

BILL ANALYSIS

H.B. 3574
By: Orr
Appropriations
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Currently, the School Land Board is allowed to use proceeds from mineral leases and royalties to acquire additional real property assets for the permanent school fund. In slightly more than a decade since the board was granted the permission to do so, certain assets under the board's control have grown from an essentially inconsequential amount to more than billions of dollars, which, according to interested parties, effectively creates a whole new trust fund within the permanent school fund. The parties further note that the State Board of Education has begun investing permanent school fund assets in real estate and that the real property assets of the permanent school fund have been successfully diversified and expanded, suggesting that it might be appropriate now for permanent school fund administrators to refocus their efforts on providing revenue for the operation of the state's public schools. H.B. 3574 seeks to return the School Land Board to its historical role in retaining permanent school fund mineral-related revenues for limited purposes.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 3574 amends the Natural Resources Code to prohibit the School Land Board from designating revenue received from a mineral or royalty interest, other than revenue received from the sale of a mineral or royalty interest, for deposit in the real estate special fund account of the permanent school fund.

EFFECTIVE DATE

September 1, 2013.