

1-1 By: Hilderbran (Senate Sponsor - Fraser) H.B. No. 890
1-2 (In the Senate - Received from the House April 30, 2007;
1-3 May 2, 2007, read first time and referred to Committee on
1-4 Education; May 10, 2007, reported favorably by the following vote:
1-5 Yeas 7, Nays 0; May 10, 2007, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to the creation of an irrevocable trust for the proceeds of
1-9 the sale or disposition of county school lands.

1-10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-11 SECTION 1. Subchapter E, Chapter 45, Education Code, is
1-12 amended by adding Section 45.113 to read as follows:

1-13 Sec. 45.113. TRUST FOR COUNTY PERMANENT SCHOOL FUND. (a)
1-14 Notwithstanding former Subchapter E, Chapter 17, as that subchapter
1-15 existed on May 1, 1995, the commissioners court of a county may:

1-16 (1) sell or otherwise dispose of county school lands
1-17 in the manner determined by the court;

1-18 (2) establish an irrevocable trust for the proceeds of
1-19 a sale or other disposition under Subdivision (1); and

1-20 (3) invest the principal of a trust created under
1-21 Subdivision (2) in any investment permitted for other county funds
1-22 under Chapter 2256, Government Code.

1-23 (b) The members of the commissioners court and their
1-24 successors in office must be the sole trustees of a trust
1-25 established under Subsection (a)(2). The trustees may not delegate
1-26 the authority to manage or invest the trust but may contract with
1-27 qualified persons for investment advice.

1-28 (c) The principal of a trust established under Subsection
1-29 (a)(2) constitutes a portion of the county permanent school fund
1-30 and must be held in perpetuity for the benefit of the public schools
1-31 in the county. The income of a trust established under Subsection
1-32 (a)(2) constitutes a portion of the county available school fund
1-33 and may be distributed as permitted by law.

1-34 SECTION 2. This Act takes effect immediately if it receives
1-35 a vote of two-thirds of all the members elected to each house, as
1-36 provided by Section 39, Article III, Texas Constitution. If this
1-37 Act does not receive the vote necessary for immediate effect, this
1-38 Act takes effect September 1, 2007.

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