

1-1 By: Madla S.B. No. 446
1-2 (In the Senate - Filed February 11, 2003; February 17, 2003,
1-3 read first time and referred to Committee on Intergovernmental
1-4 Relations; March 6, 2003, reported adversely, with favorable
1-5 Committee Substitute by the following vote: Yeas 5, Nays 0;
1-6 March 6, 2003, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 446 By: Gallegos

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to the authority of the Rural Foundation.

1-11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-12 SECTION 1. Section 110.001, Health and Safety Code, as
1-13 added by Chapter 1221, Acts of the 77th Legislature, Regular
1-14 Session, 2001, is amended to read as follows:

1-15 Sec. 110.001. CREATION OF FOUNDATION. (a) The Office of
1-16 Rural Community Affairs [~~Center for Rural Health Initiatives~~] shall
1-17 establish the Rural Foundation as a nonprofit corporation that
1-18 complies with the Texas Non-Profit Corporation Act (Article
1-19 1396-1.01 et seq., Vernon's Texas Civil Statutes), except as
1-20 otherwise provided by this chapter, and qualifies as an
1-21 organization exempt from federal income tax under Section
1-22 501(c)(3), Internal Revenue Code of 1986, as amended.

1-23 (b) The Office of Rural Community Affairs [~~Center for Rural~~
1-24 ~~Health Initiatives~~] shall ensure that the Rural Foundation operates
1-25 independently of any state agency or political subdivision of the
1-26 state.

1-27 SECTION 2. Subsections (a) and (c), Section 110.002, Health
1-28 and Safety Code, as added by Chapter 1221, Acts of the 77th
1-29 Legislature, Regular Session, 2001, are amended to read as follows:

1-30 (a) The Rural Foundation shall raise money from
1-31 foundations, governmental entities, and other sources to finance
1-32 health, community, and economic development programs in the rural
1-33 areas of the state.

1-34 (c) The Rural Foundation shall develop and implement
1-35 policies and procedures that clearly separate the responsibilities
1-36 and activities of the foundation from the Office of Rural Community
1-37 Affairs [~~Center for Rural Health Initiatives~~].

1-38 SECTION 3. Subsection (a), Section 110.003, Health and
1-39 Safety Code, as added by Chapter 1221, Acts of the 77th Legislature,
1-40 Regular Session, 2001, is amended to read as follows:

1-41 (a) The Rural Foundation is governed by a board of five
1-42 directors appointed by the executive committee of the Office of
1-43 Rural Community Affairs [~~Center for Rural Health Initiatives~~] from
1-44 individuals recommended by the executive director of the Office of
1-45 Rural Community Affairs [~~Center for Rural Health Initiatives~~].

1-46 SECTION 4. Subsection (b), Section 110.004, Health and
1-47 Safety Code, as added by Chapter 1221, Acts of the 77th Legislature,
1-48 Regular Session, 2001, is amended to read as follows:

1-49 (b) A person may not be a member of the board of directors of
1-50 the Rural Foundation and may not be a foundation employee employed
1-51 in a "bona fide executive, administrative, or professional
1-52 capacity," as that phrase is used for purposes of establishing an
1-53 exemption to the overtime provisions of the federal Fair Labor
1-54 Standards Act of 1938 (29 U.S.C. Section 201 et seq.), as amended,
1-55 if:

1-56 (1) the person is an officer, employee, or paid
1-57 consultant of a Texas trade association that is in the field of
1-58 health care or that contracts with the foundation; or

1-59 (2) the person's spouse is an officer, manager, or paid
1-60 consultant of a Texas trade association that is in the field of
1-61 health care or that contracts with the foundation.

1-62 SECTION 5. Subsection (c), Section 110.005, Health and
1-63 Safety Code, as added by Chapter 1221, Acts of the 77th Legislature,

Regular Session, 2001, is amended to read as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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