

AN ACT

relating to the Texas Rural Foundation.

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

SECTION 1. Chapter 110, Health and Safety Code, is transferred to Chapter 487, Government Code, is redesignated as Subchapter P, Chapter 487, Government Code, and is amended to read as follows:

SUBCHAPTER P. TEXAS [~~CHAPTER 110.~~] RURAL FOUNDATION

Sec. 487.701 [~~110.001~~]. CREATION OF FOUNDATION. (a) The Office of Rural Community Affairs shall establish the Texas 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 shall ensure that the Texas Rural Foundation operates independently of any state agency or political subdivision of the state.

Sec. 487.702 [~~110.002~~]. POWERS AND DUTIES. (a) The Texas Rural Foundation shall raise money from foundations, governmental entities, and other sources to finance health, community, and economic development programs in the rural areas of the state.

(b) The Texas Rural Foundation shall have the powers that

1 are necessary and convenient to carry out its duties.

2 (c) The Texas 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.

6 Sec. 487.703 [~~110.003~~]. BOARD OF DIRECTORS. (a) The Texas
7 Rural Foundation is governed by a board of an odd number of at least
8 nine and not more than 15 [~~five~~] directors appointed by the
9 executive committee of the Office of Rural Community Affairs [~~from~~
10 ~~individuals recommended by the executive director of the Office of~~
11 ~~Rural Community Affairs~~].

12 (b) Members of the board of directors of the Texas Rural
13 Foundation serve for staggered terms of six years, with as near as
14 possible to one-third of the members' terms expiring February 1 of
15 each odd-numbered year.

16 (c) Appointments to the board of directors of the Texas
17 Rural Foundation shall be made without regard to the race, color,
18 disability, sex, religion, age, or national origin of the
19 appointees.

20 (d) The board of directors of the Texas Rural Foundation
21 shall ensure that the foundation remains eligible for an exemption
22 from federal income tax under Section 501(a), Internal Revenue Code
23 of 1986, as amended, by being listed as an exempt organization under
24 Section 501(c)(3) of that code, as amended.

25 Sec. 487.704 [~~110.004~~]. RESTRICTIONS ON BOARD APPOINTMENT,
26 MEMBERSHIP, AND EMPLOYMENT. (a) In this section, "Texas trade
27 association" means a cooperative and voluntarily joined

1 association of business or professional competitors in this state
2 designed to assist its members and its industry or profession in
3 dealing with mutual business or professional problems and in
4 promoting their common interest.

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

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

15 (2) the person's spouse is an officer, manager, or paid
16 consultant of a Texas trade association that is in the field of
17 health care or that contracts with the foundation.

18 (c) A person may not be a member of the board of directors of
19 the Texas Rural Foundation or act as the general counsel to the
20 board of directors or the foundation if the person is required to
21 register as a lobbyist under Chapter 305, Government Code, because
22 of the person's activities for compensation on behalf of a
23 profession related to the operation of the foundation.

24 Sec. 487.705 [~~110.005~~]. REMOVAL OF BOARD MEMBER. (a) It
25 is a ground for removal from the board of directors of the Texas
26 Rural Foundation that a member:

27 (1) is ineligible for membership under Section

1 110.004;

2 (2) cannot, because of illness or disability,
3 discharge the member's duties for a substantial part of the member's
4 term; or

5 (3) is absent from more than half of the regularly
6 scheduled board meetings that the member is eligible to attend
7 during a calendar year without an excuse approved by a majority vote
8 of the board of directors.

9 (b) The validity of an action of the board of directors of
10 the Texas Rural Foundation is not affected by the fact that it is
11 taken when a ground for removal of a board member exists.

12 (c) If the executive director of the Office of Rural
13 Community Affairs has knowledge that a potential ground for removal
14 exists, the executive director shall notify the presiding officer
15 of the board of directors of the Texas Rural Foundation of the
16 potential ground. The presiding officer shall then notify the
17 governor and the attorney general that a potential ground for
18 removal exists. If the potential ground for removal involves the
19 presiding officer, the executive director shall notify the next
20 highest ranking officer of the board of directors, who shall then
21 notify the governor and the attorney general that a potential
22 ground for removal exists.

23 Sec. 487.706 [~~110.006~~]. VACANCY. A vacancy on the board of
24 directors of the Texas Rural Foundation shall be filled for the
25 remainder of the unexpired term in the same manner as the original
26 appointment.

27 Sec. 487.707 [~~110.007~~]. OFFICERS. The board of directors

1 of the Texas Rural Foundation shall elect from among its members a
2 presiding officer, an assistant presiding officer, and other
3 officers the board considers necessary. The presiding officer and
4 assistant presiding officer serve for a period of one year and may
5 be reelected.

6 Sec. 487.708 [~~110.008~~]. MEETINGS. The board of directors
7 of the Texas Rural Foundation may meet as often as necessary, but
8 shall meet at least twice a year.

9 Sec. 487.709 [~~110.009~~]. TAX EXEMPTION. All income,
10 property, and other assets of the Texas Rural Foundation are exempt
11 from taxation by the state and political subdivisions of the state.

12 Sec. 487.710 [~~110.010~~]. MEMORANDUM OF UNDERSTANDING. The
13 Texas Rural Foundation and the Office of Rural Community Affairs
14 shall enter into a memorandum of understanding that:

15 (1) requires the board of directors and staff of the
16 foundation to report to the executive director and executive
17 committee of the Office of Rural Community Affairs;

18 (2) allows the Office of Rural Community Affairs to
19 provide staff functions to the foundation;

20 (3) allows the Office of Rural Community Affairs to
21 expend funds on the foundation; and

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

24 Sec. 487.711 [~~110.011~~]. RECORDS. (a) The Texas Rural
25 Foundation shall maintain financial records and reports
26 independently from those of the Office of Rural Community Affairs.

27 (b) The Texas Rural Foundation shall comply with all filing

1 requirements of the secretary of state and the Internal Revenue
2 Service.

3 Sec. 487.712 [~~110.012~~]. REPORT TO OFFICE OF RURAL COMMUNITY
4 AFFAIRS. Not later than the 60th day after the last day of the
5 fiscal year, the Texas Rural Foundation shall submit to the Office
6 of Rural Community Affairs a report itemizing all income and
7 expenditures and describing all activities of the foundation during
8 the preceding fiscal year.

9 Sec. 487.713 [~~110.013~~]. PROHIBITED USE OF FUNDS. Funds
10 administered by the Texas Rural Foundation may not be used to
11 provide an abortion or a referral for an abortion, unless there is a
12 medically necessary reason to provide the referral.

13 SECTION 2. Subsection (a), Section 487.056, Government
14 Code, is amended to read as follows:

15 (a) Not later than January 1 of each odd-numbered year, the
16 office shall submit a biennial report to the legislature regarding
17 the activities of the office, the activities of the Texas Rural
18 Foundation, and any findings and recommendations relating to rural
19 issues.

20 SECTION 3. (a) The name of the Rural Foundation is changed
21 to the Texas Rural Foundation.

22 (b) Any reference in law to the Rural Foundation means the
23 Texas Rural Foundation.

24 SECTION 4. As soon as practicable after the effective date
25 of this Act, the executive committee of the Office of Rural
26 Community Affairs shall appoint the additional members of the board
27 of directors of the Texas Rural Foundation as provided by Section

1 487.703, Government Code, as added by this Act. In making the
2 appointments, the executive committee shall assign the lengths of
3 the terms of the additional members to meet the staggered six-year
4 term requirement under Subsection (b), Section 487.703, Government
5 Code, as added by this Act.

6 SECTION 5. This Act takes effect September 1, 2007.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 1128 passed the Senate on
April 26, 2007, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 1128 passed the House on
May 23, 2007, by the following vote: Yeas 144, Nays 0, two
present not voting.

Chief Clerk of the House

Approved:

Date

Governor