

1-1 By: Watson, et al. S.B. No. 608
1-2 (In the Senate - Filed February 8, 2019; February 21, 2019,
1-3 read first time and referred to Committee on Education;
1-4 April 16, 2019, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 11, Nays 0; April 16, 2019,
1-6 sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	Taylor	X		
1-10	Lucio	X		
1-11	Bettencourt	X		
1-12	Campbell	X		
1-13	Fallon	X		
1-14	Hall	X		
1-15	Hughes	X		
1-16	Paxton	X		
1-17	Powell	X		
1-18	Watson	X		
1-19	West	X		

1-20 COMMITTEE SUBSTITUTE FOR S.B. No. 608 By: Watson

1-21 A BILL TO BE ENTITLED
1-22 AN ACT

1-23 relating to the continuation and functions of the School Land
1-24 Board.

1-25 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-26 SECTION 1. Section 32.003, Natural Resources Code, is
1-27 amended to read as follows:

1-28 Sec. 32.003. APPLICATION OF SUNSET ACT. The School Land
1-29 Board is subject to Chapter 325, Government Code (Texas Sunset
1-30 Act). Unless continued in existence as provided by that chapter,
1-31 the board is abolished September 1, 2031 [2019].

1-32 SECTION 2. Section 32.012, Natural Resources Code, is
1-33 amended to read as follows:

1-34 Sec. 32.012. MEMBERS OF THE BOARD. (a) The board is
1-35 composed of:

- 1-36 (1) the commissioner;
1-37 (2) two citizens [~~a citizen~~] of the state appointed by
1-38 the governor with the advice and consent of the senate; and
1-39 (3) two citizens [~~a citizen~~] of the state appointed by
1-40 the attorney general with the advice and consent of the senate.

1-41 (a-1) One citizen appointed by the governor and one citizen
1-42 appointed by the attorney general must be selected from lists of
1-43 nominees submitted by the State Board of Education. The State Board
1-44 of Education shall submit to the governor or the attorney general,
1-45 as applicable, a list of six nominees for a vacant position
1-46 described by this subsection. The governor or attorney general, as
1-47 applicable, may request that the State Board of Education submit a
1-48 second list of six nominees if the governor or attorney general does
1-49 not choose to appoint a nominee from the first list.

1-50 (b) The authority of the attorney general to appoint [~~one of~~
1-51 ~~the~~] members of the board, including the authority to make
1-52 appointments during the recess of the senate, is the same as the
1-53 authority of the governor to fill vacancies in state offices under
1-54 the Texas Constitution.

1-55 (c) Each appointment made by the governor and the attorney
1-56 general shall be made in accordance with and subject to the
1-57 provisions of the Texas Constitution authorizing the filling of
1-58 vacancies in state offices by appointment of the governor.

1-59 SECTION 3. Subchapter B, Chapter 32, Natural Resources
1-60 Code, is amended by adding Section 32.0161 to read as follows:

2-1 Sec. 32.0161. ANNUAL JOINT MEETING. (a) The board and the
2-2 State Board of Education shall hold an annual joint public meeting
2-3 to discuss the allocation of the assets of the permanent school fund
2-4 and the investment of the money in the fund.

2-5 (b) Each member of the board must attend the annual joint
2-6 public meeting, unless the member's absence is excused by majority
2-7 vote of the board.

2-8 (c) Each member of the State Board of Education must attend
2-9 the annual joint public meeting, unless the member's absence is
2-10 excused by majority vote of the State Board of Education. If the
2-11 State Board of Education delegates powers and duties relating to
2-12 the investment of the permanent school fund to a committee of the
2-13 State Board of Education, only a majority of the committee members
2-14 must attend the meeting.

2-15 SECTION 4. Subchapter B, Chapter 32, Natural Resources
2-16 Code, is amended by adding Section 32.0191 to read as follows:

2-17 Sec. 32.0191. SEPARATION OF RESPONSIBILITIES. The board
2-18 shall develop and implement policies that clearly separate the
2-19 policymaking responsibilities of the board and the management
2-20 responsibilities of the commissioner and the staff of the land
2-21 office.

2-22 SECTION 5. Subchapter B, Chapter 32, Natural Resources
2-23 Code, is amended by adding Section 32.027 to read as follows:

2-24 Sec. 32.027. MEMBER TRAINING. (a) A person who is
2-25 appointed to and qualifies for office as a member of the board may
2-26 not vote, deliberate, or be counted as a member in attendance at a
2-27 meeting of the board until the person completes a training program
2-28 that complies with this section.

2-29 (b) The training program must provide the person with
2-30 information regarding:

2-31 (1) the law governing board operations;
2-32 (2) the programs, functions, rules, and budget of the
2-33 board;

2-34 (3) the board's investment programs and strategies;
2-35 (4) the permanent school fund, including a
2-36 comprehensive overview of the law governing the fund;

2-37 (5) the scope of and limitations on the rulemaking
2-38 authority of the board;

2-39 (6) the results of the most recent formal audit of the
2-40 board;

2-41 (7) the requirements of:
2-42 (A) laws relating to open meetings, public
2-43 information, administrative procedure, and disclosure of conflicts
2-44 of interest; and

2-45 (B) other laws applicable to members of a state
2-46 policymaking body in performing their duties; and

2-47 (8) any applicable ethics policies adopted by the
2-48 board or the Texas Ethics Commission.

2-49 (c) A person appointed to the board is entitled to
2-50 reimbursement, as provided by the General Appropriations Act, for
2-51 the travel expenses incurred in attending the training program
2-52 regardless of whether the attendance at the program occurs before
2-53 or after the person qualifies for office.

2-54 (d) The commissioner shall create a training manual that
2-55 includes the information required by Subsection (b).

2-56 (e) The commissioner shall distribute a copy of the training
2-57 manual annually to each appointed member of the board. Each of
2-58 those members shall sign and submit to the commissioner a statement
2-59 acknowledging that the member received and has reviewed the
2-60 training manual.

2-61 SECTION 6. Subchapter B, Chapter 32, Natural Resources
2-62 Code, is amended by adding Section 32.028 to read as follows:

2-63 Sec. 32.028. COMPLAINTS. (a) The board shall maintain a
2-64 system to promptly and efficiently act on complaints filed with the
2-65 board. The board shall maintain information about parties to the
2-66 complaint, the subject matter of the complaint, a summary of the
2-67 results of the review or investigation of the complaint, and its
2-68 disposition.

2-69 (b) The board shall make information available describing

3-1 its procedures for complaint investigation and resolution.

3-2 (c) The board shall periodically notify the complaint

3-3 parties of the status of the complaint until final disposition.

3-4 SECTION 7. Sections 51.402(a) and (c), Natural Resources

3-5 Code, are amended to read as follows:

3-6 (a) Except as provided by Subsection (c), the [The] board
3-7 may use funds [the money] designated under Section 51.401 for any of
3-8 the following purposes:

3-9 (1) to add to a tract of public school land to form a
3-10 tract of sufficient size to be manageable;

3-11 (2) to add contiguous land to public school land;

3-12 (3) to acquire, as public school land, interests in
3-13 real property for biological, commercial, geological, cultural, or
3-14 recreational purposes;

3-15 (4) to acquire mineral and royalty interests for the
3-16 use and benefit of the permanent school fund;

3-17 (5) to protect, maintain, or enhance the value of
3-18 public school land;

3-19 (6) to acquire interests in real estate;

3-20 (7) to pay reasonable fees for professional services
3-21 related to a permanent school fund investment; or

3-22 (8) to acquire, sell, lease, trade, improve, maintain,
3-23 protect, or use land, mineral and royalty interests, or real estate
3-24 investments, an investment or interest in public infrastructure, or
3-25 other interests, at such prices and under such terms and conditions
3-26 the board determines to be in the best interest of the permanent
3-27 school fund.

3-28 (c) On January 1 of each even-numbered year
3-29 [Notwithstanding Subsection (a)], the market value of the
3-30 investments made [in real estate] under Subsections (a)(6) and (8)
3-31 [this section on January 1 of each even-numbered year] may not
3-32 exceed an amount that is equal to 15 percent of the market value of
3-33 the assets held by the board and the State Board of Education as
3-34 part of the permanent school fund [on that date].

3-35 SECTION 8. Sections 51.4021(a) and (b), Natural Resources
3-36 Code, are amended to read as follows:

3-37 (a) The board may appoint investment managers, consultants,
3-38 or advisors to invest or assist the board in investing funds [the
3-39 money] designated under Section 51.401 by contracting for
3-40 professional investment management or investment advisory services
3-41 with one or more organizations that are in the business of managing
3-42 or advising on the management of real estate investments.

3-43 (b) To be eligible for appointment under this section, an
3-44 investment manager, consultant, or advisor shall agree to abide by
3-45 the policies, requirements, or restrictions, including ethical
3-46 standards and disclosure policies and criteria for determining the
3-47 quality of investments and for the use of standard rating services,
3-48 that the board adopts for real estate investments of the permanent
3-49 school fund. Funds [Money] designated under Section 51.401 may not
3-50 be invested in a real estate investment trust, as defined by Section
3-51 200.001, Business Organizations Code.

3-52 SECTION 9. Section 51.412, Natural Resources Code, is
3-53 amended to read as follows:

3-54 Sec. 51.412. REPORTS TO LEGISLATURE. (a) Not later than
3-55 September 1 of each even-numbered year, the board shall submit to
3-56 the legislature a report that, specifically and in detail, assesses
3-57 the direct and indirect economic impact, as anticipated by the
3-58 board, of the investment of funds designated under Section 51.401
3-59 for deposit in the real estate special fund account of the permanent
3-60 school fund.

3-61 (b) The board may not disclose information under this
3-62 section that is confidential under applicable state or federal law.

3-63 (c) The report must include the following information:

3-64 (1) the total amount of the funds [money] designated
3-65 by Section 51.401 for deposit in the real estate special fund
3-66 account of the permanent school fund that the board intends to
3-67 invest;

3-68 (2) the rate of return the board expects to attain on
3-69 the investment;

4-1 (3) the amount of the funds [~~money~~] the board expects
4-2 to distribute to the available school fund or the State Board of
4-3 Education for investment in the permanent school fund after making
4-4 the investments;

4-5 (4) the distribution of the board's investments by
4-6 county;

4-7 (5) the effect of the board's investments on the level
4-8 of employment, personal income, and capital investment in the
4-9 state; and

4-10 (6) any other information the board considers
4-11 necessary to include in the report.

4-12 [~~(b) Not later than January 1 of each odd-numbered year, the~~
4-13 ~~board shall submit to the legislature a report that assesses the~~
4-14 ~~return and economic impact of the investments reported to the~~
4-15 ~~legislature before the preceding regular legislative session.]~~

4-16 SECTION 10. Section 51.413(b), Natural Resources Code, is
4-17 amended to read as follows:

4-18 (b) The board shall adopt rules to establish the procedure
4-19 that will be used by the board to determine the date a transfer will
4-20 be made and the amount of the funds [~~money~~] that will be transferred
4-21 to the available school fund or to the State Board of Education for
4-22 investment in the permanent school fund from the real estate
4-23 special fund account as provided by Subsection (a).

4-24 SECTION 11. Section 51.4131, Natural Resources Code, is
4-25 amended to read as follows:

4-26 Sec. 51.4131. REPORT ON ANTICIPATED TRANSFER OF FUNDS. Not
4-27 later than September 1 of each even-numbered year, the board shall
4-28 submit to the legislature, comptroller, State Board of Education,
4-29 and Legislative Budget Board a report that, specifically and in
4-30 detail, states the date a transfer will be made and the amount of
4-31 the funds [~~money~~] the board will transfer during the subsequent
4-32 state fiscal biennium from the real estate special fund account of
4-33 the permanent school fund established under Section 51.401 to the
4-34 available school fund or the State Board of Education for
4-35 investment in the permanent school fund.

4-36 SECTION 12. Not later than September 1, 2020, the governor
4-37 and the attorney general shall appoint members to the School Land
4-38 Board in accordance with Section 32.012(a-1), Natural Resources
4-39 Code, as added by this Act.

4-40 SECTION 13. Section 32.027, Natural Resources Code, as
4-41 added by this Act, applies to a member of the School Land Board
4-42 appointed before, on, or after the effective date of this Act. A
4-43 member of the School Land Board may not vote, deliberate, or be
4-44 counted as a member in attendance at a meeting of the board held on
4-45 or after December 1, 2019, until the member completes the training.

4-46 SECTION 14. This Act takes effect September 1, 2019.

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