

AN ACT

relating to the authority of the Rural Foundation.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 110.001, Health and Safety Code, as added by Chapter 1221, Acts of the 77th Legislature, Regular Session, 2001, is amended to read as follows:

Sec. 110.001. CREATION OF FOUNDATION. (a) The Office of Rural Community Affairs [~~Center for Rural Health Initiatives~~] shall establish the Rural Foundation as a nonprofit corporation that complies with the Texas Non-Profit Corporation Act (Article 1396-1.01 et seq., Vernon's Texas Civil Statutes), except as otherwise provided by this chapter, and qualifies as an organization exempt from federal income tax under Section 501(c)(3), Internal Revenue Code of 1986, as amended.

(b) The Office of Rural Community Affairs [~~Center for Rural Health Initiatives~~] shall ensure that the Rural Foundation operates independently of any state agency or political subdivision of the state.

SECTION 2. Subsections (a) and (c), Section 110.002, Health and Safety Code, as added by Chapter 1221, Acts of the 77th Legislature, Regular Session, 2001, are amended to read as follows:

(a) The Rural Foundation shall raise money from foundations, governmental entities, and other sources to finance health, community, and economic development programs in the rural

1 areas of the state.

2 (c) The Rural Foundation shall develop and implement
3 policies and procedures that clearly separate the responsibilities
4 and activities of the foundation from the Office of Rural Community
5 Affairs [~~Center for Rural Health Initiatives~~].

6 SECTION 3. Subsection (a), Section 110.003, Health and
7 Safety Code, as added by Chapter 1221, Acts of the 77th Legislature,
8 Regular Session, 2001, is amended to read as follows:

9 (a) The Rural Foundation is governed by a board of five
10 directors appointed by the executive committee of the Office of
11 Rural Community Affairs [~~Center for Rural Health Initiatives~~] from
12 individuals recommended by the executive director of the Office of
13 Rural Community Affairs [~~Center for Rural Health Initiatives~~].

14 SECTION 4. Subsection (b), Section 110.004, Health and
15 Safety Code, as added by Chapter 1221, Acts of the 77th Legislature,
16 Regular Session, 2001, is amended to read as follows:

17 (b) A person may not be a member of the board of directors of
18 the Rural Foundation and may not be a foundation employee employed
19 in a "bona fide executive, administrative, or professional
20 capacity," as that phrase is used for purposes of establishing an
21 exemption to the overtime provisions of the federal Fair Labor
22 Standards Act of 1938 (29 U.S.C. Section 201 et seq.), as amended,
23 if:

24 (1) the person is an officer, employee, or paid
25 consultant of a Texas trade association that is in the field of
26 health care or that contracts with the foundation; or

27 (2) the person's spouse is an officer, manager, or paid

1 consultant of a Texas trade association that is in the field of
2 health care or that contracts with the foundation.

3 SECTION 5. Subsection (c), Section 110.005, Health and
4 Safety Code, as added by Chapter 1221, Acts of the 77th Legislature,
5 Regular Session, 2001, is amended to read as follows:

6 (c) If the executive director of the Office of Rural
7 Community Affairs [~~Center for Rural Health Initiatives~~] has
8 knowledge that a potential ground for removal exists, the executive
9 director shall notify the presiding officer of the board of
10 directors of the Rural Foundation of the potential ground. The
11 presiding officer shall then notify the governor and the attorney
12 general that a potential ground for removal exists. If the
13 potential ground for removal involves the presiding officer, the
14 executive director shall notify the next highest ranking officer of
15 the board of directors, who shall then notify the governor and the
16 attorney general that a potential ground for removal exists.

17 SECTION 6. Section 110.010, Health and Safety Code, as
18 added by Chapter 1221, Acts of the 77th Legislature, Regular
19 Session, 2001, is amended to read as follows:

20 Sec. 110.010. MEMORANDUM OF UNDERSTANDING. The Rural
21 Foundation and the Office of Rural Community Affairs [~~Center for~~
22 ~~Rural Health Initiatives~~] shall enter into a memorandum of
23 understanding that:

24 (1) requires the board of directors and staff of the
25 foundation to report to the executive director and executive
26 committee of the Office of Rural Community Affairs [~~Center for~~
27 ~~Rural Health Initiatives~~];

1 (2) allows the Office of Rural Community Affairs
2 [~~Center for Rural Health Initiatives~~] to provide staff functions to
3 the foundation;

4 (3) allows the Office of Rural Community Affairs
5 [~~Center for Rural Health Initiatives~~] to expend funds on the
6 foundation; and

7 (4) outlines the financial contributions to be made to
8 the foundation from funds obtained from grants and other sources.

9 SECTION 7. Subsection (a), Section 110.011, Health and
10 Safety Code, as added by Chapter 1221, Acts of the 77th Legislature,
11 Regular Session, 2001, is amended to read as follows:

12 (a) The Rural Foundation shall maintain financial records
13 and reports independently from those of the Office of Rural
14 Community Affairs [~~Center for Rural Health Initiatives~~].

15 SECTION 8. Section 110.012, Health and Safety Code, as
16 added by Chapter 1221, Acts of the 77th Legislature, Regular
17 Session, 2001, is amended to read as follows:

18 Sec. 110.012. REPORT TO OFFICE OF RURAL COMMUNITY AFFAIRS
19 [~~CENTER FOR RURAL HEALTH INITIATIVES~~]. Not later than the 60th day
20 after the last day of the fiscal year, the Rural Foundation shall
21 submit to the Office of Rural Community Affairs [~~Center for Rural~~
22 ~~Health Initiatives~~] a report itemizing all income and expenditures
23 and describing all activities of the foundation during the
24 preceding fiscal year.

25 SECTION 9. This Act takes effect September 1, 2003.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 446 passed the Senate on March 13, 2003, by the following vote: Yeas 30, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 446 passed the House on May 2, 2003, by a non-record vote.

Chief Clerk of the House

Approved:

Date

Governor