

1-1 By: Hegar S.B. No. 1128
1-2 (In the Senate - Filed March 5, 2007; March 14, 2007, read
1-3 first time and referred to Subcommittee on Agriculture, Rural
1-4 Affairs and Coastal Resources; April 18, 2007, reported favorably
1-5 from Committee on Natural Resources by the following vote: Yeas 9,
1-6 Nays 0; April 18, 2007, sent to printer.)

1-7 A BILL TO BE ENTITLED
1-8 AN ACT

1-9 relating to the Texas Rural Foundation.

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

1-11 SECTION 1. Chapter 110, Health and Safety Code, is
1-12 transferred to Chapter 487, Government Code, is redesignated as
1-13 Subchapter P, Chapter 487, Government Code, and is amended to read
1-14 as follows:

1-15 SUBCHAPTER P. TEXAS [~~CHAPTER 110.~~] RURAL FOUNDATION

1-16 Sec. 487.701 [~~110.001~~]. CREATION OF FOUNDATION. (a) The
1-17 Office of Rural Community Affairs shall establish the Texas Rural
1-18 Foundation as a nonprofit corporation that complies with the Texas
1-19 Non-Profit Corporation Act (Article 1396-1.01 et seq., Vernon's
1-20 Texas Civil Statutes), except as otherwise provided by this
1-21 chapter, and qualifies as an organization exempt from federal
1-22 income tax under Section 501(c)(3), Internal Revenue Code of 1986,
1-23 as amended.

1-24 (b) The Office of Rural Community Affairs shall ensure that
1-25 the Texas Rural Foundation operates independently of any state
1-26 agency or political subdivision of the state.

1-27 Sec. 487.702 [~~110.002~~]. POWERS AND DUTIES. (a) The Texas
1-28 Rural Foundation shall raise money from foundations, governmental
1-29 entities, and other sources to finance health, community, and
1-30 economic development programs in the rural areas of the state.

1-31 (b) The Texas Rural Foundation shall have the powers that
1-32 are necessary and convenient to carry out its duties.

1-33 (c) The Texas Rural Foundation shall develop and implement
1-34 policies and procedures that clearly separate the responsibilities
1-35 and activities of the foundation from the Office of Rural Community
1-36 Affairs.

1-37 Sec. 487.703 [~~110.003~~]. BOARD OF DIRECTORS. (a) The Texas
1-38 Rural Foundation is governed by a board of an odd number of at least
1-39 nine and not more than 15 [~~five~~] directors appointed by the
1-40 executive committee of the Office of Rural Community Affairs [~~from~~
1-41 ~~individuals recommended by the executive director of the Office of~~
1-42 ~~Rural Community Affairs~~].

1-43 (b) Members of the board of directors of the Texas Rural
1-44 Foundation serve for staggered terms of six years, with as near as
1-45 possible to one-third of the members' terms expiring February 1 of
1-46 each odd-numbered year.

1-47 (c) Appointments to the board of directors of the Texas
1-48 Rural Foundation shall be made without regard to the race, color,
1-49 disability, sex, religion, age, or national origin of the
1-50 appointees.

1-51 (d) The board of directors of the Texas Rural Foundation
1-52 shall ensure that the foundation remains eligible for an exemption
1-53 from federal income tax under Section 501(a), Internal Revenue Code
1-54 of 1986, as amended, by being listed as an exempt organization under
1-55 Section 501(c)(3) of that code, as amended.

1-56 Sec. 487.704 [~~110.004~~]. RESTRICTIONS ON BOARD APPOINTMENT,
1-57 MEMBERSHIP, AND EMPLOYMENT. (a) In this section, "Texas trade
1-58 association" means a cooperative and voluntarily joined
1-59 association of business or professional competitors in this state
1-60 designed to assist its members and its industry or profession in
1-61 dealing with mutual business or professional problems and in
1-62 promoting their common interest.

1-63 (b) A person may not be a member of the board of directors of
1-64 the Texas Rural Foundation and may not be a foundation employee

2-1 employed in a "bona fide executive, administrative, or professional
2-2 capacity," as that phrase is used for purposes of establishing an
2-3 exemption to the overtime provisions of the federal Fair Labor
2-4 Standards Act of 1938 (29 U.S.C. Section 201 et seq.), as amended,
2-5 if:

2-6 (1) the person is an officer, employee, or paid
2-7 consultant of a Texas trade association that is in the field of
2-8 health care or that contracts with the foundation; or

2-9 (2) the person's spouse is an officer, manager, or paid
2-10 consultant of a Texas trade association that is in the field of
2-11 health care or that contracts with the foundation.

2-12 (c) A person may not be a member of the board of directors of
2-13 the Texas Rural Foundation or act as the general counsel to the
2-14 board of directors or the foundation if the person is required to
2-15 register as a lobbyist under Chapter 305, Government Code, because
2-16 of the person's activities for compensation on behalf of a
2-17 profession related to the operation of the foundation.

2-18 Sec. 487.705 [~~110.005~~]. REMOVAL OF BOARD MEMBER. (a) It
2-19 is a ground for removal from the board of directors of the Texas
2-20 Rural Foundation that a member:

2-21 (1) is ineligible for membership under Section
2-22 110.004;

2-23 (2) cannot, because of illness or disability,
2-24 discharge the member's duties for a substantial part of the member's
2-25 term; or

2-26 (3) is absent from more than half of the regularly
2-27 scheduled board meetings that the member is eligible to attend
2-28 during a calendar year without an excuse approved by a majority vote
2-29 of the board of directors.

2-30 (b) The validity of an action of the board of directors of
2-31 the Texas Rural Foundation is not affected by the fact that it is
2-32 taken when a ground for removal of a board member exists.

2-33 (c) If the executive director of the Office of Rural
2-34 Community Affairs has knowledge that a potential ground for removal
2-35 exists, the executive director shall notify the presiding officer
2-36 of the board of directors of the Texas Rural Foundation of the
2-37 potential ground. The presiding officer shall then notify the
2-38 governor and the attorney general that a potential ground for
2-39 removal exists. If the potential ground for removal involves the
2-40 presiding officer, the executive director shall notify the next
2-41 highest ranking officer of the board of directors, who shall then
2-42 notify the governor and the attorney general that a potential
2-43 ground for removal exists.

2-44 Sec. 487.706 [~~110.006~~]. VACANCY. A vacancy on the board of
2-45 directors of the Texas Rural Foundation shall be filled for the
2-46 remainder of the unexpired term in the same manner as the original
2-47 appointment.

2-48 Sec. 487.707 [~~110.007~~]. OFFICERS. The board of directors
2-49 of the Texas Rural Foundation shall elect from among its members a
2-50 presiding officer, an assistant presiding officer, and other
2-51 officers the board considers necessary. The presiding officer and
2-52 assistant presiding officer serve for a period of one year and may
2-53 be reelected.

2-54 Sec. 487.708 [~~110.008~~]. MEETINGS. The board of directors
2-55 of the Texas Rural Foundation may meet as often as necessary, but
2-56 shall meet at least twice a year.

2-57 Sec. 487.709 [~~110.009~~]. TAX EXEMPTION. All income,
2-58 property, and other assets of the Texas Rural Foundation are exempt
2-59 from taxation by the state and political subdivisions of the state.

2-60 Sec. 487.710 [~~110.010~~]. MEMORANDUM OF UNDERSTANDING. The
2-61 Texas Rural Foundation and the Office of Rural Community Affairs
2-62 shall enter into a memorandum of understanding that:

2-63 (1) requires the board of directors and staff of the
2-64 foundation to report to the executive director and executive
2-65 committee of the Office of Rural Community Affairs;

2-66 (2) allows the Office of Rural Community Affairs to
2-67 provide staff functions to the foundation;

2-68 (3) allows the Office of Rural Community Affairs to
2-69 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.

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

(b) The Texas Rural Foundation shall comply with all filing requirements of the secretary of state and the Internal Revenue Service.

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

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

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

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

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

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

SECTION 4. As soon as practicable after the effective date of this Act, the executive committee of the Office of Rural Community Affairs shall appoint the additional members of the board of directors of the Texas Rural Foundation as provided by Section 487.703, Government Code, as added by this Act. In making the appointments, the executive committee shall assign the lengths of the terms of the additional members to meet the staggered six-year term requirement under Subsection (b), Section 487.703, Government Code, as added by this Act.

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

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