

1-1 By: Holland, et al. (Senate Sponsor - Paxton) H.B. No. 1540
1-2 (In the Senate - Received from the House May 1, 2023;
1-3 May 8, 2023, read first time and referred to Committee on Water,
1-4 Agriculture & Rural Affairs; May 15, 2023, reported adversely,
1-5 with favorable Committee Substitute by the following vote: Yeas 8,
1-6 Nays 0; May 15, 2023, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13			X	
1-14	X			
1-15	X			
1-16	X			
1-17	X			

1-18 COMMITTEE SUBSTITUTE FOR H.B. No. 1540 By: Hancock

1-19 A BILL TO BE ENTITLED
1-20 AN ACT

1-21 relating to the San Jacinto River Authority, following
1-22 recommendations of the Sunset Advisory Commission; specifying
1-23 grounds for the removal of a member of the board of directors.

1-24 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-25 SECTION 1. Section 1A(a), Chapter 426, Acts of the 45th
1-26 Legislature, Regular Session, 1937, is amended to read as follows:

1-27 (a) The District is subject to review under Chapter 325,
1-28 Government Code (Texas Sunset Act), but may not be abolished under
1-29 that chapter. The review shall be conducted under Section 325.025,
1-30 Government Code, as if the District were a state agency scheduled to
1-31 be abolished September 1, 2035 [~~2023~~], and every 12th year after
1-32 that year.

1-33 SECTION 2. Section 6, Chapter 426, Acts of the 45th
1-34 Legislature, Regular Session, 1937, is amended to read as follows:

1-35 Sec. 6. The management and control of all the affairs of
1-36 said District shall be vested in, and the powers, rights,
1-37 privileges, and functions of the District shall be exercised by a
1-38 Board of Directors consisting of seven [~~six (6)~~] members, all of
1-39 whom shall be freehold property taxpayers and legal voters of the
1-40 State of Texas and four (4) of whom shall be residents of a county
1-41 wholly encompassed by the District. Members of such Board of
1-42 Directors shall be appointed by the Governor for terms of four [~~six~~
1-43 ~~(6)~~] years. [~~Provided, the present Board of six (6) directors of~~
1-44 ~~said District, appointed by the State Board of Water Engineers~~
1-45 ~~under authority of House Bill No. 1094, Chapter 613, Acts of the~~
1-46 ~~Regular Session of the Forty-seventh Legislature, amending Section~~
1-47 ~~6 of Chapter 426, Acts of the Regular Session of the Forty-fifth~~
1-48 ~~Legislature, as amended by House Bill No. 828, Chapter 480, Acts of~~
1-49 ~~the Regular Session of the Forty-seventh Legislature, for terms of~~
1-50 ~~two (2), four (4), and six (6) years, shall continue to serve as~~
1-51 ~~such until the expiration of the respective terms for which they~~
1-52 ~~were appointed. Upon the expiration of the terms for which the~~
1-53 ~~present members of the Board of Directors were appointed, the~~
1-54 ~~successors of each and all of them shall be appointed by the~~
1-55 ~~Governor for a term of six (6) years.]~~

1-56 The Directors shall hold office after their appointment and
1-57 qualification until their successors shall be appointed and
1-58 qualified. Should any vacancy occur in the Board of Directors, the
1-59 same shall be filled in like manner by the Governor for the
1-60 unexpired term. The Directors appointed shall, within thirty (30)

2-1 days after their appointment, qualify by taking the official oath
 2-2 required of County Commissioners, and shall execute bond in the sum
 2-3 of Five Thousand Dollars (\$5,000) payable to the District, the
 2-4 sufficiency of which bond shall be determined by the Governor,
 2-5 which bonds after being recorded in the official bond records of the
 2-6 county in which the District maintains its office shall be
 2-7 deposited with the depository selected and approved for the deposit
 2-8 of the funds of the District.

2-9 The Governor shall designate a Director as the President of
 2-10 the Board to serve in that capacity at the pleasure of the Governor.
 2-11 The Board of Directors shall organize by electing one of its members
 2-12 [~~President, one~~] Vice-President, one Secretary, and one Treasurer.
 2-13 Four (4) members, including the President [~~presiding officer~~],
 2-14 shall constitute a quorum to transact business. The President
 2-15 shall preside at all meetings of the Board and shall be the chief
 2-16 executive officer of the District. The Vice-President shall act as
 2-17 President in case of the absence or disability of the President.
 2-18 The Secretary shall act as Secretary of the Board and shall be
 2-19 charged with the duty of keeping a record of all proceedings and all
 2-20 orders of the Board. The Treasurer shall receive and receipt for
 2-21 all moneys received by the District and shall keep books and records
 2-22 of all moneys received and expended. In case of the absence or
 2-23 inability of the Secretary to act, a Secretary pro tem shall be
 2-24 selected by the Directors.

2-25 The domicile of the District shall be in the City of Conroe,
 2-26 in the County of Montgomery, Texas, where the District shall
 2-27 maintain its principal office. The Board of Directors shall have
 2-28 authority to fix the time, place and number of meetings of such
 2-29 Board by proper resolutions, regulations and bylaws passed by said
 2-30 Board. Said Board shall cause to be kept complete and accurate
 2-31 accounts conforming to approved methods of bookkeeping. Said
 2-32 accounts and all contracts, documents, and records of the District
 2-33 shall be kept at said principal office, and same shall be open to
 2-34 public inspection at all reasonable times.

2-35 SECTION 3. Chapter 426, Acts of the 45th Legislature,
 2-36 Regular Session, 1937, is amended by adding Sections 6A, 6B, 6C, 6D,
 2-37 6E, and 6F to read as follows:

2-38 Sec. 6A. (a) It is a ground for removal from the Board of
 2-39 Directors that a Director:

2-40 (1) does not have at the time of taking office the
 2-41 qualifications required by Section 6 of this Act;

2-42 (2) does not maintain during service on the Board the
 2-43 qualifications required by Section 6 of this Act;

2-44 (3) is ineligible for directorship under Chapter 171,
 2-45 Local Government Code;

2-46 (4) cannot, because of illness or disability,
 2-47 discharge the Director's duties for a substantial part of the
 2-48 Director's term; or

2-49 (5) is absent from more than half of the regularly
 2-50 scheduled Board meetings that the Director is eligible to attend
 2-51 during a calendar year without an excuse approved by a majority vote
 2-52 of the Board.

2-53 (b) The validity of an action of the Board is not affected by
 2-54 the fact that it is taken when a ground for removal of a Director
 2-55 exists.

2-56 (c) If the general manager has knowledge that a potential
 2-57 ground for removal exists, the general manager shall notify the
 2-58 President of the Board of the potential ground. The President shall
 2-59 then notify the Governor and the Attorney General that a potential
 2-60 ground for removal exists. If the potential ground for removal
 2-61 involves the President, the general manager shall notify the next
 2-62 highest ranking Director, who shall then notify the Governor and
 2-63 the Attorney General that a potential ground for removal exists.

2-64 Sec. 6B. (a) A person who is appointed to and qualifies for
 2-65 office as a Director may not vote, deliberate, or be counted as a
 2-66 Director in attendance at a meeting of the Board of Directors until
 2-67 the person completes a training program that complies with this
 2-68 section.

2-69 (b) The training program must provide the person with

- 3-1 information regarding:
- 3-2 (1) the law governing District operations;
- 3-3 (2) the programs, functions, rules, and budget of the
- 3-4 District;
- 3-5 (3) the scope of and limitations on the rulemaking
- 3-6 authority of the District;
- 3-7 (4) the results of the most recent formal audit of the
- 3-8 District;
- 3-9 (5) the requirements of:
- 3-10 (A) laws relating to open meetings, public
- 3-11 information, administrative procedure, and disclosing conflicts of
- 3-12 interest; and
- 3-13 (B) other laws applicable to members of the
- 3-14 governing body of a river authority in performing their duties; and
- 3-15 (6) any applicable ethics policies adopted by the
- 3-16 District or the Texas Ethics Commission.

3-17 (c) A person appointed to the Board is entitled to
 3-18 reimbursement for the travel expenses incurred in attending the
 3-19 training program regardless of whether the attendance at the
 3-20 program occurs before or after the person qualifies for office.

3-21 (d) The general manager of the District shall create a
 3-22 training manual that includes the information required by
 3-23 Subsection (b) of this section. The general manager shall
 3-24 distribute a copy of the training manual annually to each Director.
 3-25 Each Director shall sign and submit to the general manager a
 3-26 statement acknowledging that the Director received and has reviewed
 3-27 the training manual.

3-28 Sec. 6C. The Board of Directors shall develop and implement
 3-29 policies that clearly separate the policy-making responsibilities
 3-30 of the Board and the management responsibilities of the general
 3-31 manager and the staff of the District.

3-32 Sec. 6D. (a) The District shall maintain a system to
 3-33 promptly and efficiently act on complaints filed with the District.
 3-34 The District shall maintain information about parties to the
 3-35 complaint, the subject matter of the complaint, a summary of the
 3-36 results of the review or investigation of the complaint, and its
 3-37 disposition.

3-38 (b) The District shall make information available
 3-39 describing its procedures for complaint investigation and
 3-40 resolution.

3-41 (c) The District shall periodically notify the complaint
 3-42 parties of the status of the complaint until final disposition,
 3-43 unless the notice would jeopardize an investigation.

3-44 Sec. 6E. The Board of Directors shall develop and implement
 3-45 policies that provide the public with a reasonable opportunity to
 3-46 appear before the Board and to speak on any issue under the
 3-47 jurisdiction of the District.

3-48 Sec. 6F. The Board of Directors shall develop and implement
 3-49 a comprehensive policy that provides a structure for public
 3-50 engagement in advance of major actions and projects. The policy
 3-51 must include a clear and detailed description of how the District
 3-52 will seek to actively engage stakeholders, including the possible
 3-53 use of:

- 3-54 (1) advisory committees;
- 3-55 (2) community panels;
- 3-56 (3) town hall meetings;
- 3-57 (4) surveys; and
- 3-58 (5) other strategies on a recurring basis.

3-59 SECTION 4. The member of the board of directors of the San
 3-60 Jacinto River Authority whose term expires in November 2027 shall
 3-61 continue in office until the member's successor is appointed to and
 3-62 qualifies for a term of four years beginning in October 2027.

3-63 SECTION 5. (a) Except as provided by Subsection (b) of
 3-64 this section, Section 6B, Chapter 426, Acts of the 45th
 3-65 Legislature, Regular Session, 1937, as added by this Act, applies
 3-66 to a member of the board of directors of the San Jacinto River
 3-67 Authority appointed before, on, or after the effective date of this
 3-68 Act.

3-69 (b) Notwithstanding Section 6B, Chapter 426, Acts of the

4-1 45th Legislature, Regular Session, 1937, as added by this Act, a
4-2 person serving on the board of directors of the San Jacinto River
4-3 Authority may vote, deliberate, and be counted as a director in
4-4 attendance at a meeting of the board until December 1, 2023. A
4-5 director may not vote, deliberate, or be counted as a member in
4-6 attendance at a meeting of the board held on or after December 1,
4-7 2023, until the member completes the training required by that
4-8 section.

4-9 SECTION 6. (a) The legal notice of the intention to
4-10 introduce this Act, setting forth the general substance of this
4-11 Act, has been published as provided by law, and the notice and a
4-12 copy of this Act have been furnished to all persons, agencies,
4-13 officials, or entities to which they are required to be furnished
4-14 under Section 59, Article XVI, Texas Constitution, and Chapter 313,
4-15 Government Code.

4-16 (b) The governor, one of the required recipients, has
4-17 submitted the notice and Act to the Texas Commission on
4-18 Environmental Quality.

4-19 (c) The Texas Commission on Environmental Quality has filed
4-20 its recommendations relating to this Act with the governor, the
4-21 lieutenant governor, and the speaker of the house of
4-22 representatives within the required time.

4-23 (d) All requirements of the constitution and laws of this
4-24 state and the rules and procedures of the legislature with respect
4-25 to the notice, introduction, and passage of this Act are fulfilled
4-26 and accomplished.

4-27 SECTION 7. This Act takes effect September 1, 2023.

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