. Sept. 1, 1997.

Sec. 403.0195. CONTRACTS FOR INFORMATION ABOUT PROPERTY RECOVERABLE BY THE STATE. (a) The comptroller may contract with a person for the receipt of information about a possible claim that the state may be entitled to pursue for the recovery of revenue or other property.

(b) In a contract under Subsection (a), the total consideration to be paid by the state:

- (1) must be contingent on a recovery by the state;
- (2) may not exceed five percent of the amount of the

revenue or the value of the other property that the state recovers as a result of the pursuit of the claim about which the contracting person provided information; and

(3) may be limited by agreement not to exceed a specified, absolute dollar amount.

(c) Consideration may not be paid by the state under a contract executed under Subsection (a) if, at the time the contract is executed or within three months after the date of execution and by means other than disclosure under the contract, a state employee has knowledge of the claim disclosed under the contract or has knowledge of a cause of action different from that disclosed under the contract but entitling the state to recover the same revenue or other property. An affidavit by a state employee claiming that knowledge under those circumstances is prima facie evidence of the knowledge and circumstances.

(d) This section does not apply to or affect property that is recoverable by the state under Chapters 71 through 75, Property Code.

(e) If the state recovers property in connection with a contract executed under this section and payment of the contractual consideration is not prohibited by Subsection (c), an amount not to exceed five percent of the amount of revenue or proceeds from the sale of property recovered shall be deposited to the credit of the comptroller's operating fund for payment of the consideration. The balance of the revenue or proceeds from the sale of property recovered shall be deposited to the credit of the general revenue fund or to any special fund as required by law.

Added by Acts 1991, 72nd Leg., ch. 286, Sec. 1, eff. Sept. 1, 1991.

Sec. 403.021. ENCUMBRANCE REPORTS. (a) In this section, "state agency" has the meaning assigned by Section 403.013.

(b) A state agency that expends appropriated funds shall report into the uniform statewide accounting system all payables and binding encumbrances by appropriation account for the first three quarters of the current appropriation year within 30 days after the close of each quarter. A state agency shall report payables and binding encumbrances for all appropriation years annually to the comptroller, the state auditor, and the Legislative Budget Board no later than October 30 of each year.

(c) Payables and binding encumbrances must be reported for all appropriations in the format that the comptroller prescribes.

(d) On November 1 of each fiscal year, the comptroller shall lapse all unencumbered nonconstruction appropriation balances for all prior appropriation years based on the payables and binding encumbrances reported.

(e) If a state agency submits a valid claim against a prior year's appropriation 30 days or more after the reporting due date, the comptroller shall reinstate the agency's appropriations to the extent of the claim.

(f) If a state agency submits a claim that is legally payable against an appropriation for an earlier year and the balance of the appropriation is insufficient to pay the claim, then the comptroller may reopen the appropriation to pay the claim. A claim is legally payable from an appropriation only if the appropriation was encumbered to pay the claim before the expiration of the appropriation.

(g) Each state agency shall reconcile all expenditures, binding encumbrances, payables, and accrued expenditures, as reported in the uniform statewide accounting system, with the state agency's strategic planning and budget structure, as reported in the automated budget and evaluation system. Each state agency shall report in the automated budget and evaluation system a method of financing as provided in the General Appropriations Act. The Legislative Budget Board, after consultation with the comptroller, shall determine a schedule for the reconciliation required by this subsection.

(h) The comptroller may adopt rules to administer this section.

Added by Acts 1991, 72nd Leg., ch. 641, Sec. 6, eff. Sept. 1, 1991. Amended by Acts 1995, 74th Leg., ch. 686, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1035, Sec. 69, eff. Sept. 1, 1997; Acts 1997, 75th Leg., ch. 1035, Sec. 90(a), eff. June 19, 1997; Acts 1999, 76th Leg., ch. 281, Sec. 3, eff. Sept. 1, 1999.

Sec. 403.0221. PERFORMANCE AUDIT OF CERTAIN TRANSIT AUTHORITIES. (a) This section applies only to a transit authority that is governed by Chapter 451, Transportation Code, and was

confirmed before July 1, 1985, and does not contain a municipality of more than 750,000.

(b) The comptroller may, on the request of an entity listed in Subsection (c), enter into an interlocal contract under Chapter 791 with a transit authority to conduct a performance audit to determine whether the authority is effectively and efficiently providing the services it was created to provide. The comptroller shall report the findings of an audit conducted under this section and make appropriate recommendations on changes in the operations of the authority to the governing body of the authority.

(c) A performance audit under this section may be requested by:

- (1) the governing body of the transit authority;
- (2) the governing body of the municipality with the largest population in the authority; or
- (3) the commissioners court in which the majority of the area of the municipality described in Subdivision (2) is located.

(d) A contract under Subsection (b) shall provide that the authority will reimburse the comptroller for costs incurred in conducting the audit.

(e) The comptroller shall file a report containing the results of an audit performed under this section with the governor, the lieutenant governor, the speaker of the house of representatives, and the presiding officers of the committees of the senate and the house of representatives responsible for approving legislation governing the authority.

(f) An audit may not be conducted under this section more often than once every two years.

Added by Acts 1997, 75th Leg., ch. 1252, Sec. 1, eff. June 20, 1997. Renumbered from V.T.C.A., Government Code Sec. 403.026 by Acts 1999, 76th Leg., ch. 62, Sec. 19.01(30), eff. Sept. 1, 1999.

Sec. 403.023. CREDIT, CHARGE, AND DEBIT CARDS. (a) The comptroller may adopt rules relating to the acceptance of credit, charge, and debit cards for the payment of fees, taxes, and other charges assessed by state agencies. The rules may:

- (1) authorize a state agency to accept credit, charge, or debit cards for a payment if the comptroller determines the best interests of the state would be promoted;
- (2) authorize or require a person that uses a credit, charge, or debit card to pay a processing fee to the state agency that accepts the card for a payment; and
- (3) authorize a particular state agency to accept credit, charge, or debit cards for a payment without providing the same authorization to other state agencies.

(b) The comptroller may adopt rules relating to the use of credit or charge cards by state agencies to pay for purchases. The rules may:

- (1) authorize a state agency to use credit or charge cards if the comptroller determines the best interests of the state would be promoted;
- (2) authorize a state agency to use credit or charge cards to pay for purchases without providing the same authorization to other state agencies;
- (3) authorize a state agency to use credit or charge cards to pay for purchases that otherwise may be paid out of the agency's petty cash accounts under Subchapter K; and
- (4) authorize the General Services Commission to contract with one or more credit or charge card issuers on behalf of state agencies.

(c) The comptroller may not adopt rules about a particular state agency's acceptance of credit or charge cards for a payment if the rules would affect a contract that the agency has entered into that is in effect on September 1, 1993. The comptroller may not adopt rules about a particular state agency's acceptance of charge or debit cards for a payment if the rules would affect a contract that the agency has entered into that is in effect on September 1, 1999.

(d) The comptroller may not adopt rules about a particular state agency's acceptance or use of credit, charge, or debit cards if another law specifically authorizes, requires, prohibits, or otherwise regulates the acceptance or use.

(e) In this section, "state agency" means:

- (1) a board, commission, department, or other agency in the executive branch of state government that is created by the

constitution or a statute of this state, including an institution of higher education as defined by Section 61.003, Education Code, other than a public junior college;

(2) the legislature or a legislative agency; or

(3) the supreme court, the court of criminal appeals, a court of appeals, or a state judicial agency.

Added by Acts 1993, 73rd Leg., ch. 449, Sec. 26, eff. Sept. 1, 1993. Amended by Acts 1997, 75th Leg., ch. 1423, Sec. 7.04, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1467, Sec. 1.13, eff. Sept. 1, 1999.

Sec. 403.0231. CREDIT CARD AGREEMENT BENEFITTING STATE. (a) The comptroller may enter an agreement with a credit card issuer under which:

(1) the issuer is required to pay to the comptroller an amount of money based on the use of the credit card by the holders of the credit card; and

(2) the issuer is permitted to represent to the public that use of the credit card benefits state parks and to design credit cards issued under the agreement to indicate this benefit.

(b) The form of any representation of benefit to state parks and the design of credit cards issued under the agreement must be approved by the comptroller.

(c) The comptroller shall deposit money received under this section to the credit of the state parks account under Section 11.035, Parks and Wildlife Code.

Added by Acts 1997, 75th Leg., ch. 167, Sec. 1, eff. May 21, 1997. Renumbered from V.T.C.A., Government Code Sec. 403.026 by Acts 1999, 76th Leg., ch. 62, Sec. 19.01(31), eff. Sept. 1, 1999.

Sec. 403.0232. CREDIT OR DEBIT CARD AGREEMENT BENEFITTING PUBLIC SCHOOLS. (a) In this section, "debit card" includes a prepaid debit card.

(b) The comptroller may enter an agreement with a credit or debit card issuer under which:

(1) the issuer is required to pay to the comptroller an amount of money based on the use of the credit or debit card by the cardholders; and

(2) the issuer is permitted to:

(A) represent to the public that use of the credit or debit card benefits public schools; and

(B) design credit or debit cards issued under the agreement to indicate that benefit.

(c) The form of any representation of benefit to public schools and the design of credit or debit cards issued under the agreement must be approved by the comptroller.

(d) In evaluating an issuer's proposal to enter into an agreement under this section, the comptroller shall consider:

(1) the financial stability of the issuer;

(2) whether the proposal offers the best available financial terms for the state and cardholders;

(3) the strength of the marketing effort to be made by the issuer and its marketing partners; and

(4) other issues the comptroller determines are appropriate.

(e) The agreement between the comptroller and the issuer must allow the cardholder to designate a particular school district as the recipient of money generated by the cardholder's credit or debit card use and should to the extent practicable allow the cardholder to designate a particular school. If the cardholder does not designate a particular school district or school, the comptroller shall deposit money received under this section to the credit of the foundation school fund.

Added by Acts 2003, 78th Leg., ch. 351, Sec. 1, eff. June 18, 2003.

Sec. 403.025. FEDERAL EARNED INCOME TAX CREDIT. (a) The comptroller's office is the lead state agency in promoting awareness of the federal earned income tax credit program for working families.

(b) The comptroller shall recruit other state agencies and the governor's office to participate in a coordinated campaign to increase awareness of the federal tax program.

(c) State agencies that otherwise distribute information to the public may use existing resources to distribute information to persons likely to qualify for federal earned income tax credits and shall cooperate with the comptroller in information distribution efforts.

Added by Acts 1995, 74th Leg., ch. 655, Sec. 6.10, eff. Sept. 1,

1995. Renumbered from V.T.C.A., Government Code Sec. 403.024 by Acts 1997, 75th Leg., ch. 165, Sec. 31.01(33), eff. Sept. 1, 1997.

Sec. 403.026. ELECTRONIC STORAGE AND MAINTENANCE OF RECORDS. (a) The comptroller may store and maintain electronically a state record or an essential record if:

(1) the method used to store and maintain the record allows accurate reproduction of the record;

(2) the method used to store and maintain the record conforms with any standards prescribed by the records preservation officer in conformity with any applicable rules of the National Institute of Standards and Technology, except that those standards do not apply to the extent they conflict with this section; and

(3) the place and manner of safekeeping the medium or equipment on which the record is stored and maintained conforms with the records preservation officer's requirements under Section 441.059(a), except that the officer may not prohibit the comptroller from retaining possession of that medium or equipment.

(b) An accurate reproduction of a state record that is stored and maintained according to this section is a preservation duplicate of the record for purposes of Sections 441.058 and 441.059, without regard to whether the records preservation officer:

(1) made the reproduction; or

(2) designated the reproduction as a preservation duplicate.

(c) An accurate reproduction of an essential record that is stored and maintained according to this section is a photographic reproduction of the record for purposes of Section 441.038(f).

(d) An accurate reproduction of a state record or an essential record may be in tangible or intangible form, including an electronic or optical image of the record.

(e) In this section:

(1) "Essential record" means written or graphical material that is made or received by the comptroller in the conduct of official state business and that is filed or intended to be preserved permanently or for a definite period as a record of that business.

(2) "Records preservation officer" means the director of the records management division of the Texas State Library.

(3) "State record" means a document, book, paper, photograph, sound recording, or other material, without regard to physical form or characteristic, that is made or received by the comptroller according to law or in connection with the transaction of official state business.

Added by Acts 1997, 75th Leg., ch. 1040, Sec. 61, eff. Sept. 1, 1997.

Sec. 403.027. DIGITAL SIGNATURES. (a) The comptroller may establish a procedure for a person to use a digital signature to authenticate a document, a communication, or data submitted to the comptroller if:

(1) the comptroller determines the procedure will provide a degree of security and authenticity at least equal to that provided by a manual signature; and

(2) the digital signature:

(A) is unique to the person using it;

(B) is capable of independent verification;

(C) is under the sole control of the person using it; and

(D) is transmitted in a manner that makes it infeasible to change the signature, document, communication, or data without invalidating the signature.

(b) A digital signature provided according to a procedure established under Subsection (a) has the same legal force and effect for all purposes as a manual signature.

(c) The electronic approval of a voucher is governed by:

(1) this section and Chapter 2103 if the comptroller has established a procedure for the person approving the voucher to provide a digital signature concerning the voucher; or

(2) Chapter 2103 if the comptroller has not established the procedure.

(d) This section prevails over Chapter 2103 to the extent of conflict if both this section and that chapter apply under Subsection (c)(1).

(e) Except as provided by this subsection, Section 2054.060 applies to a digital signature used to authenticate any document,

communication, or data submitted to the comptroller if the comptroller has not established a procedure under Subsection (a) concerning the signature. Section 2054.060 does not apply to the electronic approval of a voucher under Chapter 2103.

(f) The use of a digital signature under this section is subject to criminal laws pertaining to fraud and computer crimes, including Chapters 32 and 33, Penal Code.

(g) In this section, "digital signature" means an electronic identifier intended by the person using it to have the same force and effect as the use of a manual signature.

Added by Acts 1997, 75th Leg., ch. 1035, Sec. 76, eff. June 19, 1997. Amended by Acts 2001, 77th Leg., ch. 1158, Sec. 11, eff. June 15, 2001; Acts 2003, 78th Leg., ch. 1310, Sec. 17, eff. June 20, 2003.

Sec. 403.0271. AUTHORIZATIONS TO DEBIT STATE ACCOUNTS. (a) The comptroller may authorize a person to debit a state account in or outside of the state treasury for the purpose of receiving payment for goods or services provided to a state agency.

(b) The comptroller may:

(1) authorize certain persons to debit an account without authorizing others to do so;

(2) authorize a debit for goods or services provided to certain state agencies without authorizing a debit for goods or services provided to other state agencies;

(3) authorize a debit for certain types of goods or services without authorizing a debit for other types of goods or services; and

(4) otherwise limit the circumstances under which a debit is permitted.

(c) Each state agency whose funds are paid through debits authorized under Subsection (a) shall:

(1) reconcile the debits with the actual amount due for goods or services provided; and

(2) recover any amount debited that exceeds the amount due.

(d) The comptroller by rule shall specify the frequency with which a reconciliation under Subsection (c)(1) must be conducted by a state agency. The comptroller by rule may require the agency to submit the reconciliation to the comptroller for review and approval. The comptroller may audit the agency to ensure the accuracy of the reconciliation.

(e) The comptroller may adopt rules and establish procedures to administer this section.

(f) In this section, "state agency" means:

(1) a board, commission, department, or other agency in the executive branch of state government that is created by the constitution or a statute of this state, including an institution of higher education as defined by Section 61.003, Education Code, other than a public junior or community college;

(2) the legislature or a legislative agency; or

(3) the supreme court, the court of criminal appeals, a court of appeals, or a state judicial agency.

Added by Acts 1999, 76th Leg., ch. 1467, Sec. 1.14, eff. June 19, 1999.

Sec. 403.028. HEALTH CARE FRAUD STUDY. (a) Except as provided by Subsection (f), the comptroller shall conduct a study each biennium to determine:

(1) the number and type of potential fraudulent claims for medical or health care benefits submitted:

(A) under the state Medicaid program, including the Medicaid managed care program implemented under Chapter 533; or

(B) by or on behalf of a state employee and administered by the attorney general under Chapter 501, Labor Code; and

(2) the need for changes to the eligibility system used under the state Medicaid program.

(b) For purposes of the study conducted under this section, the comptroller or, at the request of the comptroller, a state agency that administers a program identified by Subsection (a) may make telephone contact with a person identified as receiving services for which benefits are provided under the program to confirm the delivery of services to the person.

(c) A state agency that administers a program identified by Subsection (a) shall cooperate with the comptroller and provide any

information required by the comptroller in connection with the study. The information must be provided in a format agreed to by the comptroller and the state agency to permit examination of both patient and health care provider histories to identify unusual or suspicious claims or patterns of claims. A state agency may enter into a memorandum of understanding with the comptroller regarding the use and confidentiality of the information provided. This subsection does not require a state agency to provide confidential information if release of the information is prohibited by law.

(d) Each state agency that administers a program identified by Subsection (a), in consultation with the comptroller and the office of the state auditor, shall establish performance measures to be used to evaluate the agency's fraud control procedures.

(e) The comptroller shall report the results of the study to each state agency that administers a program included in the study so that the agency may modify its fraud control procedures as necessary. The report must indicate whether the level of fraud in each program included in the study has increased, decreased, or remained constant since the last report of the comptroller under this section.

(f) The state auditor, based on a risk assessment and subject to the legislative audit committee's approval of including the state auditor's advisory function in the audit plan under Section 321.013, may advise the comptroller in its conduct of the study required under Subsection (a).

Added by Acts 1997, 75th Leg., ch. 1153, Sec. 6.01(a), eff. Sept. 1, 1997. Amended by Acts 1999, 76th Leg., ch. 1289, Sec. 2, eff. Sept. 1, 1999; Acts 1999, 76th Leg., ch. 1541, Sec. 50, eff. Sept. 1, 1999. Renumbered from V.T.C.A., Government Code Sec. 403.026 by Acts 1999, 76th Leg., ch. 62, Sec. 19.01(32), eff. Sept. 1, 1999. Amended by Acts 1999, 76th Leg., ch. 1290, Sec. 1, eff. June 18, 1999; Acts 2001, 77th Leg., ch. 1420, Sec. 9.004, eff. Sept. 1, 2001; Acts 2003, 78th Leg., ch. 785, Sec. 9, eff. Sept. 1, 2003.

Sec. 403.029. TRANSFER OF CERTAIN MONEY TO GENERAL REVENUE FUND. On the expiration of Subchapter N:

(1) the comptroller shall determine the amount sufficient to administer loan guarantees or obligations of the comptroller that remain outstanding under the Texas film industry loan guarantee indemnity program administered by the comptroller under Subchapter N; and

(2) any amount in the Texas film industry administrative fund that exceeds the amount determined under Subdivision (1) may be used only by the Music, Film, Television, and Multimedia Office in the governor's office for the purpose of promoting the film industry in this state.

Added by Acts 1999, 76th Leg., ch. 832, Sec. 2, eff. Sept. 1, 1999.

Sec. 403.030. INFORMATION ON ECONOMIC DEVELOPMENT ACTIVITIES. (a) For purposes of evaluating the effect on economic development in this state, the comptroller, before each regular session of the legislature, shall collect and make available information that:

(1) lists the strategies in the General Appropriations Act identified as meeting the statewide priority goal or service category of economic development, if any, of each state agency and institution of higher education, as defined by Section 61.003, Education Code, including:

(A) legislative appropriations or actual expenditures, as applicable, for each strategy;

(B) the method of financing of each strategy; and

(C) outcome measures associated with each appropriate strategy that are listed in the General Appropriations Act or the Automated Budget and Evaluation System of Texas (ABEST);

(2) lists all investments financed with money from the Texas growth fund created by Section 70, Article XVI, Texas Constitution;

(3) contains a summary of the information reported under Section 4C, Development Corporation Act of 1979 (Article 5190.6, Vernon's Texas Civil Statutes), by each corporation created under Section 4A or 4B of that Act and a copy of the report submitted by each of the 10 corporations with the largest total revenue in the most recent fiscal year ending before the date the information compiled under this section is made available;

(4) contains a summary of the report required by Section 403.014 and information on the effect on revenues of

allocation or apportionment under Sections 171.106 and 171.1061, Tax Code;

(5) contains a summary of reports the comptroller is required to submit by other law to evaluate the effectiveness of Tax Code provisions, including reports required by Sections 171.707, 171.727, 171.759, and 171.809, Tax Code; and

(6) to the extent practicable, contains information on employment, capital investment, and personal income relating to:

(A) at least two tax provisions described by Section 403.014; and

(B) changes in school district property tax law or Tax Code provisions enacted by the most recent legislature.

(b) The information compiled by the comptroller under this section must cover the five-year period ending on the last day of the most recent fiscal year ending before the date the information is made available.

(c) The comptroller may request from any appropriate entity or agency information necessary to compile the information described by this section. Each entity or agency shall cooperate with the comptroller in providing information under this section. The Legislative Budget Board shall provide to the comptroller the information required by Subsection (a)(1).

Added by Acts 2001, 77th Leg., ch. 1407, Sec. 1, eff. June 16, 2001.

Sec. 403.0301. INTELLECTUAL PROPERTY. (a) The comptroller may:

(1) apply for, register, secure, hold, and protect under the laws of the United States or any state or nation:

(A) a patent for the invention, discovery, or improvement of any process, machine, manufacture, or composition of matter;

(B) a copyright for an original work of authorship fixed in any tangible medium of expression, known or later developed, from which it can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device;

(C) a trademark, service mark, collective mark, or certification mark for a word, name, symbol, device, or slogan that the comptroller uses to identify and distinguish the comptroller's goods and services from other goods and services; or

(D) other evidence of protection or exclusivity issued for intellectual property;

(2) contract with a person for the sale, lease, marketing, or other distribution of the comptroller's intellectual property;

(3) obtain under a contract described in Subdivision (2) a royalty, license right, or other appropriate means of securing reasonable compensation for the development or purchase of the comptroller's intellectual property; and

(4) waive or reduce the amount of compensation secured by contract under Subdivision (3) if the comptroller determines that the waiver or reduction will:

(A) further a goal or mission of the comptroller; and

(B) result in a net benefit to the state.

(b) Intellectual property is excepted from required disclosure under Chapter 552:

(1) beginning on the date the comptroller decides to seek a patent, trademark, service mark, collective mark, certification mark, or other evidence of protection of exclusivity concerning the property; and

(2) ending on the date the comptroller receives a decision about the comptroller's application for a patent, trademark, service mark, collective mark, certification mark, or other evidence of protection of exclusivity concerning the property.

(c) Except as provided by Section 2054.115(c), money paid to the comptroller under this section shall be deposited to the credit of the general revenue fund.

(d) Notwithstanding any other law of this state, the comptroller may award to an employee of the comptroller who conceives, creates, discovers, invents, or develops intellectual property an appropriate amount of equity interest or participation in the research, development, licensing, or exploitation of that property.

(e) The comptroller shall establish intellectual property

policies for the comptroller's office that include minimum standards for:

(1) the public disclosure or availability of products, technology, and scientific information, including inventions, discoveries, trade secrets, and computer software;

(2) review by the comptroller's office of products, technology, and scientific information, including consideration of ownership and appropriate legal protection;

(3) the licensing of products, technology, and scientific information;

(4) the identification of ownership and licensing responsibilities for each class of intellectual property; and

(5) royalty participation by inventors and the comptroller's office.

Added by Acts 2001, 77th Leg., ch. 1158, Sec. 12, eff. June 15, 2001.

SUBCHAPTER C. ACCOUNTING

Sec. 403.031. GENERAL ACCOUNTING DUTIES. (a) The comptroller shall maintain accounts and information as necessary to show the sources of state revenues and the purposes for which expenditures are made and shall provide proper accounting controls to protect state finances.

(b) The comptroller shall maintain a double entry system of bookkeeping.

(c) The comptroller, in consultation with the state auditor and the attorney general, may develop standards and criteria to account for or to reclassify receivables determined to be uncollectible. The standards and criteria developed by the comptroller must comply with generally accepted accounting principles as prescribed or modified by the Governmental Accounting Standards Board or its successors and must provide proper accounting controls to protect state finances. The attorney general shall review and approve the standards and criteria for classification of receivables. Receivables may be reclassified as collectible or uncollectible on a case-by-case basis as determined or approved by the attorney general. The classification of receivables as uncollectible under this subsection does not constitute forgiveness of the debt, and any person indebted to the state remains subject to Section 403.055.

Acts 1987, 70th Leg., ch. 147, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1989, 71st Leg., ch. 207, Sec. 1, eff. Sept. 1, 1989; Acts 1997, 75th Leg., ch. 1035, Sec. 70, eff. Sept. 1, 1997; Acts 2003, 78th Leg., ch. 785, Sec. 10, eff. Sept. 1, 2003.

Sec. 403.032. LEDGERS. The comptroller shall collect and maintain the information that is necessary to produce:

- (1) a state general ledger;
- (2) a tax collectors' control ledger;
- (3) a tax collectors' ledger for cash accounts;
- (4) a tax collectors' ledger for occupation taxes;
- (5) a tax collectors' ledger for insolvent taxes;
- (6) a tax collectors' ledger for delinquent taxes;
- (7) agency suspense ledgers;
- (8) a bond ledger for state-owned bonds;
- (9) a securities ledger;
- (10) an appropriation ledger; and
- (11) other ledgers found necessary.

Acts 1987, 70th Leg., ch. 147, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1989, 71st Leg., ch. 207, Sec. 2, eff. Sept. 1, 1989.

Sec. 403.033. SUPPORTING AND ANALYSIS RECORDS. The comptroller shall collect and maintain the information that is necessary to produce:

- (1) a general journal;
- (2) registers concerning deposits;
- (3) registers concerning warrants;
- (4) a warrants canceled register;
- (5) a suspense cash record;
- (6) a securities register;
- (7) a tax collectors' journal;
- (8) a tax collectors' report register;
- (9) an occupation tax register;
- (10) a revenue analysis;
- (11) an expense analysis; and
- (12) other necessary supporting records or analyses.

Acts 1987, 70th Leg., ch. 147, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1989, 71st Leg., ch. 207, Sec. 3, eff. Sept. 1, 1989.

Sec. 403.034. STATE GENERAL LEDGER. (a) The comptroller shall maintain information concerning all entries to the state general ledger. The ledger contains controlling and fund accounts, including:

- (1) a comptroller cash account;
- (2) a comptroller bond account;
- (3) a comptroller securities in trust account;
- (4) a warrants payable account;
- (5) agency suspense accounts;
- (6) securities in trust fund accounts showing net balances, with a separate account for each fund;
- (7) fund accounts for bonds owned, with a separate account for each fund; and
- (8) other accounts found necessary.

(b) The comptroller shall charge the accounts in Subsection (a) with the cash on hand and in depository banks and with all bonds and securities held for state funds or in trust. The comptroller shall charge the state treasury with the totals of all deposits made into the state treasury and credit the state treasury with warrants paid, so that the state treasury balance in the comptroller's hands plus the balance in the state depositories equals the balance shown by the accounts.

(c) The comptroller shall keep accounts to show the amounts of outstanding warrants and shall credit the accounts with warrants issued and charge the accounts for warrants paid, so that the balances of the accounts represent the total amount of outstanding warrants.

Acts 1987, 70th Leg., ch. 147, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1989, 71st Leg., ch. 207, Sec. 4, eff. Sept. 1, 1989; Acts 1997, 75th Leg., ch. 1423, Sec. 7.05, eff. Sept. 1, 1997.

Sec. 403.035. SUSPENSE ACCOUNTS AND LEDGERS. (a) The comptroller may create and use suspense accounts and funds for the collection, allocation, and distribution of revenue, including the allocation of revenue required to be deposited to the credit of the available school fund.

(b) The comptroller shall keep a suspense ledger that states the accounts of the comptroller with respect to money and securities the comptroller holds in suspense, including money and securities deposited with the comptroller pending a determination of whether the deposits are for a state purpose. The comptroller shall acknowledge the receipt of the items held in suspense and post these items to the ledger. The ledger must also include accounts for all money and securities received by heads of agencies and deposited in suspense with the comptroller.

Acts 1987, 70th Leg., ch. 147, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1989, 71st Leg., ch. 207, Sec. 5, eff. Sept. 1, 1989; Acts 1997, 75th Leg., ch. 1423, Sec. 7.06, eff. Sept. 1, 1997.

Sec. 403.036. APPROPRIATION LEDGERS. (a) The comptroller shall keep an account for each legislative appropriation and shall credit the account with the appropriation and charge the account with all warrants issued under the authority of the appropriation. Each account must show the law authorizing the appropriation.

(b) The comptroller shall credit the total of all appropriations to a control account. The comptroller shall charge the total of warrants issued to this account so that the balance represents the amount of unused appropriations. The comptroller shall balance the individual appropriation accounts against the control account.

(c) The head of each state agency or institution shall keep accounts of the appropriations as they apply to the agency or institution and shall balance the accounts against the similar accounts kept by the comptroller.

Acts 1987, 70th Leg., ch. 147, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1989, 71st Leg., ch. 207, Sec. 6, eff. Sept. 1, 1989.

Sec. 403.037. ALLOCATION OF CERTAIN SETTLEMENT MONEY AT DIRECTION OF ATTORNEY GENERAL. (a) The attorney general may certify to the comptroller and the Legislative Budget Board that money awarded to the state in settlement of a claim is money to be credited to the account for a particular appropriation under Section 403.036 if it is not clear under applicable law to which account the money should be credited.

(b) Except as provided by Subsection (c), the comptroller shall act in accordance with the certification received under Subsection (a):

- (1) on the 31st day after the date the comptroller

receives it; or

(2) on the day following the date the comptroller receives the written prior approval of the Legislative Budget Board to act in accordance with the certification.

(c) If, before the 31st day after the date the comptroller receives the certification under Subsection (a), the comptroller receives from the Legislative Budget Board a certification that the money is to be credited to a different account for a particular appropriation under Section 403.036 or that the money should not be credited to any account for a particular appropriation under Section 403.036, the comptroller shall act in accordance with the board's certification as soon as is practicable.

Added by Acts 2001, 77th Leg., ch. 1396, Sec. 1, eff. Sept. 1, 2001.

Sec. 403.038. REVENUE AND EXPENSE ANALYSIS RECORDS. (a) The comptroller shall maintain sufficient information for a revenue analysis record and shall enter in the record the distribution of revenues derived by the state from all sources and the amounts derived from each source. The comptroller shall post to the record the sources of revenue as represented by deposits.

(b) The comptroller shall maintain sufficient information for an expense analysis record and shall enter in the record the distribution of the disbursements made from state funds, classified by agencies or institutions, objects of expenditure, or other criteria considered advisable.

Acts 1987, 70th Leg., ch. 147, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1989, 71st Leg., ch. 207, Sec. 8, eff. Sept. 1, 1989.

Sec. 403.039. TEXAS IDENTIFICATION NUMBER SYSTEM. (a) The comptroller shall assign a Texas Identification Number, based on the comptroller's taxpayer identification number system, to each person, other than a state employee, who supplies property or services to the state for compensation or reimbursement.

(b) The Texas Identification Number system shall be used by each state agency as the primary identification system for persons, other than state employees, who supply property or services to the agency for compensation or reimbursement. The agency may assign secondary numbers if the secondary numbering system does not unnecessarily create duplication of data bases, efforts, or costs.

(c) All state agencies shall cooperate with the comptroller to convert existing relevant identification systems to the Texas Identification Number system. The comptroller may adopt rules governing the conversion to and the administration of the Texas Identification Number system, including rules on the procedure for applying for a number under the system.

(d) In this section, "state agency" means any department, commission, board, office, or other agency in the executive, legislative, or judicial branch of state government, including an institution of higher education.

Added by Acts 1993, 73rd Leg., ch. 906, Sec. 1.04, eff. June 19, 1993.

SUBCHAPTER D. WARRANTS, RECEIPTS, AND REGISTERS

Sec. 403.052. INFORMATION CONCERNING DEPOSITS. (a) The comptroller shall promulgate rules and develop and implement procedures for the efficient deposit of money and securities received and held by the comptroller. The rules and procedures shall be consistent with the requirements of the uniform statewide accounting system.

(b) The comptroller shall record and maintain adequate information concerning deposits into the state treasury. This deposit information shall consist of the records and data that the comptroller deems necessary.

Acts 1987, 70th Leg., ch. 147, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1989, 71st Leg., ch. 207, Sec. 10, eff. Sept. 1, 1989; Acts 1997, 75th Leg., ch. 1423, Sec. 7.07, eff. Sept. 1, 1997.

Sec. 403.054. REPLACEMENT WARRANT. (a) Subject to Subsection (b), the comptroller may issue a replacement warrant in place of an original warrant drawn on the state treasury if the state agency on whose behalf the comptroller issued the original warrant notifies the comptroller that:

(1) the original warrant has been lost, destroyed, or stolen;

(2) the original warrant has not been received; or

(3) the payee's endorsement on the original warrant has been forged.

(b) The comptroller may not issue a replacement warrant if:

(1) the comptroller has paid the original warrant,

unless the comptroller:

(A) has received a refund of the payment; or
(B) is satisfied that the state agency on whose behalf the comptroller issued the original warrant has taken reasonable steps to obtain a refund of the payment;

(2) the period during which the comptroller may pay the original warrant has expired under Section 404.046 or other applicable law;

(3) the payee of the replacement warrant is not the same as the payee of the original warrant; or

(4) the comptroller is prohibited by a payment law from issuing a warrant to the payee of the replacement warrant.

(c) A replacement warrant:

(1) must reflect the same fiscal year as the original warrant; and

(2) may not be paid by the comptroller unless presented for payment to the comptroller or a financial institution before the expiration of two years after the close of the fiscal year in which the original warrant was issued.

(d) The comptroller may not pay an original warrant after the comptroller has issued a replacement warrant for the original warrant.

(e) If the comptroller determines that a replacement warrant was improperly issued or that the person to whom the replacement was issued was not its owner, the comptroller shall immediately demand return of the replacement or, if the replacement has been paid, the amount paid by the state. If this demand is not satisfied, the comptroller shall refer the matter to the attorney general for appropriate action.

(f) A person other than a law enforcement official that has possession of a lost or stolen warrant or a warrant on which the payee's endorsement has been forged shall, on request, immediately deliver the warrant to the comptroller or the state agency on whose behalf the comptroller issued the warrant. The agency or comptroller shall issue a receipt for the warrant.

(g) Failure to reimburse the state on demand as required by Subsection (e) constitutes a debt to the state and further payment to the person shall be held as provided by Section 403.055.

(h) The comptroller shall adopt rules and forms regarding the issuance of replacement warrants.

(i) In this section, "payment law" means:

(1) Section 403.055;

(2) Section 57.48, Education Code;

(3) Section 231.007, Family Code; or

(4) any similar law that prohibits the comptroller from issuing a warrant or initiating an electronic funds transfer to a person.

Acts 1987, 70th Leg., ch. 147, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1989, 71st Leg., ch. 4, Sec. 2.03, eff. Sept. 1, 1989; Acts 1993, 73rd Leg., ch. 449, Sec. 27, eff. Sept. 1, 1993; Acts 1997, 75th Leg., ch. 1423, Sec. 7.08, eff. Sept. 1, 1997; Acts 2003, 78th Leg., ch. 1310, Sec. 18, eff. June 20, 2003.

Sec. 403.055. PAYMENTS TO DEBTORS OR DELINQUENTS PROHIBITED. (a) Except as provided by this section, the comptroller, as a ministerial duty, may not issue a warrant or initiate an electronic funds transfer to a person who has been reported properly under Subsection (f).

(b) Except as provided by this section, the comptroller may not issue a warrant or initiate an electronic funds transfer to the assignee of a person who has been reported properly under Subsection (f) if the assignment became effective after the person became indebted to the state or incurred a tax delinquency.

(c) If this section prohibits the comptroller from issuing a warrant or initiating an electronic funds transfer to a person, the comptroller may issue a warrant or initiate an electronic funds transfer only as provided by this section to:

(1) the person's estate;

(2) the distributees of the person's estate; or

(3) the person's surviving spouse.

(d) This section does not prohibit the comptroller from issuing a warrant or initiating an electronic funds transfer to pay:

(1) the compensation of a state officer or employee;

or

(2) the remuneration of an individual if the

remuneration is being paid by a private person through a state agency.

(e) This section does not prohibit the comptroller from issuing a warrant or initiating an electronic funds transfer to a person reported properly under Subsection (f) or to the person's assignee if the state agency responsible for collecting the person's debt or tax delinquency subsequently and properly reports to the comptroller that:

(1) the person is complying with an installment payment agreement or similar agreement to pay or eliminate the debt or delinquency, unless the agency subsequently and properly reports to the comptroller that the person no longer is complying with the agreement;

(2) the person's debt or delinquency has been paid or otherwise eliminated; or

(3) the report of indebtedness or delinquency was prohibited by Subsection (g) or was otherwise erroneous.

(f) Except as provided by Subsection (g), a state agency shall report to the comptroller each person who is indebted to the state or has a tax delinquency. The report must contain the information and be submitted in the manner and with the frequency required by the comptroller.

(g) A state agency may not report a person under Subsection (f) unless the agency first provides the person with an opportunity to exercise any due process or other constitutional or statutory protection that must be accommodated before the agency or the state may begin a collection action or procedure. The comptroller may not investigate or determine whether a state agency has complied with this prohibition.

(h) This section does not apply:

(1) to the extent Section 57.48, Education Code, applies; or

(2) to the extent this section conflicts with Section 231.007, Family Code.

(i) This section does not prohibit the comptroller from issuing a warrant or initiating an electronic funds transfer if:

(1) the warrant or transfer would result in a payment being made in whole or in part with money paid to the state by the United States; and

(2) the state agency that administers the money certifies to the comptroller that federal law:

(A) requires the payment to be made; or

(B) conditions the state's receipt of the money on the payment being made.

(j) The comptroller may adopt rules and establish procedures to administer this section.

(k) This section does not prohibit the comptroller from issuing a warrant or initiating an electronic funds transfer to a person, the person's assignee, the person's estate, the distributees of the person's estate, or the person's surviving spouse if each state agency that properly reported the person under Subsection (f) consents to issuance of the warrant or initiation of the transfer.

(l) In this section:

(1) "Compensation" means base salary or wages, longevity pay, hazardous duty pay, benefit replacement pay, or an emolument provided in lieu of base salary or wages.

(2) "State agency" means a board, commission, council, committee, department, office, agency, or other governmental entity in the executive, legislative, or judicial branch of state government. The term includes an institution of higher education as defined by Section 61.003, Education Code, other than a public junior or community college.

(3) "State officer or employee" means an officer or employee of a state agency.

(4) "Tax delinquency" means a delinquency in payment of:

(A) a tax to the state; or

(B) a tax that the comptroller administers or collects.

Acts 1987, 70th Leg., ch. 147, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1991, 72nd Leg., ch. 641, Sec. 7, eff. Sept. 1, 1991; Acts 1991, 72nd Leg., 1st C.S., ch. 4, Sec. 12.01, eff. Jan. 1, 1992; Acts 1993, 73rd Leg., ch. 449, Sec. 28, eff. Sept. 1, 1993; Acts 1997, 75th Leg., ch. 1035, Sec. 23, 24, eff. June 19, 1997; Acts

1999, 76th Leg., ch. 583, Sec. 1, eff. Sept. 1, 1999; Acts 1999, 76th Leg., ch. 1467, Sec. 1.15, eff. Jan. 1, 2000; Acts 2001, 77th Leg., ch. 1158, Sec. 13, 94(2), eff. June 15, 2001.

Sec. 403.0551. DEDUCTIONS FOR REPAYMENT OF CERTAIN DEBTS OR TAX DELINQUENCIES. (a) Except as provided by Subsections (b) and (d), the comptroller may deduct the amount of a person's indebtedness to the state or tax delinquency from any amount the state owes the person or the person's successor. The comptroller shall issue a warrant or initiate an electronic funds transfer to the person or successor for any remaining amount.

(b) Subsection (a) applies to a person or the person's successor only if:

(1) the comptroller has provided notice to the person or successor that complies with Subsection (c);

(2) Section 57.48, Education Code, or Section 403.055 prohibits the comptroller from issuing a warrant or initiating an electronic funds transfer to the person or successor; and

(3) the comptroller is responsible under Section 404.046, 404.069, or 2103.003 for paying the amount owed by the state to the person or successor through the issuance of a warrant or initiation of an electronic funds transfer.

(c) The comptroller shall provide notice to a person or the person's successor before deducting the amount of the person's indebtedness to the state or tax delinquency under Subsection (a). The notice must:

(1) be given in a manner reasonably calculated to give actual notice to the person or successor;

(2) state the:

(A) amount of the indebtedness or the amount of the tax, penalties, interest, and costs due, as applicable; and

(B) name of the indebted or delinquent person;

(3) specify the deadline for paying the amount due; and

(4) inform the person or successor that unless the amount due is paid before the deadline, the comptroller will deduct the amount of the indebtedness or delinquency from the amount the state owes the person or successor.

(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," "indebtedness," "state agency," "state employee," and "successor" have the meanings assigned by Section 666.001.

(e) The comptroller shall credit the appropriate fund or account for any amount deducted under this section if the comptroller is the custodian or trustee of that fund or account. The comptroller shall remit any amount deducted under this section to the custodian or trustee of the appropriate fund or account if the comptroller is not its custodian or trustee.

(f) The comptroller may determine the order that a person's multiple types of indebtedness to the state or tax delinquencies are deducted from the amount the state owes the person or the person's successor.

(g) The assignee of a person or the person's successor is considered to be a successor of the person for the purposes of this section, except that a deduction under this section from the amount owed to the assignee of a person or the person's successor may not be made if the assignment became effective before the person became indebted to the state or incurred the tax delinquency.

(h) The comptroller may adopt rules and establish procedures to administer this section.

(i) Except as provided by Subsection (d), in this section, "successor" means a person's estate and the distributees of that estate.

Added by Acts 1999, 76th Leg., ch. 1467, Sec. 1.16, eff. Jan. 1, 2000.

Sec. 403.0552. PREPARATION AND RETENTION OF CERTAIN WARRANTS. (a) The comptroller may prepare and retain a warrant that Section 57.48, Education Code, Section 231.007, Family Code, or Section 403.055 prohibits the comptroller from issuing.

(b) Except as provided by this subsection, the comptroller may prepare a warrant to make a payment that Section 57.48, Education Code, Section 231.007, Family Code, or Section 403.055 prohibits the comptroller from initiating by electronic funds

transfer. The comptroller shall prepare the warrant if the payment is overdue under Section 2251.021.

(c) If the comptroller prepares a warrant under Subsection (a) or (b), the comptroller shall:

(1) make the warrant payable to the person to whom the warrant may not be issued or an electronic funds transfer may not be initiated; and

(2) retain the warrant until the earliest of:

(A) the first day the warrant may no longer be paid by the comptroller under Section 404.046 or other applicable law;

(B) the date the comptroller deducts the amount of the person's indebtedness to the state or tax delinquency from the amount of the warrant under Section 403.0551 or other applicable law;

(C) the date the comptroller recovers the amount of the person's indebtedness to the state under Chapter 666; or

(D) the first day the comptroller is no longer prohibited from issuing the warrant or initiating an electronic funds transfer to that person.

(d) The comptroller may not cancel or destroy a warrant prepared under Subsection (a) or (b) unless the comptroller receives a request for the cancellation or destruction from the state agency that submitted the voucher requesting issuance of the warrant or initiation of the electronic funds transfer and:

(1) the agency informs the comptroller that the voucher was erroneous or was submitted erroneously;

(2) the agency is the only state agency responsible for collecting the indebtedness or tax delinquency of the payee of the warrant; or

(3) all state agencies that are responsible for collecting the indebtedness or tax delinquency of the payee of the warrant consent to the cancellation or destruction.

(e) For purposes of Subsection (d)(1), a voucher is not erroneous and is not submitted erroneously merely because the comptroller is prohibited by Section 57.48, Education Code, Section 231.007, Family Code, or Section 403.055 from issuing a warrant or initiating an electronic funds transfer in accordance with the voucher.

Added by Acts 1999, 76th Leg., ch. 1467, Sec. 1.17, eff. Jan. 1, 2000. Amended by Acts 2001, 77th Leg., ch. 1158, Sec. 14(a), eff. June 15, 2001; Acts 2001, 77th Leg., ch. 1158, Sec. 14(b), eff. Sept. 1, 2001.

Sec. 403.056. PREPARATION AND DELIVERY OF WARRANTS. (a) When a warrant is prepared, the comptroller shall record and maintain adequate information concerning the warrant. This information shall consist of the records and data that the comptroller deems necessary.

(b) After the warrant has been prepared, it shall be delivered to the comptroller for the comptroller's authorization or signature as provided by law.

(c) The comptroller shall deliver the warrant to the person entitled to receive it. The comptroller may require the person to give a receipt for the warrant. The comptroller may file that receipt in the comptroller's office.

(d) A warrant prepared under this section is considered for all purposes to be issued on the due date of the claim.

(e) Notwithstanding Subsection (c), the comptroller may deliver a warrant for payment of a bill for gas or water service provided to the state or a state agency directly to the utility that provided the service. The comptroller may adopt rules to carry out this subsection, consistent with Chapter 2251.

Acts 1987, 70th Leg., ch. 147, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1989, 71st Leg., ch. 207, Sec. 12, eff. Sept. 1, 1989; Acts 1993, 73rd Leg., ch. 660, Sec. 9, eff. Sept. 1, 1993; Acts 1995, 74th Leg., ch. 76, Sec. 5.95(6), eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1423, Sec. 7.09, eff. Sept. 1, 1997.

Sec. 403.057. SIGNATURE ON WARRANTS AFTER CHANGE IN OFFICE. If the comptroller ceases to hold or perform the duties of office, existing stocks of warrants bearing the person's printed name, signature, or facsimile signature may be used until they are exhausted, and the person succeeding to the office or the duties of the office shall have the warrants issued with:

(1) the obsolete printed name, signature, or facsimile signature struck through;

(2) the successor's printed name substituted for the obsolete printed name, signature, or facsimile signature; and

(3) the inscription "Printed name authorized by law" near the successor's printed name.

Acts 1987, 70th Leg., ch. 147, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1989, 71st Leg., ch. 207, Sec. 13, eff. Sept. 1, 1989; Acts 1997, 75th Leg., ch. 1423, Sec. 7.10, eff. Sept. 1, 1997.

Sec. 403.058. INFORMATION CONCERNING CANCELED WARRANTS. The comptroller shall record and maintain the information concerning canceled warrants that is necessary to enable an adequate audit to be performed.

Acts 1987, 70th Leg., ch. 147, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1989, 71st Leg., ch. 207, Sec. 14, eff. Sept. 1, 1989.

Sec. 403.060. PRINTING AND ISSUANCE OF WARRANTS. (a) The comptroller may delegate to a person the authority to print warrants and deliver those warrants to the appropriate person. However, before a person may print and deliver a warrant, the comptroller must approve a voucher related to the warrant in accordance with Section 403.071.

(b) The comptroller:

(1) may print all warrants on a stock that is the same color and design;

(2) may make a warrant payable out of two or more state funds when not prohibited by law;

(3) shall number warrants in accordance with the requirements of the uniform statewide accounting system; and

(4) may combine on a single warrant the payments to a vendor or state employee by two or more state agencies when not prohibited by law.

(c) The comptroller shall promulgate rules for the effective and efficient administration of this section.

Added by Acts 1989, 71st Leg., ch. 207, Sec. 16, eff. Sept. 1, 1989. Amended by Acts 1991, 72nd Leg., ch. 641, Sec. 8, eff. Sept. 1, 1991; Acts 1997, 75th Leg., ch. 1423, Sec. 7.11, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1467, Sec. 1.18, eff. June 19, 1999.

SUBCHAPTER E. CLAIMS

Sec. 403.071. CLAIMS AND AVAILABLE MONEY; OFFENSE. (a) A warrant may not be prepared unless a properly audited claim, verified as to correctness by the agency submitting the claim, is presented to the warrant clerk.

(b) A claim may not be paid from an appropriation unless the claim is presented to the comptroller for payment not later than two years after the end of the fiscal year for which the appropriation was made. However, a claim may be presented not later than four years after the end of the fiscal year for which the appropriation from which the claim is to be paid was made if the appropriation relates to new construction contracts, or to repair and remodeling projects that exceed the amount of \$20,000, including furniture and other equipment, architects' and engineering fees, and other costs related to the contracts or projects.

(c) A claim not presented before the deadline provided by Subsection (b) may be presented to the legislature as other claims for which appropriations are not available.

(d) A warrant may not be drawn against an appropriation from a special fund or account unless the fund or account contains in the state treasury sufficient cash to pay the warrant. The comptroller may not release or deliver a warrant unless the appropriation against which the warrant is drawn has a balance sufficient to pay the warrant.

(e) As a claim is paid it shall be filed according to the method the comptroller finds most advisable. After two years after a claim is filed, it shall be removed from the files and stored as a record.

(f) A person commits an offense if the person knowingly makes a false certificate on a claim against the state for the purpose of authenticating a claim against the state. An offense under this section is punishable by imprisonment in the institutional division of the Texas Department of Criminal Justice for not less than two or more than five years.

(g) Notwithstanding Subsection (a), the comptroller and a state agency may contract in writing for the comptroller to audit claims presented by the state agency after the comptroller prepares warrants or uses the electronic funds transfer system to pay the claims. If the comptroller and a state agency execute a contract,

the comptroller may decide the types of claims that will be audited after payment.

(h) This subsection applies if the comptroller and a state agency have contracted in accordance with Subsection (g). The comptroller shall audit claims after payment in the same way that the comptroller audits claims before payment under Subsection (a). The comptroller may establish requirements and adopt rules concerning the time that a state agency must retain documentation in its files to enable a postpayment audit. If a postpayment audit by the comptroller shows that a claim presented by a state agency was invalid, the comptroller may:

- (1) implement procedures to ensure that similar invalid claims from the state agency are not paid in the future;
- (2) report to the governor, the lieutenant governor, the speaker of the house of representatives, the state auditor, and the Legislative Budget Board the results of the audit;
- (3) require the state agency to obtain a refund of the monies from the payee;
- (4) cancel the contract with the state agency; and
- (5) reduce the state agency's remaining appropriations by the amount of the claim.

Acts 1987, 70th Leg., ch. 147, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1991, 72nd Leg., ch. 641, Sec. 9, eff. Sept. 1, 1991; Acts 1991, 72nd Leg., 1st C.S., ch. 4, Sec. 11.02, eff. Aug. 22, 1991; Acts 1993, 73rd Leg., ch. 449, Sec. 29, eff. Sept. 1, 1993; Acts 1997, 75th Leg., ch. 1035, Sec. 14, eff. June 19, 1997.

Sec. 403.072. PAYROLL CLAIMS. (a) A court, school, or other state agency may prepare and present a payroll claim to the comptroller before the end of the payroll period. The claim must be verified as to services performed during the payroll period before the date of the claim but need not be verified as to services to be performed during the payroll period after the date of the claim.

(b) The comptroller shall accept the claim when presented, prepare a warrant in payment of the claim before the date it becomes due and payable, and hold the warrant for delivery until it becomes due and payable. The warrant must be dated as of the due date of the claim and may not be delivered to the claimant until the due date.

(c) To allow such a warrant to be ready for delivery on the due date, the comptroller may adopt rules necessary to administer this section.

(d) In its rules adopted under this section, the comptroller may not require an institution of higher education, as defined by Section 61.003, Education Code, that processes its own payroll to submit payroll information to the comptroller relating to individual employees of the institution that is not required by the comptroller to make any distribution of state money to the institution to cover the institution's payroll.

Acts 1987, 70th Leg., ch. 147, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1997, 75th Leg., ch. 1423, Sec. 7.12, eff. Sept. 1, 1997; Acts 2003, 78th Leg., ch. 1266, Sec. 1.18, eff. June 20, 2003.

Sec. 403.0721. NET COMPENSATION CALCULATION. The comptroller may adopt procedures and rules relating to the method used to calculate the net compensation of a state officer or employee.

Added by Acts 1993, 73rd Leg., ch. 449, Sec. 30, eff. Sept. 1, 1993.

Sec. 403.073. SPECIAL CLAIMS. A person holding a claim against the state for which a warrant has not been issued and for which the appropriation has been exhausted shall present the claim to the comptroller for the comptroller's consideration not later than 30 days before the meeting of each regular session of the legislature. The comptroller may not audit such a claim presented after this deadline until the comptroller has considered and passed on all claims presented before the deadline.

Acts 1987, 70th Leg., ch. 147, Sec. 1, eff. Sept. 1, 1987.

Sec. 403.074. MISCELLANEOUS CLAIMS. (a) The comptroller shall pay, from available funds appropriated for that purpose, miscellaneous claims for which an appropriation does not otherwise exist or for which the appropriation has lapsed. For the purpose of this section, "miscellaneous claims" does not include claims concerning warrants that have expired because they were not presented to the comptroller for payment within the time period specified in Section 210.012, Labor Code.

(b) Except as provided by Subsection (g), the comptroller may not pay a miscellaneous claim unless the claim has been:

- (1) verified and substantiated by an authorized

employee of the state agency whose special fund or account is to be charged for the claim;

(2) verified by the attorney general as a legally enforceable obligation of the state; and

(3) certified by the claimant as due and unpaid.

(c) The comptroller shall keep a record of each transaction made under this section, showing:

(1) the amount of the claim paid;

(2) the identity of the claimant;

(3) the purpose of the claim; and

(4) the fund or account against which the claim is to be charged.

(d) Except as provided by Subsection (g), the comptroller may not pay under this section a single claim in excess of \$25,000, or an aggregate of claims by a single claimant during a biennium in excess of \$25,000. For the purposes of this subsection, all claims that were originally held by one person are considered held by a single claimant regardless of whether those claims were later transferred.

(e) Unless another law provides a period within which a particular claim must be made, a claim may not be made under this section after four years from the date on which the claim arose. A claim arises on the day after the last day that payment was due on the original claim. A person who fails to make a claim within the period provided by law waives any right to a payment of the claim.

(f) This section does not apply to a claim for a refund of a tax or fee.

(g) The comptroller shall pay under this section any claim that satisfies the requirements of Subchapter B, Chapter 103, Civil Practice and Remedies Code, as provided by Section 103.151, Civil Practice and Remedies Code.

Acts 1987, 70th Leg., ch. 147, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1989, 71st Leg., ch. 232, Sec. 20, eff. Sept. 1, 1989; Acts 1989, 71st Leg., ch. 584, Sec. 5, eff. Sept. 1, 1989; Acts 1991, 72nd Leg., ch. 641, Sec. 10, eff. Sept. 1, 1991; Acts 1995, 74th Leg., ch. 76, Sec. 9.57, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1423, Sec. 7.13, eff. Sept. 1, 1997; Acts 2001, 77th Leg., ch. 1488, Sec. 2, eff. June 15, 2001.

Sec. 403.075. DEFICIENCIES. (a) A person having the power to contract for supplies or pledge the credit of the state for a deficiency that may arise under the person's management or control shall, before the occurrence of a deficiency, make a sworn estimate of the amount necessary to cover a deficiency until the meeting of the next legislature. The person must make the estimate not later than the 30th day before the date the deficiency occurs and shall immediately submit the claim to the governor.

(b) The governor shall:

(1) carefully examine the claim;

(2) approve or disapprove it in whole or part;

(3) endorse the approval on the claim or the part approved;

(4) designate the amount and items approved and the items disapproved; and

(5) file the claim with the comptroller.

(c) The comptroller may draw a deficiency warrant for and may pay only the part of a claim approved and filed as provided by this section. If a sufficient deficiency appropriation exists to meet the claim, the comptroller shall draw a warrant and the claim shall be paid. If such an appropriation does not exist or is not sufficient to pay the claim, the comptroller shall issue a deficiency warrant and the claim may not be paid until the legislature provides for the payment.

(d) If injury or damage occurs to public property from a flood, storm, or unavoidable cause, an estimate may be filed under this section immediately. The estimate must be approved by the governor as provided by this section.

(e) The governor may not approve warrants under this section in an aggregate amount exceeding \$200,000. A warrant approved above this amount is invalid and the comptroller may not redeem it.

(f) This section does not apply to fees and dues for which the state may be liable under general law.

Acts 1987, 70th Leg., ch. 147, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1997, 75th Leg., ch. 1423, Sec. 7.14, eff. Sept. 1, 1997.

Sec. 403.076. TAX REFUNDS. (a) The comptroller shall pay from available funds claims for refunds of state taxes for which a

refund may not be claimed under Section 111.104, Tax Code.

(b) The comptroller shall keep records of each transaction made under this section, showing:

- (1) the amount of the claim paid;
- (2) the identity of the claimant;
- (3) the purpose of the claim; and
- (4) the fund or account against which the claim is to be charged.

(c) For a tax for which no other law provides a period within which a refund claim must be made, a refund claim may not be made after four years from the latest date on which the tax could be paid without the imposition of a penalty or interest. If the law does not provide for the imposition of a penalty or interest for a tax not paid within a specified period, a claim for a refund of the tax may not be made after four years from the date the return relating to the tax was due or, if applicable, a notice that the tax was due.

(d) A person who fails to make a tax refund claim within the period provided by this section or other law waives any right to a refund of the tax paid.

(e) The refund claim must be filed in writing with the agency that collects the tax for which the refund is claimed. The claim must state the amount of the refund claimed and be accompanied by evidence sufficient to establish the grounds for and the amount of the refund.

(f) If the refund is required by law to be made by an agency other than the agency that collects the tax for which the refund is claimed, the agency that collects the tax shall provide the agency making the refund with a copy of the refund claim and the accompanying evidence to establish the validity and amount of the refund. The agency responsible for making the refund may not make a refund without receiving that evidence.

(g) Before paying a refund under this section, the comptroller shall credit the amount due to the person claiming the refund against any other amount finally determined to be due to the state from the person according to information in the custody of the comptroller and shall refund the remainder.

(h) This section does not apply to taxes paid under protest.

(i) This section is not a waiver of sovereign immunity for a refund suit. A person claiming a refund may not seek or obtain judicial review of a determination by the agency with which a refund claim is filed or by the agency having the responsibility to make a refund relating to the refund claim unless the legislature by resolution grants permission for a person to seek judicial review of the determination.

Acts 1987, 70th Leg., ch. 147, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1989, 71st Leg., ch. 232, Sec. 21, eff. Sept. 1, 1989.

Sec. 403.077. IMPROPER COLLECTIONS. (a) The comptroller may refund the amount of money collected or received by a state agency through mistake of fact or law and deposited in the state treasury, including money not due the state and money collected or received in excess of the amount required to be collected or received. The agency must make written request to the comptroller for the refund, showing the reason for and amount of the refund. At any time the comptroller may require further written evidence for the refund and may withhold payment until the comptroller is satisfied that the refund is justified.

(b) A warrant for the payment of the refund must be signed by the comptroller and shall be drawn against the fund or account into which the money was deposited. The refund shall be made from funds appropriated for that purpose.

(c) This section does not affect Subchapter C, Chapter 111, Tax Code, or any statute requiring payment of unrefundable fees.

(d) Unless another law provides a period within which a particular refund claim must be made, a refund claim may not be made under this section after four years from the latest date on which the amount collected or received by the state was due, if the amount was required to be paid on or before a particular date. If the amount was not required to be paid on or before a particular date, a refund claim may not be made after four years from the date the amount was collected or received. A person who fails to make a refund claim within the period provided by law waives any right to a refund of the amount paid.

(e) This section does not apply to a refund of a tax.
Acts 1987, 70th Leg., ch. 147, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1989, 71st Leg., ch. 232, Sec. 22, eff. Sept. 1, 1989; Acts

1997, 75th Leg., ch. 1423, Sec. 7.15, eff. Sept. 1, 1997.

Sec. 403.078. FORM. All claims and accounts against the state shall be submitted on forms or according to the method and format that the comptroller prescribes. The claims and accounts shall be prepared to provide for entering on the claim or account, for use of the comptroller's office, the following:

(1) authorization of the head of the office or other person responsible for the expenditure;

(2) the appropriation against which the disbursement is to be charged;

(3) information required by the comptroller's rules;

(4) proof that the claim or account was presented to the state within the period of limitation provided by Section 16.051, Civil Practice and Remedies Code, or other applicable statute; and

(5) other appropriate matters.

Acts 1987, 70th Leg., ch. 147, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1989, 71st Leg., ch. 232, Sec. 23, eff. Sept. 1, 1989.

Sec. 403.079. USING SAMPLING TECHNIQUES TO AUDIT CLAIMS. (a) The comptroller may use generally recognized sampling techniques to audit claims against the state. Those techniques may be used only when the comptroller determines that they would be cost-effective and would promote greater efficiency in paying claims. The comptroller's proper use of sampling techniques satisfies the auditing requirements of Section 403.071.

(b) When the comptroller uses sampling techniques to audit claims from a state agency, the comptroller may project the results from the sample to similar types of unaudited claims from that agency. The comptroller may use that projection to estimate the amount of unaudited claims that were improperly paid. The comptroller may submit that estimate to the governor, state auditor, and the Legislative Budget Board.

Added by Acts 1989, 71st Leg., ch. 108, Sec. 5, eff. Sept. 1, 1989.

SUBCHAPTER F. MANAGEMENT OF FUNDS IN TREASURY

Sec. 403.0915. DORMANT FUND OR ACCOUNT. At any time the comptroller, with notification to the state auditor, may transfer to the general revenue fund a balance in a dormant fund or account if the source of the fund or account is unknown or the purpose for which it was collected is moot. The legislature at any time after the transfer may appropriate the balance as a refund if the source and purpose of the fund or account become known and active.

Acts 1987, 70th Leg., ch. 147, Sec. 1, eff. Sept. 1, 1987. Redesignated from V.T.C.A., Government Code Sec. 403.091 by Acts 1991, 72nd Leg., 1st C.S., ch. 4, Sec. 11.03, eff. Aug. 22, 1991. Amended by Acts 1997, 75th Leg., ch. 1423, Sec. 7.16, eff. Sept. 1, 1997; Acts 2001, 77th Leg., ch. 1158, Sec. 15, eff. Sept. 1, 2001.

Sec. 403.092. TEMPORARY TRANSFER OF SURPLUS AND OTHER CASH. (a) To allow efficient management of the cash flow of the general revenue fund and to avoid a temporary cash deficiency in that fund, the comptroller may transfer available cash, except constitutionally dedicated revenues, between funds that are managed by or in the custody of the comptroller. As soon as practicable the comptroller shall return the available cash to the fund from which it was transferred. The comptroller shall preserve the equity of the fund from which the cash was transferred and shall allocate the earned interest as if the transfer had not been made.

(b) If the comptroller submits a statement under Article III, Section 49a, of the Texas Constitution when available cash transferred under Subsection (a) is in the general revenue fund, the comptroller shall indicate in that statement that the transferred available cash is in the general revenue fund, is a liability of that fund, and is not available for appropriation by the legislature except as necessary to return cash to the fund from which it was transferred as required by Subsection (a).

Text of subsec. (c) as added by Acts 1993, 73rd Leg., ch. 449, Sec.

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(c) The comptroller may temporarily transfer cash from the general revenue fund to a special fund in the state treasury or to an account in the general revenue fund if:

(1) the transfer contributes toward minimizing the state's interest liability under the Cash Management Improvement Act of 1990 (31 U.S.C. Section 6501 et seq.) by delaying the receipt of federal money;

(2) the amount transferred does not exceed the amount necessary for the comptroller to process a payroll claim that a

state agency submits before the end of the payroll period under Section 403.072;

(3) the comptroller determines before the transfer occurs that other money is not available to process the payroll claim;

(4) before the transfer occurs, the comptroller is notified by the state agency whose payroll claim will be processed that the federal government is legally required to provide by payday sufficient money to pay the claim;

(5) the transfer does not occur earlier than the 10th day before payday; and

(6) the amount transferred is returned to the general revenue fund as soon as possible after the federal money is received but not later than payday.

Text of subsec. (c) as added by Acts 1993, 73rd Leg., ch. 533, Sec. 1, and amended by Acts 1995, 74th Leg., ch. 315, Sec. 16

(c)(1) The comptroller may temporarily transfer cash from the general revenue fund to the petroleum storage tank remediation fund during the 1996-1997 biennium for the purpose of paying reimbursement claims against that fund that are filed with the Texas Natural Resource Conservation Commission on or before August 31, 1995, and for paying the necessary expenses associated with the administration of that fund. The amount of cash to be transferred shall not exceed \$120 million. The transfer shall be made on September 1, 1995, or as soon as practicable thereafter.

(2) Notwithstanding other law, \$80 million of the fees collected under Section 26.3574, Water Code, shall be deposited to the credit of the general revenue fund not later than August 31, 1996, and \$40 million of those fees shall be deposited to the credit of that fund not later than May 31, 1997. The remaining fees collected under that section in excess of the amounts required by this subdivision to be deposited to the credit of the general revenue fund shall be deposited to the credit of the petroleum storage tank remediation fund.

(3) The amount transferred under Subdivision (1) is a receivable of the general revenue fund for the purpose of statements that the comptroller submits under Article III, Section 49a, of the Texas Constitution. The transferred amount is available for appropriation by the legislature.

(4) This subsection expires on the latter of August 31, 1997, or the date of full repayment to the general revenue fund of the amount required under Subdivision (2).

(d) The amount transferred under Subsection (c) is a receivable of the general revenue fund for the purposes of statements that the comptroller submits under Article III, Section 49a, of the Texas Constitution. The transferred amount is available for appropriation by the legislature.

(e) The comptroller may adopt procedures and rules to administer Subsections (c) and (d).

Acts 1987, 70th Leg., ch. 147, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1993, 73rd Leg., ch. 449, Sec. 31, eff. Sept. 1, 1993; Acts 1993, 73rd Leg., ch. 533, Sec. 1, eff. Sept. 1, 1993; Acts 1995, 74th Leg., ch. 315, Sec. 16, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1423, Sec. 7.17, eff. Sept. 1, 1997; Acts 2003, 78th Leg., ch. 1310, Sec. 19, eff. June 20, 2003.

Sec. 403.093. ALLOCATIONS FROM GENERAL REVENUE FUND.

See, also, italicized material following text of this section

(a) Each month the comptroller shall withdraw from the general revenue fund authorized withdrawals and transfers.

(b) Repealed by Acts 1989, 71st Leg., ch. 4, Sec. 2.71(b), eff. Sept. 1, 1989.

(c) Each month the comptroller shall transfer from the general revenue fund to the state contribution account of the teacher retirement system trust fund the equal monthly payment provided by Section 825.404. If the appropriation provided by the legislature is different from the amount of state contributions required, the comptroller, after the end of the fiscal year, shall make adjustments in the teacher retirement fund and the general revenue fund so that the total transfers during the year equal the total amount of the state contribution required.

(d) The comptroller shall transfer from the general revenue fund to the foundation school fund an amount of money necessary to fund the foundation school program as provided by Chapter 42, Education Code. The comptroller shall make the transfers in installments as necessary to comply with Section 42.259, Education

Code. An installment must be made not earlier than two days before the date an installment to school districts is required by Section 42.259, Education Code, and must not exceed the amount necessary for that payment.

(e) Except as provided by Subsection (f), when state revenue is allocated in proportional amounts to the available school fund and to the general revenue fund, the comptroller shall deposit all revenue to the credit of the general revenue fund and then, as a ministerial duty on the 10th day of each month and on the last day of the fiscal year, the comptroller shall transfer from the general revenue fund to the available school fund an amount equal to the proper proportional amount required by law to be allocated to the available school fund from revenue received from the tax during the preceding month, or in the case of the last month of the fiscal year, during the last month of the fiscal year.

(f) All net revenue from taxes imposed by Chapter 154, Tax Code, shall be deposited to the credit of the general revenue fund. The comptroller, as a ministerial duty on the 10th day of each month and on the last day of each fiscal year, shall transfer from the general revenue fund to the proper funds and accounts the amounts computed by the comptroller equal to the amounts required by that chapter.

(g) If on the 10th day of a month the amount available for transfer as provided by this section is insufficient, subsequent credits to the general revenue fund shall be accumulated in an amount sufficient to make the required transfer.

(h) Expired.
Acts 1987, 70th Leg., ch. 147, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1989, 71st Leg., ch. 4, Sec. 2.71(b), eff. Sept. 1, 1989; Acts 1989, 71st Leg., ch. 179, Sec. 2(i), eff. Sept. 1, 1989; Acts 1993, 73rd Leg., ch. 27, Sec. 2, eff. April 13, 1993; Acts 1997, 75th Leg., ch. 165, Sec. 6.13, eff. Sept. 1, 1997.

Amendment by Acts 1987, 70th Leg., 2nd C.S. ch. 7, Sec. 2 V.T.C.A., Government Code 311.031(c) provides, in part, that the repeal of a statute by a code does not affect an amendment of the statute by the same legislature which enacted the code and that the amendment is preserved and given effect as part of the code provision.

Section 2 of Acts 1987, 70th Leg., 2nd C.S. ch. 7, purports to amend Sec. 1 of Vernon's Ann.Civ.St. art. 4364a [now, this section] without reference to the repeal of said article by Acts 1987, 70th Leg., ch. 147, Sec. 6(a). As so amended, Sec. 1 reads:

"Each month the following withdrawals from the general revenue fund shall be made in the amounts provided by this article:

""(1) funds allocated to the state contribution account of the teacher retirement system trust fund; and

""(2) other authorized withdrawals and transfers."

Sec. 403.095. USE OF DEDICATED REVENUE.

Text of section effective until September 1, 2007

(a) Revenue that has been set aside by law for a particular purpose or entity is available for that purpose or entity to the extent money is appropriated for that purpose or entity. Expenditures made in furtherance of the dedicated purpose or entity shall be made from money received from the dedicated revenue source to the extent those funds are appropriated.

(b) Notwithstanding any law dedicating or setting aside revenue for a particular purpose or entity, dedicated revenues that, on August 31, 2007, are estimated to exceed the amount appropriated by the General Appropriations Act or other laws enacted by the 79th Legislature are available for general governmental purposes and are considered available for the purpose of certification under Section 403.121.

(c) The comptroller shall develop accounting and revenue estimating procedures so that each dedicated account maintained in the general revenue fund can be separately identified as to balances of cash and other assets and the amounts of revenues and expenditures and appropriations for each fiscal year.

(d) Following certification of the General Appropriations Act and other appropriations measures enacted by the 79th Legislature, the comptroller shall reduce each dedicated account as directed by the legislature by an amount that may not exceed the amount by which estimated revenues and unobligated balances exceed appropriations. The reductions may be made in the amounts and at the times necessary for cash flow considerations to allow all the dedicated accounts to maintain adequate cash balances to transact

routine business. The legislature may authorize, in the General Appropriations Act, the temporary delay of the excess balance reduction required under this subsection. This subsection does not apply to revenues or balances in:

- (1) funds outside the treasury;
- (2) trust funds, which for purposes of this section include funds that may or are required to be used in whole or in part for the acquisition, development, construction, or maintenance of state and local government infrastructures, recreational facilities, or natural resource conservation facilities;
- (3) funds created by the constitution or a court; or
- (4) funds for which separate accounting is required by federal law.

(e) This section expires on September 1, 2007. Added by Acts 1991, 72nd Leg., 1st C.S., ch. 4, Sec. 11.04, eff. Aug. 22, 1991. Amended by Acts 1995, 74th Leg., ch. 1058, Sec. 18, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1123, Sec. 13, eff. June 19, 1997; Acts 1999, 76th Leg., ch. 1045, Sec. 14, eff. Sept. 1, 1999; Acts 2001, 77th Leg., ch. 1466, Sec. 17, eff. Sept. 1, 2001; Acts 2003, 78th Leg., ch. 1296, Sec. 32, eff. Sept. 1, 2003; Acts 2005, 79th Leg., ch. 1358, Sec. 13, eff. June 18, 2005.

Sec. 403.097. FUNDS EXPENDED IN PROPORTION TO METHOD OF FINANCING. (a) The comptroller may prescribe rules to ensure that, when it is necessary to preserve cash balances in the funds and accounts in the state treasury, appropriations are drawn from the treasury in proportion to the methods of financing specified in the Acts authorizing the appropriations.

(b) The rules may include procedures relating to the deposit of receipts and the issuance of warrants.

(c) This section does not affect other powers of the comptroller under this subchapter, Subchapter H of Chapter 404, or other law.

(d) This section does not apply if the method of financing specified for an agency or an institution of higher education in the Act authorizing appropriations includes interest earned or to be earned on local funds of the agency or institution.

Added by Acts 1999, 76th Leg., ch. 1499, Sec. 1.07, eff. Sept. 1, 1999.

SUBCHAPTER G. FUNDS

Sec. 403.101. FLOOD AREA SCHOOL AND ROAD FUND. (a) The comptroller may receive and give a receipt for money due or payable under 33 U.S.C. Section 701c-3 (1986). The money shall be placed in a separate account called the flood area school and road fund to the credit of the comptroller. The money may not be part of the general funds of the state.

(b) Each person having the duty to collect school or road taxes for a school district, county, or other political subdivision all or part of which is within a flood control district or flood control area created or designated under law shall prepare and file with the comptroller a sworn report showing:

(1) the total number of acres acquired by the United States for flood control purposes within the boundaries of the school district, county, or other political subdivision; and

(2) the tax rate for each \$100 of valuation for school and road purposes levied by the school district, county, or other political subdivision for the year in which the report is made.

(c) On or before September 15 of each year the comptroller shall pay to a school district, county, or other political subdivision the proportionate share of money in the flood area school and road fund that was produced by leases on land acquired by the United States for flood control purposes within the school district, county, or other political subdivision. The school district, county, or other political subdivision is entitled to a proportionate part of the money in the fund based on the ratio that the district's, county's, or subdivision's tax rate bears to the sum of the school tax rate and the road tax rate. The money may be used for the purposes permitted by federal law.

(d) If during a school year money distributable to a school district is in the flood area school and road fund, the comptroller, on application of a school district, may distribute the money on a date other than a date permitted by Subsection (c).

Acts 1987, 70th Leg., ch. 147, Sec. 1, eff. Sept. 1, 1987.

Sec. 403.102. FEDERAL REVENUE SHARING TRUST FUND. (a) The federal revenue sharing trust fund exists to receive money authorized under the federal revenue sharing law (31 U.S.C. Section

6701 et seq. (1983)) and money earned by the use of that money. Expenditures from the fund must be authorized by the legislature. The comptroller shall administer the fund and may adopt rules providing for the availability of money for use among the entities funded from the fund. Costs related to salary and wages for employer contributions to the state retirement programs, to the Federal Old Age and Survivors Insurance Program (42 U.S.C. Section 401 et seq. (1983)), and for the unemployment benefit program computed at the maximum contributor rate shall be applied to salaries and wages paid from the fund and credited to the general revenue fund.

(b) To ensure that the state obtains full benefit of the federal revenue sharing trust fund, the comptroller may invest money in the fund that is determined to exceed cash requirements for current expenditures in:

(1) direct obligations of, or obligations the principal and interest of which are guaranteed by, the United States;

(2) direct obligations of or participation certificates guaranteed by the Federal Intermediate Credit Bank, Federal Land Banks, Federal National Mortgage Association, Federal Home Loan Banks, or Banks for Cooperatives;

(3) savings and loan associations insured by the Federal Savings and Loan Insurance Corporation;

(4) certificates of deposit of a bank or trust company the deposits of which are fully secured by a pledge of securities listed in Subdivisions (1)-(3);

(5) other securities made eligible by law for this investment; or

(6) any combination of those investments.

Acts 1987, 70th Leg., ch. 147, Sec. 1, eff. Sept. 1, 1987.

Sec. 403.103. SCHOOL TAXING ABILITY PROTECTION FUND. The school taxing ability protection fund is a special fund in the state treasury. Money in the fund may be appropriated to finance formulas designed to protect school districts against estimated revenue losses resulting from implementation of Article VIII, Sections 1-b(c), 1-b(d), and 1-d-1, of the Texas Constitution and shall be allocated to school districts on the basis of formulas, conditions, and limitations prescribed by law.

Acts 1987, 70th Leg., ch. 147, Sec. 1, eff. Sept. 1, 1987.

Sec. 403.104. FEDERAL RESOURCE RECEIPTS DISTRIBUTION FUND. (a) The federal resource receipts distribution fund is a fund in the state treasury. Money received by the state under 30 U.S.C. Section 191 or 355 (1984) shall be deposited to the credit of the fund. The comptroller shall distribute money in the fund to each eligible county in the amount and manner and for the purposes provided by federal law and this section.

(b) A county is eligible to receive funds under this section if federal land for which the state receives a portion of the money from sales, bonuses, royalties, or rentals under 30 U.S.C. Section 191 or 355 (1984) is located in the county. An eligible county is entitled to receive from the fund all of the money paid to the state and deposited in the fund from all sales, bonuses, royalties, and rentals received from federal public land located in the county.

(c) Not later than the 10th day after the date that a county receives a payment from the comptroller under this section the county shall distribute the payment as follows:

(1) 50 percent of the payment is available for distribution to the independent school districts located in whole or part in the county, with each school district receiving a proportionate share according to Subsection (d);

(2) 15 percent of the payment is available for distribution to the incorporated municipalities located in whole or part in the county, with each municipality receiving a proportionate share according to Subsection (e); and

(3) 35 percent of the payment is available for the county to retain.

(d) The proportionate share of an independent school district is determined by multiplying the total amount of the payment available for distribution to school districts by the ratio that the average daily attendance for students who reside in the county and who attend that school district bears to the average daily attendance for all students who reside in the county and who attend any independent school district. However, if there are fewer than 10 independent school districts located in whole or part

in the county and if an independent school district would receive under this formula less than 10 percent of the total payment available for distribution to independent school districts, the school district's share shall be increased to 10 percent of the total payment and the shares of the school districts that would receive more than 10 percent under the formula shall be reduced proportionately, but not to an amount less than 10 percent of the total payment. Each independent school district shall develop a reasonable method for determining the average daily attendance for students who reside in the county and who attend the school district.

(e) The proportionate share of a municipality is determined by multiplying the total payment available for distribution to municipalities by the ratio that the number of residents of that municipality who live in the county bears to the total number of residents of all municipalities who live in the county. The number of residents shall be determined according to the most recent federal census.

(f) Money from the fund may be used only for planning, for constructing and maintaining public facilities, and for providing public service.

(g) The comptroller shall administer this section and distribute money from the fund to eligible counties as provided by this section and rules adopted under this section. The comptroller shall adopt rules establishing:

(1) procedures for determining eligible counties and the amounts of money to be distributed from the fund to each of those counties;

(2) methods for monitoring the uses and expenditures of the money; and

(3) other methods and procedures necessary to carry out this section and federal laws and rules governing the money distributed.

Acts 1987, 70th Leg., ch. 147, Sec. 1, eff. Sept. 1, 1987.

Sec. 403.1041. TOBACCO SETTLEMENT PERMANENT TRUST ACCOUNT. (a) In this section and Sections 403.1042 and 403.1043:

(1) "Account" means the tobacco settlement permanent trust account established under the agreement.

(2) "Advisory committee" means the tobacco settlement permanent trust account investment advisory committee.

(3) "Agreement" means the Agreement Regarding Disposition of Settlement Proceeds filed on July 24, 1998, in the United States District Court, Eastern District of Texas, in the case styled The State of Texas v. The American Tobacco Co., et al., No. 5-96CV-91. The term includes the subsequent Clarification of Agreement Regarding Disposition of Settlement Proceeds filed on July 24, 1998, in that litigation.

(4) "Department" means the Texas Department of Health.

(5) "Political subdivision" means:

(A) a hospital district;

(B) another local political subdivision that owns or maintains a public hospital; or

(C) a county of this state responsible for providing indigent health care to the general public.

(b) With the advice of and in consultation with the advisory committee, the comptroller shall administer the account and shall manage the assets of the account.

(c) In managing the assets of the account, the comptroller, with the advice of and in consultation with the advisory committee, may acquire, exchange, sell, supervise, manage, or retain, through procedures and subject to restrictions the comptroller establishes and in amounts the comptroller considers appropriate, any kind of investment that a person of ordinary prudence, discretion, and intelligence, exercising the judgment and care under the circumstances prevailing at that time, would acquire or retain for the person's own account in the management of the person's affairs, not in regard to speculation but in regard to the permanent disposition of the person's money, considering the probable income as well as the probable safety of the capital. Investment and management decisions concerning individual investments must be evaluated not in isolation but in the context of the investment portfolio as a whole and as part of an overall investment strategy consistent with the investment objectives of the account.

(d) The account is a trust account with the comptroller and is composed of money paid to the account in accordance with the

agreement, assets purchased with that money, the earnings of the account, and any other contributions made to the account. The corpus of the account shall remain in the account and may not be distributed for any purpose. The money and other assets contained in the account are not a part of the general funds of the state. The comptroller may appoint one or more commercial banks, depository trust companies, or other entities to serve as a custodian of the account's assets. Section 404.071 does not apply to the account.

(e) The comptroller, with the advice of and in consultation with the advisory committee, may use the earnings of the account for any investment expense, including to obtain the advice of appropriate investment consultants for managing the assets in the account.

(f) On certification by the department under Subchapter J, Chapter 12, Health and Safety Code, the comptroller shall make an annual distribution of the net earnings from the account to each eligible political subdivision as provided in the agreement regarding disposition of settlement proceeds.

(g) Before December 1 of each year the comptroller shall prepare a written report regarding the account during the fiscal year ending on the preceding August 31. Not later than January 1 of each year the comptroller shall distribute the report to the advisory committee, the governor, the lieutenant governor, the state auditor, the attorney general, and the Legislative Budget Board. The comptroller shall furnish a copy of the report to any member of the legislature or other interested person on request. The report must include:

(1) statements of assets and a schedule of changes in book value of the investments from the account;

(2) a summary of the gains, losses, and income from investments on August 31;

(3) an itemized list of the securities held for the account on August 31; and

(4) any other information needed to clearly indicate the nature and extent of the investments made of the account and the income realized from the components of the account.

(h) The comptroller shall adopt rules necessary to implement the comptroller's duties under this section, including rules distinguishing the net earnings of the account that may be distributed under Subsection (f) from earnings used for investment expenses under Subsection (e) and from the money and assets that are the corpus of the account. A rule adopted by the comptroller under this subsection must be submitted to the advisory committee and may not become effective before the rule is approved by the advisory committee. If the advisory committee disapproves a proposed rule, the advisory committee shall provide the comptroller the specific reasons that the rule was disapproved.

Added by Acts 1999, 76th Leg., ch. 753, Sec. 1.01, eff. Aug. 30, 1999.

Sec. 403.1042. TOBACCO SETTLEMENT PERMANENT TRUST ACCOUNT INVESTMENT ADVISORY COMMITTEE. (a) The tobacco settlement permanent trust account investment advisory committee shall advise the comptroller with respect to managing the assets of the tobacco settlement permanent trust account. The committee shall provide the comptroller guidance with respect to the investment philosophy that should be pursued in managing these assets and the extent to which, at any particular time, the assets should be managed to maximize growth of the corpus or to maximize earnings. Except as provided by Section 403.1041(h), the advisory committee serves in an advisory capacity only and is not a fiduciary with respect to the account.

(b) The advisory committee is composed of 11 members appointed as follows:

(1) one member appointed by the comptroller to represent a public hospital or hospital district located in a county with a population of 50,000 or less or a public hospital owned or maintained by a municipality;

(2) one member appointed by the political subdivision that, in the year preceding the appointment, received the largest annual distribution paid from the account;

(3) one member appointed by the political subdivision that, in the year preceding the appointment, received the second largest annual distribution paid from the account;

(4) four members appointed by the Texas Conference of Urban Counties from nominations received from political

subdivisions that, in the year preceding the appointment, received the 3rd, 4th, 5th, 6th, 7th, 8th, 9th, 10th, 11th, or 12th largest annual distribution paid from the account;

(5) one member appointed by the County Judges and Commissioners Association of Texas;

(6) one member appointed by the North and East Texas County Judges and Commissioners Association;

(7) one member appointed by the South Texas County Judges and Commissioners Association; and

(8) one member appointed by the West Texas County Judges and Commissioners Association.

(c) A commissioners court that sets the tax rate for a hospital district must approve any person appointed by the hospital district to serve on the advisory committee.

(d) The advisory committee shall elect the officers of the committee from among the members of the committee.

(e) Except as provided by this subsection, members of the advisory committee serve staggered six-year terms expiring on August 31 of each odd-numbered year. A member of the advisory committee whose term expires or who attempts to resign from the committee remains a member of the committee until the member's successor is appointed.

(f) An individual or entity authorized to make an appointment to the advisory committee created under this section shall attempt to appoint persons who represent the gender composition, minority populations, and geographic regions of the state.

(g) Members of the advisory committee serve without compensation from the trust fund or the state and may not be reimbursed from the trust fund or the state for travel expenses incurred while conducting the business of the advisory committee.

(h) The comptroller shall provide administrative support and resources to the advisory committee as necessary for the advisory committee to perform the advisory committee's duties under this section and Section 403.1041.

(i) Chapter 2110 does not apply to the advisory committee. Added by Acts 1999, 76th Leg., ch. 753, Sec. 1.01, eff. Aug. 30, 1999. Amended by Acts 2003, 78th Leg., ch. 1310, Sec. 20, eff. June 20, 2003; Acts 2005, 79th Leg., ch. 1094, Sec. 7, eff. Sept. 1, 2005.

Sec. 403.1043. RESTRICTIONS ON LOBBYING EXPENDITURES. (a) A political subdivision receiving a distribution under Section 403.1041(f) may not use the distribution to pay:

(1) lobbying expenses incurred by the recipient of the distribution;

(2) a person or entity that is required to register with the Texas Ethics Commission under Chapter 305, Government Code;

(3) any partner, employee, employer, relative, contractor, consultant, or related entity of a person or entity described by Subdivision (2); or

(4) a person or entity who has been hired to represent associations or other entities for the purpose of affecting the outcome of legislation, agency rules, ordinances, or other government policies.

(b) The persons or entities described by Subsection (a) are not eligible to receive the money or participate either directly or indirectly in the distributions made under Section 403.1041(f).

Added by Acts 1999, 76th Leg., ch. 753, Sec. 1.01, eff. Aug. 30, 1999.

Sec. 403.105. PERMANENT FUND FOR HEALTH AND TOBACCO EDUCATION AND ENFORCEMENT. (a) The permanent fund for health and tobacco education and enforcement is a dedicated account in the general revenue fund. The fund is composed of:

(1) money transferred to the fund at the direction of the legislature;

(2) gifts and grants contributed to the fund; and

(3) the available earnings of the fund determined in accordance with Section 403.1068.

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

(c) The available earnings of the fund may be appropriated to the Texas Department of Health for:

(1) programs to reduce the use of cigarettes and tobacco products in this state, including:

(A) smoking cessation programs;
(B) enforcement of Subchapters H, K, and N, Chapter 161, Health and Safety Code, or other laws relating to distribution of cigarettes or tobacco products to minors or use of cigarettes or tobacco products by minors;

(C) public awareness programs relating to use of cigarettes and tobacco products, including general educational programs and programs directed toward youth; and

(D) specific programs for communities traditionally targeted, by advertising and other means, by companies that sell cigarettes or tobacco products; and

(2) the provision of preventive medical and dental services to children in the medical assistance program under Chapter 32, Human Resources Code.

(d) Subject to any applicable limit in the General Appropriations Act, the Texas Department of Health may contract with another entity to perform all or a part of the functions described by Subsection (c) or may award grants to community organizations, public institutions of higher education, as that term is defined by Section 61.003, Education Code, or political subdivisions to enable the organizations, institutions, or political subdivisions to perform all or a part of those functions. To ensure the most efficient, effective, and rapid delivery of services, the Texas Board of Health shall give high priority and preference to existing, effective state programs that do not otherwise receive money from an endowment program funded by money received under the Comprehensive Settlement Agreement and Release filed in the case styled The State of Texas v. The American Tobacco Co., et al., No. 5-96CV-91, in the United States District Court, Eastern District of Texas. The board may adopt rules governing any grant program established under this section.

(e) The comptroller may solicit and accept gifts and grants to the fund. A gift or grant to the fund may be appropriated in the same manner as available earnings of the fund, subject to any limitation or requirement placed on the gift or grant by the donor or granting entity.

(f) Money in the fund may also be appropriated to pay any amount of money that the federal government determines that the state should repay to the federal government or that the federal government should recoup from the state in the event of national legislation regarding the subject matter of the case styled The State of Texas v. The American Tobacco Co., et al., No. 5-96CV-91, in the United States District Court, Eastern District of Texas.

(g) Sections 403.095 and 404.071 do not apply to the fund.

(h) The department may direct the comptroller to temporarily transfer money appropriated under Subsection (c) to pay an obligation that the department is authorized to incur under and for which money is appropriated under Section 403.1055(c), 403.106(c), or 403.1066(c) if the department determines that the transfer is necessary for cash management purposes. As soon as possible after the transfer but not later than the 90th day after the date of the transfer, the department shall direct the comptroller to transfer back the transferred amount from amounts appropriated under Section 403.1055(c), 403.106(c), or 403.1066(c), as applicable, to the appropriation item for Subsection (c).

Added by Acts 1999, 76th Leg., ch. 1391, Sec. 1, eff. Aug. 31, 1999. Amended by Acts 2001, 77th Leg., ch. 1182, Sec. 1, eff. June 15, 2001; Acts 2003, 78th Leg., ch. 198, Sec. 2.31, 2.32, eff. Sept. 1, 2003.

Sec. 403.1055. PERMANENT FUND FOR CHILDREN AND PUBLIC HEALTH. (a) The permanent fund for children and public health is a dedicated account in the general revenue fund. The fund is composed of:

(1) money transferred to the fund at the direction of the legislature;

(2) gifts and grants contributed to the fund; and

(3) the available earnings of the fund determined in accordance with Section 403.1068.

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

(c) The available earnings of the fund may be appropriated to:

(1) the Texas Department of Health for the purpose of:

(A) developing and demonstrating cost-effective

prevention and intervention strategies for improving health outcomes for children and the public;

(B) providing grants to local communities to address specific public health priorities, including sickle cell anemia, diabetes, high blood pressure, cancer, heart attack, stroke, keloid tissue and scarring, and respiratory disease;

(C) providing grants to local communities for essential public health services as defined in the Health and Safety Code; and

(D) providing grants to schools of public health located in Texas; and

(2) the Interagency Council on Early Childhood Intervention to provide intervention services for children with developmental delay or who have a high probability of developing developmental delay and the families of those children.

(d) The Texas Board of Health may adopt rules governing any grant program established under this section.

(e) The comptroller may solicit and accept gifts and grants to the fund. A gift or grant to the fund may be appropriated in the same manner as available earnings of the fund, subject to any limitation or requirement placed on the gift or grant by the donor or granting entity.

(f) Money in the fund may also be appropriated to pay any amount of money that the federal government determines that the state should repay to the federal government or that the federal government should recoup from the state in the event of national legislation regarding the subject matter of the case styled *The State of Texas v. The American Tobacco Co., et al.*, No. 5-96CV-91, in the United States District Court, Eastern District of Texas.

(g) Sections 403.095 and 404.071 do not apply to the fund.

(h) The department may direct the comptroller to temporarily transfer money appropriated under Subsection (c) to pay an obligation that the department is authorized to incur under and for which money is appropriated under Section 403.105(c), 403.106(c), or 403.1066(c) if the department determines that the transfer is necessary for cash management purposes. As soon as possible after the transfer but not later than the 90th day after the date of the transfer, the department shall direct the comptroller to transfer back the transferred amount from amounts appropriated under Section 403.105(c), 403.106(c), or 403.1066(c), as applicable, to the appropriation item for Subsection (c).
Added by Acts 1999, 76th Leg., ch. 1391, Sec. 1, eff. Aug. 31, 1999.
Amended by Acts 2001, 77th Leg., ch. 1182, Sec. 2, eff. June 15, 2001; Acts 2003, 78th Leg., ch. 198, Sec. 2.33, eff. Sept. 1, 2003.

Sec. 403.106. PERMANENT FUND FOR EMERGENCY MEDICAL SERVICES AND TRAUMA CARE. (a) The permanent fund for emergency medical services and trauma care is a dedicated account in the general revenue fund. The fund is composed of:

(1) money transferred to the fund at the direction of the legislature;

(2) gifts and grants contributed to the fund; and

(3) the available earnings of the fund determined in accordance with Section 403.1068.

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

(c) The available earnings of the fund may be appropriated to the Texas Department of Health for programs to provide emergency medical services and trauma care in this state.

(d) Subject to any applicable limit in the General Appropriations Act, the Texas Department of Health may establish programs to provide emergency medical services and trauma care in this state, may contract with another entity to establish those programs, or may award grants to political subdivisions to establish or support those programs. The department may consolidate any grant program established under this section with other grant programs relating to the provision of emergency medical services and trauma care. The Texas Board of Health may adopt rules governing the grant program.

(e) The comptroller may solicit and accept gifts and grants to the fund. A gift or grant to the fund may be appropriated in the same manner as available earnings of the fund, subject to any limitation or requirement placed on the gift or grant by the donor or granting entity.

(f) Money in the fund may also be appropriated to pay any amount of money that the federal government determines that the

state should repay to the federal government or that the federal government should recoup from the state in the event of national legislation regarding the subject matter of the case styled The State of Texas v. The American Tobacco Co., et al., No. 5-96CV-91, in the United States District Court, Eastern District of Texas.

(g) Sections 403.095 and 404.071 do not apply to the fund.

(h) The department may direct the comptroller to temporarily transfer money appropriated under Subsection (c) to pay an obligation that the department is authorized to incur under and for which money is appropriated under Section 403.105(c), 403.1055(c), or 403.1066(c) if the department determines that the transfer is necessary for cash management purposes. As soon as possible after the transfer but not later than the 90th day after the date of the transfer, the department shall direct the comptroller to transfer back the transferred amount from amounts appropriated under Section 403.105(c), 403.1055(c), or 403.1066(c), as applicable, to the appropriation item for Subsection (c).

Added by Acts 1999, 76th Leg., ch. 1391, Sec. 1, eff. Aug. 31, 1999. Amended by Acts 2001, 77th Leg., ch. 1182, Sec. 3, eff. June 15, 2001.

Sec. 403.1065. PERMANENT FUND FOR RURAL HEALTH FACILITY CAPITAL IMPROVEMENT. (a) The permanent fund for rural health facility capital improvement is a dedicated account in the general revenue fund. The fund is composed of:

(1) money transferred to the fund at the direction of the legislature;

(2) payments of interest and principal on loans made under Subchapter G, Chapter 106, Health and Safety Code, and fees collected under that subchapter;

(3) gifts and grants contributed to the fund; and

(4) the available earnings of the fund determined in accordance with Section 403.1068.

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

(c) The available earnings of the fund may be appropriated to the Office of Rural Community Affairs for the purposes of Subchapter H, Chapter 487.

(d) The comptroller may solicit and accept gifts and grants to the fund. A gift or grant to the fund may be appropriated in the same manner as the available earnings of the fund, subject to any limitation or requirement placed on the gift or grant by the donor or granting entity.

(e) Money in the fund may also be appropriated to pay any amount of money that the federal government determines that the state should repay to the federal government or that the federal government should recoup from the state in the event of national legislation regarding the subject matter of the case styled The State of Texas v. The American Tobacco Co., et al., No. 5-96CV-91, in the United States District Court, Eastern District of Texas.

(f) Sections 403.095 and 404.071 do not apply to the fund.

Added by Acts 1999, 76th Leg., ch. 1391, Sec. 1, eff. Aug. 31, 1999. Amended by Acts 2001, 77th Leg., ch. 1424, Sec. 8, eff. Sept. 1, 2001.

Sec. 403.1066. PERMANENT HOSPITAL FUND FOR CAPITAL IMPROVEMENTS AND THE TEXAS CENTER FOR INFECTIOUS DISEASE. (a) The permanent hospital fund for capital improvements and the Texas Center for Infectious Disease is a dedicated account in the general revenue fund. The fund is composed of:

(1) money transferred to the fund at the direction of the legislature;

(2) payments of interest and principal on loans and fees collected under this section;

(3) gifts and grants contributed to the fund; and

(4) the available earnings of the fund determined in accordance with Section 403.1068.

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

(c) The available earnings of the fund may be appropriated to the Texas Department of Health for the purpose of providing services at the Texas Center for Infectious Disease and grants, loans, or loan guarantees to public or nonprofit community hospitals with 125 beds or fewer located in an urban area of the state.

(d) The comptroller may solicit and accept gifts and grants

to the fund. A gift or grant to the fund may be appropriated in the same manner as available earnings of the fund, subject to any limitation or requirement placed on the gift or grant by the donor or granting entity.

(e) Money in the fund may also be appropriated to pay any amount of money that the federal government determines that the state should repay to the federal government or that the federal government should recoup from the state in the event of national legislation regarding the subject matter of the case styled *The State of Texas v. The American Tobacco Co., et al.*, No. 5-96CV-91, in the United States District Court, Eastern District of Texas.

(f) The Texas Board of Health may adopt rules governing any grant, loan, or loan guarantee program established under this section.

(g) A hospital eligible to receive a grant, loan, or loan guarantee under Subchapter G, Chapter 106, Health and Safety Code, is not eligible to receive a grant, loan, or loan guarantee under this section.

(h) Sections 403.095 and 404.071 do not apply to the fund.

(i) The department may direct the comptroller to temporarily transfer money appropriated under Subsection (c) to pay an obligation that the department is authorized to incur under and for which money is appropriated under Section 403.105(c), 403.1055(c), or 403.106(c) if the department determines that the transfer is necessary for cash management purposes. As soon as possible after the transfer but not later than the 90th day after the date of the transfer, the department shall direct the comptroller to transfer back the transferred amount from amounts appropriated under Section 403.105(c), 403.1055(c), or 403.106(c), as applicable, to the appropriation item for Subsection (c).
Added by Acts 1999, 76th Leg., ch. 1391, Sec. 1, eff. Aug. 31, 1999.
Amended by Acts 2001, 77th Leg., ch. 1182, Sec. 4, eff. June 15, 2001; Acts 2003, 78th Leg., ch. 198, Sec. 2.205, 2.206, eff. Sept. 1, 2003.

Sec. 403.1067. RESTRICTIONS ON LOBBYING EXPENDITURES. (a) An organization, program, political subdivision, public institution of higher education, local community organization, or other entity receiving funds or grants from the permanent funds in Section 403.105, 403.1055, 403.106, 403.1065, or 403.1066 may not use the funds or grants to pay:

- (1) lobbying expenses incurred by the recipient;
- (2) a person or entity that is required to register with the Texas Ethics Commission under Chapter 305, Government Code;
- (3) any partner, employee, employer, relative, contractor, consultant, or related entity of a person or entity described by Subdivision (2); or
- (4) a person or entity who has been hired to represent associations or other entities for the purpose of affecting the outcome of legislation, agency rules, ordinances, or other government policies.

(b) The persons or entities described by Subsection (a) are not eligible to receive the money or participate either directly or indirectly in the contracts, funds, or grants awarded in Section 403.105, 403.1055, 403.106, 403.1065, or 403.1066.

(c) Grants or awards made under Section 403.105, 403.1055, 403.106, 403.1065, or 403.1066 may not be conditioned on the enactment of legislation, agency rules, or local ordinances.
Added by Acts 1999, 76th Leg., ch. 1391, Sec. 1, eff. Aug. 31, 1999.

Sec. 403.1068. MANAGEMENT OF CERTAIN FUNDS. (a) This section applies only to management of the permanent funds established under Sections 403.105, 403.1055, 403.106, 403.1065, 403.1066, and 403.108.

(b) The comptroller shall manage the assets of each permanent fund. In managing the assets of a fund, the comptroller may acquire, exchange, sell, supervise, manage, or retain, through procedures and subject to restrictions the comptroller considers appropriate, any kind of investment that prudent investors, exercising reasonable care, skill, and caution, would acquire or retain in light of the purposes, terms, distribution requirements, and other circumstances of the fund then prevailing, taking into consideration the investment of all the assets of the fund rather than a single investment.

(c) The available earnings of each permanent fund consist of distributions made to the fund from the total return on all

investment assets of the fund, including net income attributable to the surface of land held by the fund.

(d) The amount of any distributions to each fund under Subsection (c) shall be determined by the comptroller in a manner intended to provide a stable and predictable stream of annual distributions and to maintain over time the purchasing power of fund investments and annual distributions to the fund. If the purchasing power of fund investments for any 10-year period is not preserved, the comptroller may not increase annual distributions to the available earnings of the fund until the purchasing power of the fund investments is restored.

(e) An annual distribution made by the comptroller to the available earnings of a fund during any fiscal year may not exceed an amount equal to seven percent of the average net fair market value of the investment assets of each fund as determined by the comptroller.

(f) The expenses of managing land and investments of each fund shall be paid from each fund.

(g) On request, the comptroller shall fully disclose all details concerning the investments of each fund.

Added by Acts 1999, 76th Leg., ch. 1391, Sec. 1, eff. Aug. 31, 1999. Amended by Acts 2005, 79th Leg., ch. 395, Sec. 2, eff. Sept. 1, 2005.

Sec. 403.1069. REPORTING REQUIREMENT. The department shall provide a report on the permanent funds established under this subchapter to the Legislative Budget Board no later than November 1 of each year. The report shall include the total amount of money distributed from each fund, the purpose for which the money was used, and any additional information that may be requested by the Legislative Budget Board.

Added by Acts 1999, 76th Leg., ch. 1391, Sec. 1, eff. Aug. 31, 1999.

Sec. 403.107. LOCAL SALES AND USE TAX FEES.

Section effective contingent upon federal legislation as provided in Acts 1989, 71st Leg., ch. 291, Sec. 5.

(a) The comptroller shall deposit fees imposed under Section 151.059, Tax Code, in the state treasury and shall keep records of the amount of money collected for each reporting period. Such fees shall be held in trust in the suspense account of each eligible taxing unit. The comptroller shall distribute money in the suspense accounts under this section to each eligible taxing unit in the amount and manner provided by federal law or this section.

(b) A local taxing unit is eligible to receive funds under this section if it has adopted a sales and use tax under Chapter 321, Chapter 322, or Chapter 323, Tax Code, or has adopted a local sales and use tax governed in part by any provision of those chapters.

(c) The comptroller shall transmit to each eligible taxing unit's treasurer, or to the officer performing the functions of that office, on a quarterly basis, the taxing unit's share of the fees remitted to the comptroller, together with the pro rata share of any penalty or interest on delinquent fees that may be collected. Before transmitting the funds, the comptroller shall deduct two percent of the amount allocated to each taxing unit as a charge by the state for its services under this section and deposit that amount into the state treasury to the credit of the comptroller's operating fund. Interest earned on all deposits made in the state treasury under this section shall be credited to the general revenue fund.

(d) The comptroller shall retain in the suspense account for a taxing unit a portion of the taxing unit's share of the fees collected, not to exceed five percent of the amount remitted to the taxing unit. From the amounts retained in a taxing unit's suspense account, the comptroller may make refunds for overpayments to the account and to redeem dishonored checks and drafts deposited to the credit of the account.

(e) Unless another method is required by federal law, the comptroller shall compute for each calendar quarter the percentage of total sales and use tax allocations made pursuant to Title 3 of the Tax Code, including any local sales and use taxes governed by any provision of Title 3 of the Tax Code, to each eligible taxing unit and shall apply that percentage to the total fees collected under Section 151.059, Tax Code, and allocated to eligible taxing units in that quarter.

(f) The comptroller may combine an eligible taxing unit's

share of the fees remitted or collected under Section 151.059, Tax Code, a suspense account under this section, or an allocation made under this section with other trust or suspense accounts held for that taxing unit or other allocations made to that taxing unit under Title 3 of the Tax Code.

Added by Acts 1989, 71st Leg., ch. 291, Sec. 4.

Sec. 403.108. PERMANENT FUND FOR VETERANS' ASSISTANCE. (a) The permanent fund for veterans' assistance is a special fund in the state treasury outside the general revenue fund. The fund is composed of:

(1) money transferred to the fund at the direction of the legislature;

(2) gifts and grants contributed to the fund; and

(3) the available earnings of the fund determined in accordance with Section 403.1068.

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

(c) The available earnings of the fund may be appropriated to the Texas Veterans Commission to:

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

(2) make grants to local communities to address veterans' needs.

(d) The Texas Veterans Commission may adopt rules governing the award of grants by the commission under this section.

(e) The comptroller may solicit and accept gifts and grants to the fund. A gift or grant to the fund may be appropriated in the same manner as the available earnings of the fund, subject to any limitation or requirement placed on the gift or grant by the donor or granting entity.

(f) Sections 403.095 and 404.071 do not apply to the fund.

Added by Acts 2005, 79th Leg., ch. 395, Sec. 1, eff. Sept. 1, 2005.

Sec. 403.109. PROPERTY TAX RELIEF FUND. (a) The property tax relief fund is a special fund in the state treasury outside the general revenue fund. The fund is exempt from the application of Sections 403.095 and 404.071. Interest and income from the deposit and investment of money in the fund must be allocated monthly to the fund.

(b) Until the state fiscal year beginning after the first tax year in which the average school district maintenance and operations tax rate is not more than \$1.00 per \$100 of taxable value, money in the fund may be appropriated only for a purpose that will result in a reduction of school district maintenance and operations tax rates to rates that are less than the rates in effect for the 2005 tax year.

(c) Beginning in the state fiscal year that begins after the first tax year in which the average school district maintenance and operations tax rate is not more than \$1.00 per \$100 of taxable value, any money remaining in the fund after a sufficient amount of money is appropriated in that state fiscal year to maintain an average school district maintenance and operations tax rate of \$1.00 per \$100 of taxable value may be appropriated only as follows:

(1) two-thirds of the money appropriated from the fund may be appropriated only for a purpose that will result in a further reduction of the average school district maintenance and operations tax rate; and

(2) one-third of the money appropriated from the fund may be appropriated only for the purpose of increasing the level of equalization of school district enrichment tax effort to the extent that limits reliance by school districts on local property tax effort and decreases the enrichment tax rates of districts.

(d) To the extent to which maintenance and operations tax rates are reduced using money appropriated from the fund, reductions must be carried out so as not to increase the disparity in revenue yield between districts of varying property wealth per weighted student.

Added by Acts 2006, 79th Leg., 3rd C.S., ch. 3, Sec. 1(a), eff. Sept. 1, 2006.

SUBCHAPTER H. SECURITIES

Sec. 403.111. REGISTRATION. (a) Except as provided by Subsection (f), the comptroller shall obtain suitable books for use as bond registers by the comptroller's office. The volumes of the books shall be separately designated.

(b) In the bond registers the comptroller shall alphabetically register each bond required by law to be registered

by the comptroller. For each bond the comptroller shall enter in the register only:

- (1) the name of the issuing authority;
- (2) the names and official capacities of the officers signing the bond;
- (3) the date of issue;
- (4) the date of registration;
- (5) the principal amount;
- (6) the date of maturity;
- (7) the number;
- (8) the time of option of redemption;
- (9) the rate of interest; and
- (10) the day of the month of each year when interest becomes due.

(c) On the same line where the entry under Subsection (b) is made, a blank space shall be provided for entry of the date of payment or redemption of the bond.

(d) The bond itself, the opinion of the attorney general, and the record or other papers or documents relating to the bond need not be included in the register.

(e) When a bond is paid or redeemed, the proper officer or authority paying the bond shall notify the comptroller of the occurrence and date of the payment or redemption. All papers and documents relating to the bonds shall be filed and appropriately numbered.

(f) The comptroller may use electronic means, including the central electronic computing and data processing center established under Section 403.015, instead of books to register bonds.

Acts 1987, 70th Leg., ch. 147, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1993, 73rd Leg., ch. 449, Sec. 32, eff. Sept. 1, 1993.

Sec. 403.112. ACCOUNTS. (a) The comptroller shall keep an appropriate account for each state fund, showing a short description of the essential features of the fund and maintaining sufficient information to account for bonds and securities owned by the fund.

(b) The comptroller shall keep controlling or total accounts of the bonds or other securities, showing the total amount of bonds or other securities belonging to each fund.

(c) A controlling account shall be balanced monthly.
Acts 1987, 70th Leg., ch. 147, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1989, 71st Leg., ch. 207, Sec. 18, eff. Sept. 1, 1989; Acts 1997, 75th Leg., ch. 1423, Sec. 7.19, eff. Sept. 1, 1997.

Sec. 403.113. CANCELLATION OF UNNEEDED BONDS. (a) The comptroller from time to time shall cancel by perforation all unneeded bonds of entities authorized by law to issue bonds to be registered in the comptroller's office and shall return them by express or freight mail to the issuer at the issuer's expense. The comptroller shall make a permanent record in the comptroller's office of the cancellation or return.

(b) Not later than the 30th day before the date that the comptroller cancels bonds under this section, the comptroller shall give notice of the proposed cancellation by registered or certified mail to the entity. The notice must be addressed according to the latest information available in the comptroller's office. If the comptroller becomes aware that the notice is undeliverable, the comptroller shall notify the county judge of the county in which the entity was situated in whole or part of the proposed cancellation. The notice to the county judge must be given not later than 30 days before the date the bonds are canceled and must indicate that the notice to the entity was undeliverable.

(c) Before the date fixed for the cancellation, the entity or county judge, on written notice and execution of a receipt in the form the comptroller prescribes, may repossess the bonds. Any shipping expense involved in the transaction shall be paid by the entity or the county whose county judge repossessed the bonds.

(d) An entity's registered or unregistered bonds that remain in the comptroller's office may be considered unneeded after five years after the date of the bonds.

Acts 1987, 70th Leg., ch. 147, Sec. 1, eff. Sept. 1, 1987.

Sec. 403.114. BOND CLERK. (a) The comptroller shall appoint a bond clerk. Before taking office the bond clerk shall take the official oath. The bond clerk serves at the pleasure of the comptroller.

(b) The bond clerk, under the comptroller's supervision,

direction, and authority, shall perform all duties relating to the registration of bonds imposed on the comptroller by this chapter. The bond clerk may sign the comptroller's name to a certificate of registration of a bond that the bond clerk registers and that is required by law to be registered by the comptroller. In the absence of the bond clerk the chief clerk may perform the bond clerk's duties.

(c) The comptroller shall designate and appoint, from the employees of the comptroller's office, assistants to the bond clerk. The designation and appointment must be in writing, certified under the seal of the comptroller, and filed with the bond clerk. The assistants, under the direction and authority of the comptroller, shall perform all duties relating to the registration of bonds imposed on the comptroller by this chapter. Each assistant may sign the comptroller's name to a certificate of registration of a bond that the assistant registers and that is required by law to be registered by the comptroller. The duties assigned by the comptroller to the assistants are in addition to other duties that may be assigned to the assistants.

Acts 1987, 70th Leg., ch. 147, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 2003, 78th Leg., ch. 285, Sec. 12, eff. Sept. 1, 2003.

SUBCHAPTER I. REVENUE ESTIMATES

Sec. 403.121. CONTENTS OF ESTIMATE. (a) In the statement required by Article III, Section 49a, of the Texas Constitution the comptroller shall list outstanding appropriations that may exist after the end of the current fiscal year but may not deduct them from the cash condition of the treasury or the anticipated revenues of the next biennium for the purpose of certification. The comptroller shall base the reports, estimates, and certifications of available funds on the actual or estimated cash condition of the treasury and shall consider outstanding and undisbursed appropriations at the end of each biennium as probable disbursements of the succeeding biennium in the same manner that earned but uncollected income of a current biennium is considered in probable receipts of the succeeding biennium. The comptroller shall consider as probable disbursements warrants that will be issued by the state before the end of the fiscal year.

(b) The comptroller shall include in the statement the detailed computations and all other pertinent information that the comptroller considered in arriving at the estimates of anticipated revenues.

Acts 1987, 70th Leg., ch. 147, Sec. 1, eff. Sept. 1, 1987.

SUBCHAPTER J. SUITS BY PERSONS OWING TAXES OR FEES

Sec. 403.201. SUITS; JURISDICTION. The district courts of Travis County have exclusive, original jurisdiction of a suit brought under this chapter. This section prevails over Chapter 25 to the extent of any conflict.

Added by Acts 1989, 71st Leg., ch. 232, Sec. 24, eff. Sept. 1, 1989.

Sec. 403.202. PROTEST PAYMENT REQUIRED. (a) If a person who is required to pay to any department of the state government an occupation, excise, gross receipts, franchise, license, or privilege tax or fee, other than a tax or fee to which Subchapter B, Chapter 112, Tax Code, applies or a tax or other amount imposed under Subtitle A, Title 4, Labor Code, contends that the tax or fee is unlawful or that the department may not legally demand or collect the tax or fee, the person shall pay the amount claimed by the state, and if the person intends to bring suit under this subchapter, the person must submit with the payment a protest.

(b) The protest must be in writing and must state fully and in detail each reason for recovering the payment.

(c) The protest payment must be made within the period set out in Section 403.076 or 403.077 for the filing of a refund claim.

Added by Acts 1989, 71st Leg., ch. 232, Sec. 24, eff. Sept. 1, 1989.

Amended by Acts 1993, 73rd Leg., ch. 486, Sec. 7.09, eff. Sept. 1, 1993; Acts 1995, 74th Leg., ch. 76, Sec. 9.58, eff. Sept. 1, 1995.

Sec. 403.203. PROTEST PAYMENT SUIT AFTER PAYMENT UNDER PROTEST. (a) A person may bring suit against the state to recover an occupation, excise, gross receipts, franchise, license, or privilege tax or fee covered by this subchapter and required to be paid to the state if the person has first paid the tax under protest as required by Section 403.202.

(b) A suit under this section must be brought before the 91st day after the day the protest payment was made, or the suit is barred; provided that with respect to any tax or fee assessed annually but that is required to be paid in installments, the

protest required by Section 403.202 may be filed with the final annual return and suit for the recovery for any such installment may be filed within 90 days after the final annual return is due.

(c) The state may bring a counterclaim in a suit brought under this section if the counterclaim relates to taxes or fees imposed under the same statute and during the same period as the taxes or fees that are the subject of the suit and if the counterclaim is filed not later than the 30th day before the date set for trial on the merits of the suit. The state is not required to make an assessment of the taxes or fees subject to the counterclaim under any other statute, and the period of limitation applicable to an assessment of the taxes or fees does not apply to a counterclaim brought under this subsection.

Added by Acts 1989, 71st Leg., ch. 232, Sec. 24, eff. Sept. 1, 1989. Amended by Acts 1993, 73rd Leg., ch. 486, Sec. 7.10, eff. Sept. 1, 1993.

Sec. 403.204. PROTEST PAYMENT SUIT: PARTIES; ISSUES. (a) A suit authorized by this subchapter must be brought against the public official charged with the duty of collecting the tax or fee, the comptroller, and the attorney general.

(b) The issues to be determined in the suit are limited to those arising from the reasons expressed in the written protest as originally filed.

(c) A copy of the written protest as originally filed must be attached to the original petition filed by the person paying the tax or fee with the court and to the copies of the original petition served on the comptroller, the attorney general, and the public official charged with the duty of collecting the tax or fee.

Added by Acts 1989, 71st Leg., ch. 232, Sec. 24, eff. Sept. 1, 1989. Amended by Acts 1997, 75th Leg., ch. 1423, Sec. 7.20, eff. Sept. 1, 1997.

Sec. 403.205. TRIAL DE NOVO. The trial of the issues in a suit under this subchapter is de novo.

Added by Acts 1989, 71st Leg., ch. 232, Sec. 24, eff. Sept. 1, 1989.

Sec. 403.206. CLASS ACTIONS. (a) In this section, a class action includes a suit brought under this subchapter by at least two persons who have paid taxes or fees under protest as required by Section 403.202.

(b) In a class action, all taxpayers who are within the same class as the persons bringing the suit, who are represented in the class action, and who have paid taxes or fees under protest as required by Section 403.202 are not required to file separate suits but are entitled to and are governed by the decision rendered in the class action.

Added by Acts 1989, 71st Leg., ch. 232, Sec. 24, eff. Sept. 1, 1989.

Sec. 403.207. ADDITIONAL PROTEST PAYMENTS BEFORE HEARING. (a) A petitioner shall pay additional taxes or fees when due under protest after the filing of a suit authorized by this subchapter and before the trial. The petitioner may amend the original petition to include all additional taxes or fees paid under protest before five days before the day the suit is set for a hearing or may elect to file a separate suit. The election does not prevent the court from exercising its power to consolidate or sever suits and claims under the Texas Rules of Civil Procedure.

(b) This section applies to additional taxes or fees paid under protest only if a written protest is filed with the additional taxes or fees and the protest states the same reason for contending the payment of taxes or fees that was stated in the original protest.

Added by Acts 1989, 71st Leg., ch. 232, Sec. 24, eff. Sept. 1, 1989.

Sec. 403.208. PROTEST PAYMENTS DURING APPEAL. (a) If the state or the person who brought the suit appeals the judgment of a trial court in a suit authorized by this subchapter, the person who brought the suit shall continue to pay additional taxes or fees under protest as the taxes or fees become due during the appeal.

(b) Additional taxes or fees that are paid under protest during the appeal of the suit are governed by the outcome of the suit without the necessity of the person filing an additional suit for the additional taxes or fees.

Added by Acts 1989, 71st Leg., ch. 232, Sec. 24, eff. Sept. 1, 1989.

Sec. 403.209. SUBMISSION OF PROTEST PAYMENTS TO COMPTROLLER . (a) An officer who receives payments of taxes or fees made under protest as required by Section 403.202 shall each day send to the comptroller the payments, a list of the persons making the payments, and a written statement that the payments were made under

protest.

(b) The comptroller shall deposit each payment made under protest in the General Revenue Fund or to the fund or funds to which the tax or fee is allocated by law.

(c) The comptroller or the officer who receives a payment made under protest, if designated by the comptroller, shall maintain detailed records of the payment made under protest.

(d) For purposes of a tax or fee paid under protest under this subchapter, the interest to be credited on the tax or fee is an amount equal to the amount of interest that would have been earned by the tax or fee if the tax or fee had been deposited into the suspense account of the comptroller.

Added by Acts 1989, 71st Leg., ch. 232, Sec. 24, eff. Sept. 1, 1989. Amended by Acts 1997, 75th Leg., ch. 1423, Sec. 7.21, eff. Sept. 1, 1997.

Sec. 403.210. DISPOSITION OF PROTEST PAYMENTS BELONGING TO STATE. If a suit authorized by this subchapter is not brought in the manner or within the time required or if the suit is properly filed and results in a final determination that a tax or fee payment or a portion of a tax or fee payment made under protest, including the amount of interest credited on the payment, belongs to the state, the state retains the proper amount of the tax or fee payment and the proportionate share of the interest earned.

Added by Acts 1989, 71st Leg., ch. 232, Sec. 24, eff. Sept. 1, 1989.

Sec. 403.211. CREDIT OR REFUND. (a) If a suit under this subchapter results in a final determination that all or part of the money paid under protest was unlawfully demanded by the public official and belongs to the payer, the comptroller, as soon as practicable on or after September 1 of the first year of the first state biennium that begins after the date of the final determination of the suit, shall credit the proper amount, with the interest credited on that amount, against any other amount finally determined to be due to the state from the payer according to information in the custody of the comptroller and shall refund the remainder to the payer by the issuance of a refund warrant.

(b) A refund warrant shall be written and signed by the comptroller.

(c) The comptroller shall draw a refund warrant against the General Revenue Fund or other funds from which refund appropriations may be made, as the comptroller determines appropriate.

(d) The comptroller shall deliver each refund warrant issued to the person entitled to receive it.

Added by Acts 1989, 71st Leg., ch. 232, Sec. 24, eff. Sept. 1, 1989. Amended by Acts 1997, 75th Leg., ch. 1423, Sec. 7.22, eff. Sept. 1, 1997.

Sec. 403.212. REQUIREMENTS BEFORE INJUNCTION. (a) An action for a restraining order or injunction that prohibits the assessment or collection of a state tax; license, registration, or filing fee; or statutory penalty assessed for the failure to pay the state tax or fee may not be brought against a state official or a representative of an official in this state unless the applicant for the order or injunction has first:

(1) filed with the attorney general not later than the fifth day before the date the action is filed a statement of the grounds on which the order or injunction is sought; and

(2) either:

(A) paid to the state official who collects the tax or fee all taxes, fees, and penalties then due by the applicant to the state; or

(B) filed with the state official who collects the tax or fee a good and sufficient bond to guarantee the payment of the taxes, fees, and penalties in an amount equal to twice the amount of the taxes, fees, and penalties then due and that may reasonably be expected to become due during the period the order or injunction is in effect.

(b) The amount and terms of the bond and the sureties on the bond authorized by Subsection (a)(2)(B) must be approved by and acceptable to the judge of the court granting the order or injunction and the attorney general.

(c) The application for the restraining order or injunction must state under the oath of the applicant or the agent or attorney of the applicant that:

(1) the statement required by Subsection (a)(1) has been filed as provided by that subsection; and

(2) the payment of taxes, fees, and penalties has been made as provided by Subsection (a)(2)(A) or a bond has been approved and filed as provided by Subsection (a)(2)(B) and Subsection (b).

(d) A state official who receives a payment or bond under Subsection (a)(2) shall deliver the payment or bond to the comptroller. The comptroller shall deposit a payment made under Subsection (a)(2)(A) to the credit of each fund to which the tax, fee, or penalty is allocated by law.

(e) This section does not apply to a tax or fee to which Subchapter C, Chapter 112, Tax Code, applies.

Added by Acts 1989, 71st Leg., ch. 232, Sec. 24, eff. Sept. 1, 1989. Amended by Acts 1993, 73rd Leg., ch. 486, Sec. 7.11, eff. Sept. 1, 1993; Acts 1997, 75th Leg., ch. 1423, Sec. 7.23, eff. Sept. 1, 1997.

Sec. 403.213. NATURE OF ACTION FOR INJUNCTION. (a) A court may not issue a restraining order or consider the issuance of an injunction that prohibits the assessment or collection of a tax, fee, or other amount covered by Section 403.212 unless the applicant for the order or injunction demonstrates that:

(1) irreparable injury will result to the applicant if the order or injunction is not granted;

(2) no other adequate remedy is available to the applicant; and

(3) the applicant has a reasonable possibility of prevailing on the merits of the claim.

(b) If the court issues a temporary or permanent injunction, the court shall determine whether the amount the assessment or collection of which the applicant seeks to prohibit is due and owing to the state by the applicant.

Added by Acts 1989, 71st Leg., ch. 232, Sec. 24, eff. Sept. 1, 1989.

Sec. 403.214. COUNTERCLAIM. The state may bring a counterclaim in a suit for a temporary or permanent injunction brought under this subchapter if the counterclaim relates to taxes or fees imposed under the same statute and during the same period as the taxes or fees that are the subject of the suit and if the counterclaim is filed not later than the 30th day before the date set for trial on the merits of the application for a temporary or permanent injunction. The state is not required to make an assessment of the taxes or fees subject to the counterclaim under any other statute, and the period of limitation applicable to an assessment of the taxes or fees does not apply to a counterclaim brought under this section.

Added by Acts 1989, 71st Leg., ch. 232, Sec. 24, eff. Sept. 1, 1989.

Sec. 403.215. RECORDS AFTER INJUNCTION. (a) After the granting of a restraining order or injunction under this subchapter, the applicant shall make and keep records of all taxes and fees accruing during the period that the order or injunction is effective.

(b) The records are open for inspection by the attorney general and the state officer authorized to enforce the collection of the tax or fee to which the order or injunction applies during the period that the order or injunction is effective and for one year after the date that the order or injunction expires.

(c) The records must be adequate to determine the amount of all affected taxes or fees accruing during the period that the order or injunction is effective.

Added by Acts 1989, 71st Leg., ch. 232, Sec. 24, eff. Sept. 1, 1989.

Sec. 403.216. REPORTS AFTER INJUNCTION. (a) On the first Monday of each month during the period that an order or injunction granted under this subchapter is effective, the applicant shall make and file a report with the state officer authorized to enforce the collection of the tax or fee to which the order or injunction applies.

(b) The report must include the following monthly information:

(1) the amount of the tax accruing;

(2) a description of the total purchases, receipts, sales, and dispositions of all commodities, products, materials, articles, items, services, and transactions on which the tax is levied or by which the tax or fee is measured;

(3) the name and address of each person to whom a commodity, product, material, or article is sold or distributed or for whom a service is performed;

(4) if the tax is imposed on or measured by the number or status of employees of the applicant, a complete record of the

employees of the applicant and any related information that affects the amount of the tax; and

(5) if payment of the tax or fee is evidenced or measured by the sale or use of stamps or tickets, a complete record of all stamps or tickets used, sold, or handled.

(c) The report shall be made on a form prescribed by the state official with whom the report is required to be filed.

Added by Acts 1989, 71st Leg., ch. 232, Sec. 24, eff. Sept. 1, 1989.

Sec. 403.217. ADDITIONAL PAYMENTS OR BOND. (a) If an applicant for an order or injunction granted under this subchapter has not filed a bond as required by Section 403.212(a)(2)(B), the applicant shall pay all taxes, fees, and penalties to which the order or injunction applies as those taxes, fees, and penalties accrue and before they become delinquent.

(b) If the attorney general determines that the amount of a bond filed under this subchapter is insufficient to cover double the amount of taxes, fees, and penalties accruing after the restraining order or injunction is granted, the attorney general shall demand that the applicant file an additional bond.

Added by Acts 1989, 71st Leg., ch. 232, Sec. 24, eff. Sept. 1, 1989.

Sec. 403.218. DISMISSAL OF INJUNCTION. (a) The attorney general or the state official authorized to enforce the collection of a tax or fee to which an order or injunction under this subchapter applies may file in the court that has granted the order or injunction an affidavit stating that the applicant has failed to comply with or has violated a provision of this subchapter.

(b) On the filing of an affidavit authorized by Subsection (a), the clerk of the court shall give notice to the applicant to appear before the court to show cause why the order or injunction should not be dismissed. The notice shall be served by the sheriff of the county where the applicant resides or by any other peace officer in the state.

(c) The date of the show-cause hearing, which shall be within five days of service of the notice or as soon as the court can hear it, shall be named in the notice.

(d) If the court finds that the applicant failed, at any time before the suit is finally disposed of by the court of last resort, to make and keep a record, file a report, file an additional bond on the demand of the attorney general, or pay additional taxes, fees, and penalties as required by this subchapter, the court shall dismiss the application and dissolve the order or injunction.

Added by Acts 1989, 71st Leg., ch. 232, Sec. 24, eff. Sept. 1, 1989.

Sec. 403.219. FINAL DISMISSAL OR DISSOLUTION OF INJUNCTION. (a) If a restraining order or injunction is finally dismissed or dissolved and a bond was filed, the comptroller shall make demand on the applicant and the applicant's sureties for the immediate payment of all taxes, fees, and penalties due the state.

(b) Taxes, fees, and penalties that are secured by a bond and remain unpaid after a demand for payment shall be recovered in a suit by the attorney general against the applicant and the applicant's sureties in a court of competent jurisdiction of Travis County or in any other court having jurisdiction of the suit.

Added by Acts 1989, 71st Leg., ch. 232, Sec. 24, eff. Sept. 1, 1989.

Amended by Acts 1997, 75th Leg., ch. 1423, Sec. 7.24, eff. Sept. 1, 1997.

Sec. 403.220. CREDIT OR REFUND. (a) If the final judgment in a suit under this subchapter maintains the right of the applicant for a temporary or permanent injunction to prevent the collection of the tax or fee, the comptroller shall credit the amount of the tax or fee, with the interest on that amount, against any other amount finally determined to be due to the state from the applicant according to information in the custody of the comptroller and shall refund the remainder to the applicant. The credit or refund shall be made as soon as practicable on or after September 1 of the first year of the first state biennium that begins after the date of the final judgment.

(b) For purposes of this section, the interest to be paid on a refund of a tax or fee is an amount equal to the amount of interest that would have been earned by the tax or fee if the tax or fee had been paid into the suspense account of the comptroller.

Added by Acts 1989, 71st Leg., ch. 232, Sec. 24, eff. Sept. 1, 1989.

Amended by Acts 1997, 75th Leg., ch. 1423, Sec. 7.25, eff. Sept. 1, 1997.

Sec. 403.221. OTHER ACTIONS PROHIBITED. Except for a restraining order or injunction issued as provided by Section

403.212, a court may not issue a restraining order, injunction, declaratory judgment, writ of mandamus or prohibition, order requiring the payment of taxes or fees into the registry or custody of the court, or other similar legal or equitable relief against the state or a state agency relating to the applicability, assessment, collection, or constitutionality of a tax or fee covered by Section 403.212 or to the amount of the tax or fee due.

Added by Acts 1989, 71st Leg., ch. 232, Sec. 24, eff. Sept. 1, 1989.

SUBCHAPTER K. PETTY CASH ACCOUNTS

Sec. 403.241. DEFINITIONS. In this subchapter:

(1) "Commission" means the State Purchasing and General Services Commission.

(2) "Fund" means the fund in the state treasury from which a petty cash account was created under this subchapter.

(3) "Petty cash account" means a set amount of money held outside the state treasury to be used for the purposes specified by this subchapter.

(4) "State agency" includes:

(A) a department, commission, board, office, or other state governmental entity in the executive or legislative branch of state government;

(B) the Supreme Court of Texas, the Court of Criminal Appeals of Texas, a court of appeals, the Texas Judicial Council, the Office of Court Administration of the Texas Judicial System, the State Bar of Texas, or any other state governmental entity in the judicial branch of state government;

(C) a university system or an institution of higher education as defined by Section 61.003, Education Code; and

(D) any other state governmental entity that the comptroller determines to be a component unit of state government for the purpose of financial reporting under Section 403.013.

Added by Acts 1991, 72nd Leg., ch. 744, Sec. 1, eff. Sept. 1, 1991.

Sec. 403.242. APPLICABILITY OF SUBCHAPTER. This subchapter is the only authority for the establishment and maintenance of petty cash accounts for state agency funds not exempted by Section 403.252.

Added by Acts 1991, 72nd Leg., ch. 744, Sec. 1, eff. Sept. 1, 1991.

Sec. 403.243. CONFORMANCE OF ACCOUNTS ESTABLISHED UNDER PRIOR LAW. The comptroller shall develop and implement necessary procedures for ensuring that petty cash accounts established under prior law conform to the requirements of this subchapter.

Added by Acts 1991, 72nd Leg., ch. 744, Sec. 1, eff. Sept. 1, 1991.

Sec. 403.244. PURPOSE OF PETTY CASH ACCOUNTS. A petty cash account may be established for:

(1) making change of currency;

(2) advancing travel expense money to state officers and employees;

(3) making small disbursements for which formal expenditure procedures are not cost-effective; or

(4) any similar purpose or combination of purposes a state agency considers prudent for conducting state business.

Added by Acts 1991, 72nd Leg., ch. 744, Sec. 1, eff. Sept. 1, 1991.

Sec. 403.245. ACCOUNTING FOR PETTY CASH ACCOUNT. (a) The creation of a petty cash account is not an expenditure of state money or a reduction of appropriation.

(b) The replenishment of a petty cash account is an expenditure from the corresponding fund and shall be drawn from the appropriation from which the expenditure would otherwise have been made.

Added by Acts 1991, 72nd Leg., ch. 744, Sec. 1, eff. Sept. 1, 1991.

Amended by Acts 1999, 76th Leg., ch. 1499, Sec. 1.08, eff. Sept. 1, 1999.

Sec. 403.246. AMOUNT OF PETTY CASH ACCOUNT. (a) Unless the comptroller specifically directs otherwise under Section 403.249, the monetary limits in this section apply to petty cash accounts under this subchapter.

(b) A petty cash account established for changing currency may not exceed \$500.

(c) A petty cash account established for making minor disbursements by the central office of a state agency may not exceed \$1,000.

(d) A petty cash account established for making minor disbursements by offices other than the central office of a state agency may not exceed \$500.

(e) A petty cash account established for advancing travel

expense money to state officers and employees may not exceed one-twelfth of a state agency's expenditures for travel in the immediately preceding fiscal year.

(f) A petty cash account established for a purpose or a combination of purposes the agency considers prudent for conducting state business may not exceed the amounts determined by the comptroller as necessary for the efficient operation of the agency. Added by Acts 1991, 72nd Leg., ch. 744, Sec. 1, eff. Sept. 1, 1991.

Sec. 403.247. DUTIES OF STATE AGENCY. (a) A state agency may establish a petty cash account in a federally insured financial institution.

(b) Before a state agency may establish a petty cash account for a fiscal year:

(1) the head of the agency must determine that the account is necessary for the efficient operation of the agency and submit that determination to the comptroller;

(2) the agency must specify to the comptroller the purpose of the petty cash account;

(3) the agency must estimate the probable disbursements from the petty cash account during the fiscal year and submit that estimate to the comptroller;

(4) the agency must obtain a certification from the comptroller stating that the agency has a sufficient appropriation from the fund for the fiscal year to cover all probable disbursements during the fiscal year; and

(5) if the amount requested for the petty cash account would exceed the limits specified in Section 403.246, the agency must obtain the comptroller's approval of the amount.

(c) As soon as possible after the beginning of each fiscal year, a state agency shall provide to the comptroller an estimate of probable disbursements from each petty cash account during that fiscal year.

(d) A state agency may disburse money from a petty cash account only if the disbursement would be a proper expenditure from the corresponding fund if the fund itself, instead of the petty cash account, were being directly used to make the disbursement.

(e) Before a state agency may request the comptroller to replenish a petty cash account, the state agency shall submit the following documentation to the comptroller, in the content, method, and format required by the comptroller:

(1) the name of and a proper identification number for each person who received a disbursement from the petty cash account;

(2) invoices or receipts from each person who received a disbursement from the petty cash account or canceled checks proving that total disbursements from the account equal the amount of the requested replenishment; and

(3) any other documentation that the comptroller considers necessary.

(f) Repealed by Acts 2003, 78th Leg., ch. 285, Sec. 31(11).

(g) A state agency shall ensure that all disbursements from a petty cash account comply with the purchasing laws and rules of the state and are supported by documentation that is sufficient to enable a complete audit.

(h) A state agency may keep currency in its offices for the purpose of making change, spot purchases, or any similar purpose or a combination of purposes as determined by the agency. The amount of currency kept in an office may not exceed \$100 at any time unless the comptroller determines additional amounts are necessary for the efficient operation of the agency. The documentation that the agency would maintain if a disbursement were made from the petty cash account itself must be maintained for each disbursement from the currency kept in the office.

(i) A state agency shall reconcile and request a replenishment of its petty cash account as often as the comptroller requires.

Added by Acts 1991, 72nd Leg., ch. 744, Sec. 1, eff. Sept. 1, 1991. Amended by Acts 2003, 78th Leg., ch. 285, Sec. 31(11), eff. Sept. 1, 2003.

Sec. 403.248. TRAVEL ADVANCES. (a) The comptroller shall adopt rules governing the use of petty cash accounts established under this subchapter for advancing travel expense money to state officers and employees.

(b) The rules must:

(1) prohibit the use of a petty cash account to advance

more than projected travel expenses to a state officer or employee;
(2) prohibit a state agency from using a petty cash account to advance travel expense money to a prospective state officer or employee;

(3) require a final accounting after a state officer or employee has incurred travel expenses; and

(4) prohibit a state agency from using a petty cash account for any purpose other than advancing travel expense money to a state officer or employee.

(c) In this section, "final accounting" means a reimbursement from or additional payment to a state officer or employee so that the net amount received by the officer or employee equals the actual travel expenses incurred by the officer or employee.

Added by Acts 1991, 72nd Leg., ch. 744, Sec. 1, eff. Sept. 1, 1991. Amended by Acts 1997, 75th Leg., ch. 1035, Sec. 50, eff. Sept. 1, 1997.

Sec. 403.249. DUTIES OF COMPTROLLER. (a) The comptroller shall notify the state auditor when a state agency requests a certification under Section 403.247(b) for a petty cash account.

(b) The comptroller shall use the agency's estimate of probable disbursements from the account during the fiscal year to determine whether the agency has a sufficient appropriation from the fund during the fiscal year to cover those disbursements. The comptroller shall notify the state agency of the determination.

(c) The comptroller may approve a state agency's written request to increase or decrease the petty cash accounts limitations specified in Section 403.246 if the comptroller determines that the increase or decrease is appropriate. The comptroller shall notify the state auditor of any increase or decrease of a petty cash account.

(d) When a state agency submits documentation to the comptroller as part of the procedure for replenishing a petty cash account, the comptroller shall treat the documentation as a proposed expenditure of appropriated funds.

(e) The comptroller shall follow the regular procedures used for auditing claims against the state.

(f) As soon as possible after the beginning of each fiscal year, the comptroller shall review:

(1) each petty cash account to ensure that the corresponding state agency has a sufficient appropriation from the fund to cover projected disbursements from the account during the following fiscal year; and

(2) each petty cash account for advancing travel expense money to ensure that the current amount of the account complies with the limits specified in Section 403.246.

(g) The comptroller shall send the results of the review required by Subsection (f) to the state auditor.

(h) The comptroller may temporarily lapse a state agency's unencumbered appropriations from the fund in an amount equal to the shortage in its petty cash account if the state auditor certifies the existence of that shortage to the comptroller.

(i) The comptroller shall reinstate the lapsed unencumbered appropriations of a state agency if the state auditor certifies to the comptroller that the agency has adopted procedures to prevent similar shortages from occurring in the future.

(j) The comptroller, after consulting with the state auditor, shall adopt necessary rules for the efficient administration of this section.

Added by Acts 1991, 72nd Leg., ch. 744, Sec. 1, eff. Sept. 1, 1991.

Sec. 403.250. DUTIES OF STATE AUDITOR. The state auditor, based on a risk assessment and subject to the legislative audit committee's approval of including the audit in the audit plan under Section 321.013, may audit state agencies for the proper use of petty cash accounts and promptly report shortages, abuses, or unwarranted uses of petty cash accounts to the legislature and the comptroller.

Added by Acts 1991, 72nd Leg., ch. 744, Sec. 1, eff. Sept. 1, 1991. Amended by Acts 2003, 78th Leg., ch. 785, Sec. 11, eff. Sept. 1, 2003.

Sec. 403.251. DUTIES OF COMMISSION. The commission shall treat documentation submitted to the commission by a state agency as part of the procedure for replenishing a petty cash account as a proposed expenditure of appropriated funds. The commission shall follow its usual procedures for reviewing purchases. The

commission shall give the agency a written approval or disapproval of each disbursement from the petty cash account.

Added by Acts 1991, 72nd Leg., ch. 744, Sec. 1, eff. Sept. 1, 1991.

Sec. 403.252. EXCEPTIONS. This subchapter does not apply to:

(1) state agency funds located completely outside the state treasury;

(2) the petty cash accounts maintained by the Texas Department of Mental Health and Mental Retardation under Section 2.17(b)(3), Texas Mental Health and Mental Retardation Act (Article 5547-202, Vernon's Texas Civil Statutes); or

(3) imprest funds kept by enforcement agencies for the purchase of evidence or other enforcement purposes.

Added by Acts 1991, 72nd Leg., ch. 744, Sec. 1, eff. Sept. 1, 1991.

SUBCHAPTER L. PROPERTY ACCOUNTING

Sec. 403.271. PROPERTY ACCOUNTING SYSTEM. (a) This subchapter applies to:

(1) all personal property belonging to the state; and

(2) real and personal property acquired by or otherwise under the jurisdiction of the state under 40 U.S.C. Section 483c, 484(j), or 484(k), and Subchapter G, Chapter 2175.

(b) The comptroller shall administer the property accounting system and maintain centralized records based on information supplied by state agencies and the uniform statewide accounting system. The comptroller shall adopt necessary rules for the implementation of the property accounting system, including setting the dollar value amount for capital assets and authorizing exemptions from reporting.

(c) The property accounting system shall constitute, to the extent possible, the fixed asset component of the uniform statewide accounting system.

(d) The comptroller may authorize a state agency to keep property accounting records at the agency's principal office if the agency maintains complete, accurate, and detailed records. When the comptroller makes such a finding, it shall keep summary records of the property held by that agency. The agency shall maintain detailed records in the manner prescribed by the comptroller and shall furnish reports at the time and in the form directed by the comptroller.

(e) A state agency shall mark and identify state property in its possession. The agency shall follow the rules issued by the comptroller in marking state property.

Added by Acts 1991, 72nd Leg., 2nd C.S., ch. 8, Sec. 2.30. Amended by Acts 1993, 73rd Leg., ch. 906, Sec. 2.11; Acts 1997, 75th Leg., ch. 165, Sec. 17.198, eff. Sept. 1, 1997; Acts 2001, 77th Leg., ch. 816, Sec. 2, eff. Sept. 1, 2001; Acts 2003, 78th Leg., ch. 1276, Sec. 9.020(g), eff. Sept. 1, 2003.

Sec. 403.272. RESPONSIBILITY FOR PROPERTY ACCOUNTING. (a) A state agency must comply with this subchapter and maintain the property records required.

(b) All personal property owned by the state shall be accounted for by the agency that possesses the property. The comptroller shall define personal property by rule for the purposes of this subchapter. In adopting rules, the comptroller shall consider the value of the property, its expected useful life, and the cost of recordkeeping.

Added by Acts 1991, 72nd Leg., 2nd C.S., ch. 8, Sec. 2.30. Amended by Acts 2003, 78th Leg., ch. 785, Sec. 12, eff. Sept. 1, 2003.

Sec. 403.273. PROPERTY MANAGER; PROPERTY INVENTORY. (a) The head of each state agency is responsible for the custody and care of property in the agency's possession.

(b) The head of each state agency shall designate a property manager and inform the comptroller of the designation. Subject to comptroller approval, more than one property manager may be designated.

(c) The property manager of a state agency shall maintain the records required and be the custodian of all property possessed by the agency.

(d) When a state agency's property is entrusted to a person other than the agency's property manager, the person to whom the property is entrusted shall provide a written receipt to the manager. A state agency may lend its property to another state agency only if the head of the agency lending the property provides written authorization for the lending. The head of the agency to which the property is lent must execute a written receipt.

(e) A state agency shall conduct an annual physical inventory of all property in its possession. The comptroller may specify the date on which the inventory must be conducted.

(f) Not later than the date prescribed by the comptroller, the head of a state agency shall submit to the comptroller:

(1) a signed statement describing the methods used to conduct the agency's annual physical inventory under Subsection (e);

(2) a copy of the results of the inventory; and

(3) any other information concerning the inventory that the comptroller requires.

(g) At all times, the property records of a state agency must accurately reflect the property possessed by the agency. Property may be deleted from the agency's records only in accordance with rules adopted by the comptroller.

(h) The state auditor, based on a risk assessment and subject to the legislative audit committee's approval of including the examination in the audit plan under Section 321.013, may periodically examine property records or inventory as necessary to determine if controls are adequate to safeguard state property.

Added by Acts 1991, 72nd Leg., 2nd C.S., ch. 8, Sec. 2.30. Amended by Acts 1999, 76th Leg., ch. 1499, Sec. 1.44, eff. Sept. 1, 1999; Acts 2001, 77th Leg., ch. 1158, Sec. 16, eff. June 15, 2001; Acts 2003, 78th Leg., ch. 785, Sec. 13, eff. Sept. 1, 2003.

Sec. 403.274. CHANGE OF AGENCY HEAD OR PROPERTY MANAGER. When the head or property manager of a state agency changes, the outgoing head of the agency or property manager shall complete the form required by the comptroller about property in the agency's possession. The outgoing head of the agency or property manager shall deliver the form to the incoming head of the agency or property manager. After verifying the information on and signing the form, the incoming head of the agency or property manager shall submit a copy of the form to the comptroller.

Added by Acts 1991, 72nd Leg., 2nd C.S., ch. 8, Sec. 2.30. Amended by Acts 2001, 77th Leg., ch. 1158, Sec. 17, eff. June 15, 2001.

Sec. 403.275. LIABILITY FOR PROPERTY LOSS. The liability prescribed by this section may attach on a joint and several basis to more than one person in a particular instance. A person is pecuniarily liable for the loss sustained by the state if:

(1) agency property disappears, as a result of the failure of the head of an agency, property manager, or agency employee entrusted with the property to exercise reasonable care for its safekeeping;

(2) agency property deteriorates as a result of the failure of the head of an agency, property manager, or agency employee entrusted with the property to exercise reasonable care to maintain and service the property; or

(3) agency property is damaged or destroyed as a result of an intentional wrongful act or of a negligent act of any state official or employee.

Added by Acts 1991, 72nd Leg., 2nd C.S., ch. 8, Sec. 2.30.

Sec. 403.276. REPORTING TO COMPTROLLER AND ATTORNEY GENERAL. (a) If the head or property manager of a state agency has reasonable cause to believe that any property in the agency's possession has been lost, destroyed, or damaged through the negligence of any state official or employee, the head of the agency or property manager shall report the loss, destruction, or damage to the comptroller and the attorney general not later than the date established by the comptroller. If the head or property manager of a state agency has reasonable cause to believe that any property in the agency's possession has been stolen, the head of the agency or property manager shall report the theft to the comptroller, the attorney general, and the appropriate law enforcement agency not later than the date established by the comptroller.

(b) The attorney general may investigate a report received under Subsection (a).

(c) If an investigation by the attorney general under Subsection (b) reveals that a property loss has been sustained through the negligence of a state official or employee, the attorney general shall make written demand on the official or employee for reimbursement of the loss.

(d) If the demand made by the attorney general under Subsection (c) is refused or disregarded, the attorney general may take legal action to recover the value of the property as the attorney general deems necessary.

(e) Venue for all suits instituted under this section against a state official or employee is in a court of appropriate jurisdiction of Travis County.

Added by Acts 1991, 72nd Leg., 2nd C.S., ch. 8, Sec. 2.30. Amended by Acts 2001, 77th Leg., ch. 1158, Sec. 18, eff. June 15, 2001.

Sec. 403.277. FAILURE TO KEEP RECORDS. If a state agency fails to keep the records or fails to take the annual physical inventory required by this subchapter, the comptroller may refuse to draw warrants or initiate electronic funds transfers on behalf of the agency.

Added by Acts 1991, 72nd Leg., 2nd C.S., ch. 8, Sec. 2.30.

Sec. 403.278. TRANSFER OF PERSONAL PROPERTY. (a) A state agency may transfer any personal property of the state in its possession to another state agency with or without reimbursement between the agencies.

(b) When personal property in the possession of one state agency is transferred to the possession of another state agency, the transfers must be reported immediately to the comptroller by the transferor and the transferee on the forms prescribed.

Added by Acts 1991, 72nd Leg., 2nd C.S., ch. 8, Sec. 2.30.

SUBCHAPTER M. STUDY OF SCHOOL DISTRICT PROPERTY VALUES

Sec. 403.301. PURPOSE. It is the policy of this state to ensure equity among taxpayers in the burden of school district taxes and among school districts in the distribution of state financial aid for public education. The purpose of this subchapter is to promote that policy by providing for uniformity in local property appraisal practices and procedures and in the determination of property values for schools in order to distribute state funding equitably.

Added by Acts 1995, 74th Leg., ch. 260, Sec. 26, eff. May 30, 1995. Amended by Acts 2003, 78th Leg., ch. 1183, Sec. 1, eff. June 20, 2003.

Sec. 403.3011. DEFINITIONS. In this subchapter:

(1) "Annual study" means a study conducted under Section 403.302.

(2) "Eligible school district" means a school district for which the comptroller has determined the following:

(A) in the most recent annual study, the local value is invalid under Section 403.302(c) and does not exceed the state value for the school district determined in the annual study;

(B) in the annual study for each of the two years preceding the most recent annual study, the school district's local value was valid under Section 403.302(c); and

(C) in the most recent annual study, the aggregate local value of all of the categories of property sampled by the comptroller is not less than 90 percent of the lower limit of the margin of error as determined by the comptroller of the aggregate value as determined by the comptroller of all of the categories of property sampled by the comptroller.

(3) "Local value" means the market value of property in a school district as determined by the appraisal district that appraises property for the school district, less the total amounts and values listed in Section 403.302(d) as determined by that appraisal district.

(4) "State value" means the value of property in a school district as determined in the annual study.

Added by Acts 2003, 78th Leg., ch. 1183, Sec. 2, eff. June 20, 2003.

Sec. 403.302. DETERMINATION OF SCHOOL DISTRICT PROPERTY VALUES. (a) The comptroller shall conduct an annual study using comparable sales and generally accepted auditing and sampling techniques to determine the total taxable value of all property in each school district. The study shall determine the taxable value of all property and of each category of property in the district and the productivity value of all land that qualifies for appraisal on the basis of its productive capacity and for which the owner has applied for and received a productivity appraisal. The comptroller shall make appropriate adjustments in the study to account for actions taken under Chapter 41, Education Code.

(b) In conducting the study, the comptroller shall determine the taxable value of property in each school district:

(1) using, if appropriate, samples selected through generally accepted sampling techniques;

(2) according to generally accepted standard valuation, statistical compilation, and analysis techniques; and

(3) ensuring that different levels of appraisal on

sold and unsold property do not adversely affect the accuracy of the study.

(c) If after conducting the annual study the comptroller determines that the local value for a school district is valid, the local value is presumed to represent taxable value for the school district. In the absence of that presumption, taxable value for a school district is the state value for the school district determined by the comptroller under Subsections (a) and (b) unless the local value exceeds the state value, in which case the taxable value for the school district is the district's local value. In determining whether the local value for a school district is valid, the comptroller shall use a margin of error that does not exceed five percent unless the comptroller determines that the size of the sample of properties necessary to make the determination makes the use of such a margin of error not feasible, in which case the comptroller may use a larger margin of error.

(c-1) This subsection applies only to a school district whose central administrative office is located in a county with a population of 9,000 or less and a total area of more than 6,000 square miles. If after conducting the annual study for a tax year the comptroller determines that the local value for a school district is not valid, the comptroller shall adjust the taxable value determined under Subsections (a) and (b) as follows:

(1) for each category of property sampled and tested by the comptroller in the school district, the comptroller shall use the weighted mean appraisal ratio determined by the study, unless the ratio is more than four percentage points lower than the weighted mean appraisal ratio determined by the comptroller for that category of property in the immediately preceding study, in which case the comptroller shall use the weighted mean appraisal ratio determined in the immediately preceding study minus four percentage points;

(2) the comptroller shall use the category weighted mean appraisal ratios as adjusted under Subdivision (1) to establish a value estimate for each category of property sampled and tested by the comptroller in the school district; and

(3) the value estimates established under Subdivision (2), together with the local tax roll value for any categories not sampled and tested by the comptroller, less total deductions determined by the comptroller, determine the taxable value for the school district.

(d) For the purposes of this section, "taxable value" means the market value of all taxable property less:

(1) the total dollar amount of any residence homestead exemptions lawfully granted under Section 11.13(b) or (c), Tax Code, in the year that is the subject of the study for each school district;

(2) one-half of the total dollar amount of any residence homestead exemptions granted under Section 11.13(n), Tax Code, in the year that is the subject of the study for each school district;

(3) the total dollar amount of any exemptions granted before May 31, 1993, within a reinvestment zone under agreements authorized by Chapter 312, Tax Code;

(4) subject to Subsection (e), the total dollar amount of any captured appraised value of property that:

(A) is within a reinvestment zone created on or before May 31, 1999, or is proposed to be included within the boundaries of a reinvestment zone as the boundaries of the zone and the proposed portion of tax increment paid into the tax increment fund by a school district are described in a written notification provided by the municipality or the board of directors of the zone to the governing bodies of the other taxing units in the manner provided by Section 311.003(e), Tax Code, before May 31, 1999, and within the boundaries of the zone as those boundaries existed on September 1, 1999, including subsequent improvements to the property regardless of when made;

(B) generates taxes paid into a tax increment fund created under Chapter 311, Tax Code, under a reinvestment zone financing plan approved under Section 311.011(d), Tax Code, on or before September 1, 1999; and

(C) is eligible for tax increment financing under Chapter 311, Tax Code;

(5) for a school district for which a deduction from taxable value is made under Subdivision (4), an amount equal to the

taxable value required to generate revenue when taxed at the school district's current tax rate in an amount that, when added to the taxes of the district paid into a tax increment fund as described by Subdivision (4)(B), is equal to the total amount of taxes the district would have paid into the tax increment fund if the district levied taxes at the rate the district levied in 2005;

(6) the total dollar amount of any exemptions granted under Section 11.251, Tax Code;

(7) the difference between the comptroller's estimate of the market value and the productivity value of land that qualifies for appraisal on the basis of its productive capacity, except that the productivity value estimated by the comptroller may not exceed the fair market value of the land;

(8) the portion of the appraised value of residence homesteads of individuals who receive a tax limitation under Section 11.26, Tax Code, on which school district taxes are not imposed in the year that is the subject of the study, calculated as if the residence homesteads were appraised at the full value required by law;

(9) a portion of the market value of property not otherwise fully taxable by the district at market value because of:

(A) action required by statute or the constitution of this state that, if the tax rate adopted by the district is applied to it, produces an amount equal to the difference between the tax that the district would have imposed on the property if the property were fully taxable at market value and the tax that the district is actually authorized to impose on the property, if this subsection does not otherwise require that portion to be deducted; or

(B) action taken by the district under Subchapter B or C, Chapter 313, Tax Code;

(10) the market value of all tangible personal property, other than manufactured homes, owned by a family or individual and not held or used for the production of income;

(11) the appraised value of property the collection of delinquent taxes on which is deferred under Section 33.06, Tax Code;

(12) the portion of the appraised value of property the collection of delinquent taxes on which is deferred under Section 33.065, Tax Code; and

(13) the amount by which the market value of a residence homestead to which Section 23.23, Tax Code, applies exceeds the appraised value of that property as calculated under that section.

Text of subsec. (d-1) effective until September 1, 2007

(d-1) For a school district for which in the 2005 tax year a deduction from taxable value is made under Subsection (d)(4), the comptroller shall certify to the commissioner of education a final taxable value for the 2005 tax year, calculated as if the reduction in the school district's ad valorem tax rate and the method of calculating the amount of the deduction from taxable value under Subsection (d)(5) required by H.B. No. 1, Acts of the 79th Legislature, 3rd Called Session, 2006, took effect September 1, 2005. This subsection expires September 1, 2007.

(e) The total dollar amount deducted in each year as required by Subsection (d)(4) in a reinvestment zone created after January 1, 1999, may not exceed the captured appraised value estimated for that year as required by Section 311.011(c)(8), Tax Code, in the reinvestment zone financing plan approved under Section 311.011(d), Tax Code, before September 1, 1999. The number of years for which the total dollar amount may be deducted under Subsection (d)(4) shall for any zone, including those created on or before January 1, 1999, be limited to the duration of the zone as specified as required by Section 311.011(c)(9), Tax Code, in the reinvestment zone financing plan approved under Section 311.011(d), Tax Code, before September 1, 1999. The total dollar amount deducted under Subsection (d)(4) for any zone, including those created on or before January 1, 1999, may not be increased by any reinvestment zone financing plan amendments that occur after August 31, 1999. The total dollar amount deducted under Subsection (d)(4) for any zone, including those created on or before January 1, 1999, may not be increased by a change made after August 31, 1999, in the portion of the tax increment retained by the school district.

(f) The study shall determine the values as of January 1 of each year.

(g) The comptroller shall publish preliminary findings, listing values by district, before February 1 of the year following the year of the study. Preliminary findings shall be delivered to each school district and shall be certified to the commissioner of education.

(h) On request of the commissioner of education or a school district, the comptroller may audit the total taxable value of property in a school district and may revise the annual study findings. The request for audit is limited to corrections and changes in a school district's appraisal roll that occurred after preliminary certification of the annual study findings by the comptroller. Except as otherwise provided by this subsection, the request for audit must be filed with the comptroller not later than the third anniversary of the date of the final certification of the annual study findings. The request for audit may be filed not later than the first anniversary of the date the chief appraiser certifies a change to the appraisal roll if the chief appraiser corrects the appraisal roll under Section 25.25 or 42.41, Tax Code, and the change results in a material reduction in the total taxable value of property in the school district. The comptroller shall certify the findings of the audit to the commissioner of education.

(i) If the comptroller determines in the annual study that the market value of property in a school district as determined by the appraisal district that appraises property for the school district, less the total of the amounts and values listed in Subsection (d) as determined by that appraisal district, is valid, the comptroller, in determining the taxable value of property in the school district under Subsection (d), shall for purposes of Subsection (d)(13) subtract from the market value as determined by the appraisal district of residence homesteads to which Section 23.23, Tax Code, applies the amount by which that amount exceeds the appraised value of those properties as calculated by the appraisal district under Section 23.23, Tax Code. If the comptroller determines in the annual study that the market value of property in a school district as determined by the appraisal district that appraises property for the school district, less the total of the amounts and values listed in Subsection (d) as determined by that appraisal district, is not valid, the comptroller, in determining the taxable value of property in the school district under Subsection (d), shall for purposes of Subsection (d)(13) subtract from the market value as estimated by the comptroller of residence homesteads to which Section 23.23, Tax Code, applies the amount by which that amount exceeds the appraised value of those properties as calculated by the appraisal district under Section 23.23, Tax Code.

(j) For purposes of Section 42.2511, Education Code, the comptroller shall certify to the commissioner of education:

(1) a final value for each school district computed on a residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, of \$5,000; and

(2) a final value for each school district computed on:

(A) a residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, of \$15,000; and

(B) the effect of the additional limitation on tax increases under Section 1-b(d), Article VIII, Texas Constitution.

(k) For purposes of Section 42.2522, Education Code, the comptroller shall certify to the commissioner of education:

(1) a final value for each school district computed without any deduction for residence homestead exemptions granted under Section 11.13(n), Tax Code; and

(2) a final value for each school district computed after deducting one-half the total dollar amount of residence homestead exemptions granted under Section 11.13(n), Tax Code.

(l) If after conducting the annual study for the year 2003 or a subsequent year the comptroller determines that a school district is an eligible school district, for that year and the following year the taxable value for the school district is the district's local value. Not later than the first anniversary of the date of the determination that a school district is an eligible school district, the comptroller shall complete an appraisal standards review as provided by Section 5.102, Tax Code, of each appraisal district that appraises property for the school district.

(m) Repealed by Acts 2003, 78th Leg., 3rd C.S., ch. 10, Sec.

3.02.

Added by Acts 1995, 74th Leg., ch. 260, Sec. 26, eff. May 30, 1995. Amended by Acts 1997, 75th Leg., ch. 592, Sec. 1.07, eff. Sept. 1, 1997; Acts 1997, 75th Leg., ch. 1039, Sec. 44, eff. Jan. 1, 1998; Acts 1997, 75th Leg., ch. 1040, Sec. 63, eff. Sept. 1, 1997; Acts 1997, 75th Leg., ch. 1071, Sec. 27, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 62, Sec. 8.04, eff. Sept. 1, 1999; Acts 1999, 76th Leg., ch. 396, Sec. 3.01(b), eff. Aug. 31, 1999; Acts 1999, 76th Leg., ch. 396, Sec. 1.36, eff. Sept. 1, 1999; Acts 1999, 76th Leg., ch. 983, Sec. 9, 10, eff. June 18, 1999; Acts 1999, 76th Leg., ch. 1467, Sec. 1.19, eff. June 19, 1999; Acts 1999, 76th Leg., ch. 1525, Sec. 1, eff. Sept. 1, 1999; Acts 2001, 77th Leg., ch. 1420, Sec. 9.005, eff. Sept. 1, 2001; Acts 2001, 77th Leg., ch. 1505, Sec. 7, eff. Jan. 1, 2002; Acts 2003, 78th Leg., ch. 411, Sec. 7, eff. Jan. 1, 2004; Acts 2003, 78th Leg., ch. 1183, Sec. 3, eff. June 20, 2003; Acts 2003, 78th Leg., ch. 1276, Sec. 9.004, eff. Sept. 1, 2003; Acts 2003, 78th Leg., 3rd C.S., ch. 10, Sec. 3.01, 3.02, eff. Oct. 20, 2003; Acts 2006, 79th Leg., 3rd C.S., ch. 5, Sec. 1.17, eff. May 26, 2006.

Sec. 403.303. PROTEST. (a) A school district or a property owner whose property is included in the study under Section 403.302 and whose tax liability on the property is \$100,000 or more may protest the comptroller's findings under Section 403.302(g) or (h) by filing a petition with the comptroller. The petition must be filed not later than the 40th day after the date on which the comptroller's findings are certified to the commissioner of education and must specify the grounds for objection and the value claimed to be correct by the school district or property owner.

(b) After receipt of a petition, the comptroller shall hold a hearing. The comptroller has the burden to prove the accuracy of the findings. Until a final decision is made by the comptroller, the taxable value of property in the district is determined, with respect to property subject to the protest, according to the value claimed by the school district or property owner, except that the value to be used while a final decision is pending may not be less than the appraisal roll value for the year of the study. If after a hearing the comptroller concludes that the findings should be changed, the comptroller shall order the appropriate changes and shall certify to the commissioner of education the changes in the values of the school district that brought the protest, the values of the school district named by the property owner who brought the protest, or, if the comptroller by rule allows an appraisal district to bring a protest, the values of the school district named by the appraisal district that brought the protest. The comptroller may not order a change in the values of a school district as a result of a protest brought by another school district, a property owner in the other school district, or an appraisal district that appraises property for the other school district. The comptroller shall complete all protest hearings and certify all changes as necessary to comply with Chapter 42, Education Code. A hearing conducted under this subsection is not a contested case for purposes of Section 2001.003.

(c) The comptroller shall adopt procedural rules governing the conduct of protest hearings. The rules shall provide each protesting school district and property owner with the requirements for submitting a petition initiating a protest and shall provide each protesting school district and property owner with adequate notice of a hearing, an opportunity to present evidence and oral argument, and notice of the comptroller's decision on the hearing.

(d) A protesting school district may appeal a determination of a protest by the comptroller to a district court of Travis County by filing a petition with the court. An appeal must be filed not later than the 30th day after the date the school district receives notification of a final decision on a protest. Review is conducted by the court sitting without a jury. The court shall remand the determination to the comptroller if on the review the court discovers that substantial rights of the school district have been prejudiced, and that:

(1) the comptroller has acted arbitrarily and without regard to the facts; or

(2) the finding of the comptroller is not reasonably supported by substantial evidence introduced before the court.

(e) If, in a hearing under Subsection (b), the comptroller has not heard the case or read the record, the decision may not be made until a proposal for decision is served on each party and an

opportunity to file exceptions is afforded to each party adversely affected. If exceptions are filed, an opportunity must be afforded to all other parties to file replies to the exceptions. The proposal for decision must contain a statement of the reasons for the proposed decision, prepared by the person who conducted the hearing or by a person who has read the record. The proposal for decision may be amended pursuant to the exceptions or replies submitted without again being served on the parties. The parties by written stipulation may waive compliance with this subsection. The comptroller may adopt rules to implement this subsection.

Added by Acts 1995, 74th Leg., ch. 260, Sec. 26, eff. May 30, 1995. Amended by Acts 1997, 75th Leg., ch. 1040, Sec. 64, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 574, Sec. 1, eff. June 18, 1999; Acts 1999, 76th Leg., ch. 983, Sec. 11, eff. June 18, 1999; Acts 2005, 79th Leg., ch. 412, Sec. 1, eff. Sept. 1, 2005.

Sec. 403.304. CONFIDENTIALITY. (a) All information the comptroller obtains from a person, other than a government or governmental subdivision or agency, under an assurance that the information will be kept confidential, in the course of conducting a study of school district values is confidential and may not be disclosed except as provided in Subsection (b).

(b) Information made confidential by this section may be disclosed:

(1) in a judicial or administrative proceeding pursuant to a lawful subpoena;

(2) to the person who gave the information to the comptroller; or

(3) for statistical purposes if in a form that does not identify specific property or a specific property owner.

Added by Acts 1995, 74th Leg., ch. 260, Sec. 26, eff. May 30, 1995.

SUBCHAPTER N. TEXAS FILM INDUSTRY DEVELOPMENT LOAN GUARANTEE PROGRAM

Sec. 403.321. DEFINITIONS. In this subchapter:

(1) "Eligible Texas film" means a Texas film in which:

(A) the budget for the production costs of the film is at least 70 percent of the budget for the total cost to produce the film; and

(B) the budget for the total cost to produce the film is at least \$1 million but not more than \$5 million.

(2) "Filmed entertainment" means a visual and sound production that may be displayed in any media, including a theater or television broadcast, or through technology by means of a consumer owned or operated device.

(3) "Production costs" means the total cost of producing filmed entertainment minus the sum of:

(A) the total costs incurred for the producer, director, writer, and screenplay of the production;

(B) the total amount paid to the actors appearing in the production, not to exceed the total amount paid to the five highest-paid actors appearing in the production; and

(C) the ordinary and necessary interstate and foreign travel expenses involved in the production.

(4) "Program" means the loan guarantee indemnity program administered by the comptroller under this subchapter.

(5) "Texas derivation" means goods purchased or leased or services purchased, leased, or employed from a:

(A) resident of this state; or

(B) vendor or supplier who is located and doing business in this state.

(6) "Texas film" means filmed entertainment in which at least 80 percent of the budget for the production costs of the filmed entertainment is dedicated for goods and services of Texas derivation.

(7) "Texas film producer" means:

(A) an individual resident of this state who produces Texas films; or

(B) a corporation, limited liability company, partnership, or other private entity that:

(i) is organized under the laws of this state; and

(ii) includes as one of its purposes the production of one or more Texas films.

(8) "Texas lender" means a state or national bank that is domiciled in or has a branch office in this state.

Added by Acts 1999, 76th Leg., ch. 832, Sec. 1, eff. Sept. 1, 1999.

Sec. 403.322. LIBERAL CONSTRUCTION. This subchapter shall be liberally construed to accomplish the purposes stated in this subchapter.

Added by Acts 1999, 76th Leg., ch. 832, Sec. 1, eff. Sept. 1, 1999.

Sec. 403.323. TEXAS FILM INDUSTRY ADMINISTRATIVE FUND. (a) The Texas film industry administrative fund is an account in the general revenue fund.

(b) The following amounts shall be deposited in the fund:

- (1) appropriations for the implementation and administration of this subchapter;
- (2) interest paid on money in the fund;
- (3) fees charged under this subchapter;
- (4) any proceeds from the realization of collateral provided to this state under the program; and
- (5) any other amounts received by this state for loan guarantees approved for issuance under this subchapter.

(c) Money in the fund may be used only for the administration of this subchapter.

(d) Section 403.095 does not apply to the fund.

Added by Acts 1999, 76th Leg., ch. 832, Sec. 1, eff. Sept. 1, 1999.

Sec. 403.324. TEXAS FILM INDUSTRY LOAN GUARANTEE INDEMNITY PROGRAM. (a) The comptroller shall administer a program to guarantee a certain amount of one or more qualified Texas film production loans as a means to facilitate access to capital for the production of filmed entertainment in this state. The comptroller may approve the issuance of a guarantee of a qualified Texas film production loan or loans for the production of more than one Texas film by a single Texas film producer.

(b) The comptroller may not approve the issuance of a loan guarantee except on approval of a qualified application submitted by a Texas film producer with the approval of a Texas lender who has agreed to make a qualified Texas film production loan to the producer.

(c) For each guarantee, the comptroller shall:

- (1) determine the maximum guarantee amounts; and
- (2) determine the terms and conditions relating to a guarantee.

(d) An action or claim under a loan guarantee must be brought not later than the third anniversary of the date on which the comptroller approves the issuance of the guarantee.

(e) The guarantee amount approved for issuance by the comptroller under this subchapter may not exceed the lesser of:

- (1) 80 percent of the total amount of the Texas film production loan; or
- (2) \$2.4 million.

Added by Acts 1999, 76th Leg., ch. 832, Sec. 1, eff. Sept. 1, 1999.

Sec. 403.325. QUALIFIED TEXAS FILM PRODUCTION LOAN. To qualify as a Texas film production loan, a loan must:

(1) be in an amount not to exceed the lesser of:
(A) 60 percent of the total cost to produce the film; or

(B) \$3 million; and

(2) be made by a Texas lender under a written loan agreement that:

(A) is entered into with a Texas film producer to finance the production of an eligible Texas film;

(B) may be conditioned on the approval for the issuance of a loan guarantee under this subchapter;

(C) provides that the loan must be secured by:

(i) a security interest on the eligible Texas film to be financed by the loan and proceeds and receivables due from the film; and

(ii) a security or other interest in a distribution agreement covering the film, an irrevocable letter of credit, a presale agreement covering the film, a certificate of deposit, a marketable security, or another instrument that meets all requirements and is secured in the manner and to the extent provided by rules adopted by the comptroller; and

(D) meets any other requirement prescribed by the comptroller.

Added by Acts 1999, 76th Leg., ch. 832, Sec. 1, eff. Sept. 1, 1999.

Sec. 403.326. APPLICATION FOR LOAN GUARANTEE. (a) An application for a loan guarantee under the program must:

(1) contain the names and addresses of the Texas lender and the Texas film producer of the film that is the subject

of the loan;

(2) contain a certification by the Texas film producer that the film is an eligible Texas film;

(3) be accompanied by:

(A) a certification by the Texas lender that:

(i) the Texas lender has reviewed the application;

(ii) the budget for the total cost to produce the Texas film as disclosed in the application is the same as the budget for the total cost to produce the film that was disclosed to the Texas lender for purposes of determining whether to make the loan; and

(iii) the information contained in the application is not contrary to the information submitted to the Texas lender in connection with the loan;

(B) a copy of the loan agreement described by Section 403.325; and

(C) a copy of a distribution agreement or other instrument described by Section 403.325(2)(C)(ii), as appropriate; and

(4) contain any other information required by the comptroller.

(b) The comptroller shall charge an application fee in a reasonable amount not to exceed \$100 to cover the cost of processing the application.

(c) On receipt of an application, the comptroller shall verify the information contained in the application. The comptroller may conduct investigations as necessary to make a determination regarding information provided in the application.

(d) The comptroller may contract with a private company to perform any of the comptroller's duties under Subsection (c) and to submit a written report of the company's findings to the comptroller.

(e) The comptroller may not approve an application submitted under this section unless it is complete and meets the requirements of this section.

Added by Acts 1999, 76th Leg., ch. 832, Sec. 1, eff. Sept. 1, 1999.

Sec. 403.327. INDEMNITY REQUIREMENT. For each film to be produced with the proceeds from a loan approved to be guaranteed under the program, the producer of the film shall provide an indemnity against loss in an amount equal to the full amount of the loan guarantee. The indemnity must be issued to the comptroller as the beneficiary of the indemnity by:

(1) an insurance company, surety company, or financial institution that:

(A) is licensed and authorized to do business in this state; and

(B) is approved by the comptroller; or

(2) an eligible surplus lines insurer that:

(A) meets the requirements of Chapter 981, Insurance Code, and rules adopted by the commissioner under that chapter; and

(B) is approved by the comptroller.

Added by Acts 1999, 76th Leg., ch. 832, Sec. 1, eff. Sept. 1, 1999.

Amended by Acts 2001, 77th Leg., ch. 580, Sec. 1, eff. Sept. 1, 2001; Acts 2003, 78th Leg., ch. 1276, Sec. 10A.513, eff. Sept. 1, 2003.

Sec. 403.328. SURETY BOND FOR COMPLETION OF FILM. An applicant shall file with the comptroller a surety bond indemnifying this state, the lender, and the entity providing indemnity under Section 403.327 against loss that results from the film not being completed by the date and for the budget certified to the state in the application required by Section 403.326.

Added by Acts 1999, 76th Leg., ch. 832, Sec. 1, eff. Sept. 1, 1999.

Sec. 403.329. ISSUANCE OF LOAN GUARANTEE. (a) The comptroller may not approve the issuance of a loan guarantee under the program unless:

(1) the loan for which the guarantee is sought meets the qualifications of a Texas film production loan under Section 403.325;

(2) the comptroller approves the application for the loan guarantee;

(3) the comptroller has received the application fee required by Section 403.326(b); and

(4) the indemnity requirements of Section 403.327, the

surety bond requirements of Section 403.328, and any other bond or insurance requirements prescribed under this subchapter or by comptroller rule have been satisfied.

(b) The comptroller may require the payment of a guarantee fee for approval of the issuance of a loan guarantee. The comptroller may set the fee in an amount sufficient to fund the administration of the program.

Added by Acts 1999, 76th Leg., ch. 832, Sec. 1, eff. Sept. 1, 1999. Amended by Acts 2001, 77th Leg., ch. 580, Sec. 2, eff. Sept. 1, 2001.

Sec. 403.330. RULEMAKING AUTHORITY. The comptroller shall adopt rules relating to the implementation of the program and any other rules necessary to accomplish the purposes of this subchapter. The rules must include:

(1) terms and conditions for a security interest or other pledge of collateral to be provided to a lender or this state as security for any default of a loan guaranteed under the program; and

(2) procedures for the enforcement of obligations owed and pledges of collateral provided to the comptroller under the program.

Added by Acts 1999, 76th Leg., ch. 832, Sec. 1, eff. Sept. 1, 1999.

Sec. 403.331. OFFENSE. (a) A person commits an offense if the person signs an application or submits to the comptroller a document the person knows is false in any material respect with the intent of causing the comptroller to issue a loan guarantee under the program.

(b) An offense under this section is a felony of the third degree.

Added by Acts 1999, 76th Leg., ch. 832, Sec. 1, eff. Sept. 1, 1999.

Sec. 403.332. LIMITATIONS IN PROGRAM. (a) Not more than \$50 million of guarantees issued under this program may be outstanding at any one time.

(b) The liability of the state for a loan guarantee for a film is limited to the amount of the indemnity provided for the film under Section 403.327.

(c) Subject to the limit established under Subsection (a), the comptroller may approve loan guarantees in an amount that exceeds the amount available in the Texas film industry administrative fund established under Section 403.323. Loan guarantees approved by the comptroller may not exceed the guarantee-to-reserve ratio established by the comptroller under Subsection (d).

(d) The comptroller by rule may adopt a guarantee-to-reserve ratio that determines the amount of loan guarantees that may be made that exceed the amount available in the fund. The ratio of guarantees to the amount of money available in the fund may not exceed five to one. The comptroller shall review the guarantee-to-reserve ratio annually and adjust the ratio as appropriate, considering the payment experience of the loans.

Added by Acts 1999, 76th Leg., ch. 832, Sec. 1, eff. Sept. 1, 1999.

Amended by Acts 2001, 77th Leg., ch. 580, Sec. 3, eff. Sept. 1, 2001.

Sec. 403.333. QUARTERLY REPORT. At least quarterly, the comptroller shall provide to the director of the Legislative Budget Board, the presiding officer of the Senate Finance Committee, and the presiding officer of the House Appropriations Committee a report that contains:

(1) the names and addresses of the Texas film producers that have applied to the comptroller for a loan guarantee under the program and their respective Texas lenders;

(2) the names and addresses of the Texas film producers and their respective Texas lenders that have been approved to receive a loan guarantee under the program;

(3) the amount of the loan guarantee approved by the comptroller to each applicant described by Subdivision (2); and

(4) any other information relating to the program that may be requested to be included in the report.

Added by Acts 1999, 76th Leg., ch. 832, Sec. 1, eff. Sept. 1, 1999.

Sec. 403.334. GIFTS AND GRANTS. The comptroller may solicit and accept gifts, grants, and donations from any source for the purposes of this subchapter.

Added by Acts 1999, 76th Leg., ch. 832, Sec. 1, eff. Sept. 1, 1999.

Sec. 403.335. APPLICATION OF SUNSET ACT TO PROGRAM. (a) The program is subject to review under Chapter 325 (Texas Sunset Act) as

if it were a state agency subject to review under that chapter. If the program is not continued in existence in accordance with that chapter, the program is abolished and this subchapter expires September 1, 2005.

(b) To the extent that Chapter 325 (Texas Sunset Act) places a duty on a state agency subject to review under that chapter, the comptroller shall perform the duty as it relates to the program.
Added by Acts 1999, 76th Leg., ch. 832, Sec. 1, eff. Sept. 1, 1999.