

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 27, 2007

TO: Honorable Steve Ogden, Chair, Senate Committee on Finance

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: SB1885 by Williams (Relating to the management of public school land and the investment of the permanent school fund.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would provide the School Land Board (SLB) additional authority to manage and control land, mineral and royalty interests, real estate investments and other interests that are dedicated to the Permanent School Fund No. 44, along with revenues arising from those sources. The bill would allow the SLB to designate funds received from the lands and interests dedicated to the Permanent School Fund No. 44 for deposit in the special fund account, which is renamed the Real Estate Special Fund Account (RESF) by the bill. The bill would designate the SLB as the manager of the RESF Account. The bill also would clarify the potential uses of proceeds of the RESF Account. The bill would allow the SLB to consult with employees or third parties regarding investments and potential investments in the same manner as the board of trustees for the Texas Growth Fund are authorized to have such consultations by Section 551.075 of the Government Code.

The bill would allow the SLB to work with real estate investment consultants and advisors in addition to investment managers, and applies the same policies, requirements, restrictions and ethical standards to investment consultants and advisors as currently apply to investment managers. The bill would delete certain federal registration requirements for managers, consultants and advisors that are inapplicable to real estate investments.

Finally, the bill would direct the Comptroller, on the first working day of each month in a fiscal year to transfer from the RESF Account of the Permanent School Fund to the Available School Fund an amount equal to one-twelfth of the annual distribution from the RESF Account of the Permanent School Fund which is made each fiscal year according to the Texas Constitution, Texas Constitution, Article VII, Section 4.

Because the Texas Constitution, Article VII, Section 4, does not provide for a transfer of funds from the RESF Account of the Permanent School Fund to the Available School Fund, this estimate assumes that the transfer of funds would not occur, and, therefore, the bill's passage would not result in a fiscal impact to the Permanent School Fund or the Available School Fund.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 305 General Land Office and Veterans' Land Board, 304 Comptroller of Public Accounts, 701 Central Education Agency

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