

By: Murphy

H.B. No. 4388

A BILL TO BE ENTITLED

AN ACT

relating to the management of the permanent school fund by the School Land Board and the State Board of Education.

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

SECTION 1. Chapter 43, Education Code, is amended by adding Section 43.0052 to read as follows:

Sec. 43.0052. QUARTERLY REPORTS. Each quarter, the State Board of Education shall provide to the School Land Board a financial report on the portion of the permanent school fund assets and funds for which the State Board of Education is responsible.

The report must include:

- (1) actual allocation and target allocation of assets;
- (2) a summary of investment types;
- (3) asset and sector performance; and
- (4) benchmarks.

SECTION 2. Subchapter C, Chapter 32, Natural Resources Code, is amended by adding Section 32.068 to read as follows:

Sec. 32.068. QUARTERLY REPORTS. Each quarter, the board shall provide to the State Board of Education a financial report on the portion of the permanent school fund assets and funds for which the board is responsible. The report must include:

- (1) actual allocation and target allocation of assets;
- (2) a summary of investment types;
- (3) asset and sector performance; and

1 (4) benchmarks.

2 SECTION 3. Section 51.402(c), Natural Resources Code, is
3 amended to read as follows:

4 (c) Notwithstanding Subsection (a), on January 1 of each
5 even-numbered year, the sum of any funds designated under Section
6 51.401 not being used for a purpose listed in Subsection (a),
7 holdings in the permanent school fund liquid account, and the
8 market value of the investments in real estate made under this
9 section [~~on January 1 of each even-numbered year~~] may not exceed an
10 amount that is equal to 15 percent of the market value of the
11 permanent school fund on that date.

12 SECTION 4. Section 51.4131, Natural Resources Code, is
13 amended to read as follows:

14 Sec. 51.4131. REPORT ON ANTICIPATED TRANSFER OF FUNDS;
15 DEADLINE. (a) Not later than September 1 of each even-numbered
16 year, the board shall submit to the legislature, comptroller, State
17 Board of Education, and Legislative Budget Board a report that,
18 specifically and in detail, states the date a transfer will be made
19 and the amount of money the board will transfer during the
20 subsequent state fiscal biennium from the real estate special fund
21 account of the permanent school fund established under Section
22 51.401 to the available school fund or the State Board of Education
23 for investment in the permanent school fund.

24 (b) The board shall make any transfer described in a report
25 under Subsection (a) not later than September 1 of the next
26 even-numbered year.

27 SECTION 5. Subchapter I, Chapter 51, Natural Resources

1 Code, is amended by adding Section 51.414 to read as follows:

2 Sec. 51.414. PERMANENT SCHOOL FUND LIQUID ACCOUNT. (a) The
3 permanent school fund liquid account is established as an account
4 in the permanent school fund in the State Treasury to be used by the
5 board and the State Board of Education as provided by this section.

6 (b) Each quarter, the board shall hold a meeting and adopt a
7 resolution to release from the real estate special fund account
8 funds designated under Section 51.401 that are not being used for a
9 purpose listed in Section 51.402(a) and are not required for the
10 board's cash needs for the 90-day period following the date of the
11 meeting, to be deposited to the credit of the permanent school fund
12 liquid account in the State Treasury.

13 (c) The State Board of Education may invest funds in the
14 permanent school fund liquid account. The investments may be made
15 only in liquid assets or markets, in a manner authorized by law for
16 the investment of the permanent school fund.

17 (d) Investment income and capital gains derived from funds
18 in the permanent school fund liquid account shall be deposited in
19 the State Treasury to the credit of the State Board of Education for
20 investment in the permanent school fund. This subsection does not
21 require a deposit if the value of the assets held in the permanent
22 school fund liquid account is below book value.

23 (e) Funds may be appropriated to the State Board of
24 Education from the permanent school fund liquid account to pay for
25 administrative costs associated with implementing this section,
26 including costs associated with contracts for professional
27 investment management or investment advisory services.

1 (f) The board shall provide to the State Board of Education
2 in each quarterly report required by Section 32.068 the board's
3 anticipated cash needs for the six-month period following the date
4 of the report, to allow the State Board of Education to ensure that
5 the board's cash needs may be met as provided by Subsection (g).

6 (g) Not later than the 10th day after the date of a request
7 of the board, the State Board of Education shall release from the
8 permanent school fund liquid account funds to be deposited to the
9 credit of the real estate special fund account in the State Treasury
10 in an amount requested by the board.

11 SECTION 6. This Act takes effect September 1, 2019.