

CHAPTER 537

H.B. No. 1207

AN ACT

relating to the creation of the higher education fund and to increasing the amount of certain constitutionally dedicated funds for certain public institutions of higher education.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Subchapter B, Chapter 62, Education Code, is amended by adding Sections 62.024, 62.025, and 62.026 to read as follows:

Sec. 62.024. AMOUNT OF ALLOCATION INCREASED. In accordance with Article VII, Section 17(a), of the Texas Constitution, the amount of the annual constitutional appropriation under that subsection is increased to \$175 million.

Sec. 62.025. DEPOSIT OF \$50 MILLION. (a) Not later than November 1 of each state fiscal year, the comptroller shall deposit the first \$50 million that comes to the state at the beginning of each state fiscal year and that is not dedicated by other law to the credit of the higher education fund.

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

(c) The deposit required by this section expires on September 1 after the date the comptroller certifies that the value of the higher education fund is \$2 billion.

Sec. 62.026. HIGHER EDUCATION FUND. (a) The higher education fund is a fund outside the state treasury in the custody of the state treasurer.

(b) The fund consists of the \$50 million deposited in the fund each state fiscal year under Section 62.025 of this code and interest, dividends, and other income earned from the investment of the fund.

(c) Distributions from the fund may be used only for the purposes provided by Article VII, Section 17(a), of the Texas Constitution.

(d) The state treasurer shall administer the fund and invest the fund in the same manner as the permanent university fund.

(e) The state treasurer may accept gifts or grants from any public or private source for the fund.

(f) The state treasurer may deduct a reasonable amount for administrative expenses from the interest, dividends, and other income earned from the investment of the fund. The amount deducted shall be deposited to the credit of the general revenue fund.

(g) The comptroller shall certify the date on which the value of the fund is \$2 billion and publish that certification in the Texas Register.

(h) Beginning with the first state fiscal year that begins on or after the date the comptroller certifies that the value of the higher education fund is \$2 billion, the state treasurer, not later than November 1 of each fiscal year, shall distribute in accordance with Article VII, Section 17(i), of the Texas Constitution the interest, dividends, and other income earned from the investment of the fund, less the amount of administrative expenses deducted under Subsection (f) of this section, to the eligible institutions in accordance with the allocation formula under Section 62.021(a) of this code.

SECTION 2. This Act takes effect September 1, 1995.

SECTION 3. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended.

Passed by the House on May 7, 1993: Yeas 131, Nays 6, 1 present, not voting; passed subject to the provisions of Article III, Section 49a, of the Constitution of the State of Texas; passed by the Senate on May 18, 1993: Yeas 31, Nays 0; passed subject to the provisions of Article III, Section 49a, of the Constitution of the State of Texas.

Approved June 8, 1993.

Effective Sept. 1, 1995.