

BILL ANALYSIS

H.B. 3651
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Culture, Recreation & Tourism
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The Texas preservation trust fund is used to provide financial assistance to public and private entities in support of historic preservation projects. Legislation enacted in 2007 provided for the fund assets to be managed by the comptroller of public accounts, who oversees the Texas Treasury Safekeeping Trust Company, so that a higher rate of interest would likely be earned, increasing the amount available for grants. However, legislation enacted in 2011 provided for the transfer of fund assets into the state treasury for use in funding the operations of the Texas Historical Commission.

Interested parties observe that the current appropriations act will remove the trust fund as a source of funding for the commission, making those funds available to earn interest for preservation grants. These parties further observe that fund assets were transferred to the state treasury only as necessary to support the commission's operations, with the majority of fund assets remaining under the management of the Texas Treasury Safekeeping Trust Company. In order to optimize the amount that will be available for preservation grants, H.B. 3651 seeks to ensure that current fund assets, as well as any future deposits into the fund, will remain under the comptroller's management.

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. 3651 amends the Government Code to prohibit the use of distributions from the Texas preservation trust fund account to pay the operating expenses of the Texas Historical Commission. The bill requires the comptroller of public accounts to manage the assets of the account. The bill authorizes the comptroller, in managing the assets of the account, to acquire, exchange, sell, supervise, manage, or retain, through procedures and subject to restrictions the comptroller considers appropriate, any kind of investment that a prudent investor, exercising reasonable care, skill, and caution, would acquire or retain in light of the purposes, terms, distribution requirements, and other circumstances of the account then prevailing, taking into consideration the investment of all the assets of the account rather than a single investment.

H.B. 3651 requires the amount of a distribution from the account to be determined by the comptroller in a manner intended to provide a stable and predictable stream of annual distributions and to maintain over time the purchasing power of account investments and annual distributions from the account. The bill prohibits the comptroller, if the purchasing power of the account investments for any 10-year period is not preserved, from increasing annual distributions from the account until the purchasing power of account investments is restored.

H.B. 3651 caps an annual distribution made by the comptroller from the account during a fiscal year at an amount equal to seven percent of the average net fair market value of the investment

assets of the account as determined by the comptroller. The bill requires the expenses of managing account investments to be paid from the account and requires the comptroller to fully disclose all details concerning the investments of the account on request.

EFFECTIVE DATE

September 1, 2013.