

By: Watson, et al.

S.B. No. 608

A BILL TO BE ENTITLED

AN ACT

relating to the continuation and functions of the School Land Board.

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

SECTION 1. Section 32.003, Natural Resources Code, is amended to read as follows:

Sec. 32.003. APPLICATION OF SUNSET ACT. The School Land Board is subject to Chapter 325, Government Code (Texas Sunset Act). Unless continued in existence as provided by that chapter, the board is abolished September 1, 2031 [~~2019~~].

SECTION 2. Section 32.012, Natural Resources Code, is amended to read as follows:

Sec. 32.012. MEMBERS OF THE BOARD. (a) The board is composed of:

(1) the commissioner;

(2) two citizens [~~a citizen~~] of the state appointed by the governor with the advice and consent of the senate; and

(3) two citizens [~~a citizen~~] of the state appointed by the attorney general with the advice and consent of the senate.

(a-1) One citizen appointed by the governor and one citizen appointed by the attorney general must be selected from lists of nominees submitted by the State Board of Education. The State Board of Education shall submit to the governor or the attorney general, as applicable, a list of six nominees for a vacant position

1 described by this subsection. The governor or attorney general, as  
2 applicable, may request that the State Board of Education submit a  
3 second list of six nominees if the governor or attorney general does  
4 not choose to appoint a nominee from the first list.

5 (b) The authority of the attorney general to appoint [~~one of~~  
6 ~~the~~] members of the board, including the authority to make  
7 appointments during the recess of the senate, is the same as the  
8 authority of the governor to fill vacancies in state offices under  
9 the Texas Constitution.

10 (c) Each appointment made by the governor and the attorney  
11 general shall be made in accordance with and subject to the  
12 provisions of the Texas Constitution authorizing the filling of  
13 vacancies in state offices by appointment of the governor.

14 SECTION 3. Subchapter B, Chapter 32, Natural Resources  
15 Code, is amended by adding Section 32.0161 to read as follows:

16 Sec. 32.0161. ANNUAL JOINT MEETING. (a) The board and the  
17 State Board of Education shall hold an annual joint public meeting  
18 to discuss the allocation of the assets of the permanent school fund  
19 and the investment of the money in the fund.

20 (b) Each member of the board must attend the annual joint  
21 public meeting, unless the member's absence is excused by majority  
22 vote of the board.

23 (c) Each member of the State Board of Education must attend  
24 the annual joint public meeting, unless the member's absence is  
25 excused by majority vote of the State Board of Education. If the  
26 State Board of Education delegates powers and duties relating to  
27 the investment of the permanent school fund to a committee of the

1 State Board of Education, only a majority of the committee members  
2 must attend the meeting.

3 SECTION 4. Subchapter B, Chapter 32, Natural Resources  
4 Code, is amended by adding Section 32.0191 to read as follows:

5 Sec. 32.0191. SEPARATION OF RESPONSIBILITIES. The board  
6 shall develop and implement policies that clearly separate the  
7 policymaking responsibilities of the board and the management  
8 responsibilities of the commissioner and the staff of the land  
9 office.

10 SECTION 5. Subchapter B, Chapter 32, Natural Resources  
11 Code, is amended by adding Section 32.027 to read as follows:

12 Sec. 32.027. MEMBER TRAINING. (a) A person who is  
13 appointed to and qualifies for office as a member of the board may  
14 not vote, deliberate, or be counted as a member in attendance at a  
15 meeting of the board until the person completes a training program  
16 that complies with this section.

17 (b) The training program must provide the person with  
18 information regarding:

- 19 (1) the law governing board operations;  
20 (2) the programs, functions, rules, and budget of the  
21 board;  
22 (3) the board's investment programs and strategies;  
23 (4) the permanent school fund, including a  
24 comprehensive overview of the law governing the fund;  
25 (5) the scope of and limitations on the rulemaking  
26 authority of the board;  
27 (6) the results of the most recent formal audit of the

1 board;

2 (7) the requirements of:

3 (A) laws relating to open meetings, public  
4 information, administrative procedure, and disclosure of conflicts  
5 of interest; and

6 (B) other laws applicable to members of a state  
7 policymaking body in performing their duties; and

8 (8) any applicable ethics policies adopted by the  
9 board or the Texas Ethics Commission.

10 (c) A person appointed to the board is entitled to  
11 reimbursement, as provided by the General Appropriations Act, for  
12 the travel expenses incurred in attending the training program  
13 regardless of whether the attendance at the program occurs before  
14 or after the person qualifies for office.

15 (d) The commissioner shall create a training manual that  
16 includes the information required by Subsection (b).

17 (e) The commissioner shall distribute a copy of the training  
18 manual annually to each appointed member of the board. Each of  
19 those members shall sign and submit to the commissioner a statement  
20 acknowledging that the member received and has reviewed the  
21 training manual.

22 SECTION 6. Subchapter B, Chapter 32, Natural Resources  
23 Code, is amended by adding Section 32.028 to read as follows:

24 Sec. 32.028. COMPLAINTS. (a) The board shall maintain a  
25 system to promptly and efficiently act on complaints filed with the  
26 board. The board shall maintain information about parties to the  
27 complaint, the subject matter of the complaint, a summary of the

1 results of the review or investigation of the complaint, and its  
2 disposition.

3 (b) The board shall make information available describing  
4 its procedures for complaint investigation and resolution.

5 (c) The board shall periodically notify the complaint  
6 parties of the status of the complaint until final disposition.

7 SECTION 7. Sections 51.402(a) and (c), Natural Resources  
8 Code, are amended to read as follows:

9 (a) Except as provided by Subsection (c), the [~~The~~] board  
10 may use funds [~~the money~~] designated under Section 51.401 for any of  
11 the following purposes:

12 (1) to add to a tract of public school land to form a  
13 tract of sufficient size to be manageable;

14 (2) to add contiguous land to public school land;

15 (3) to acquire, as public school land, interests in  
16 real property for biological, commercial, geological, cultural, or  
17 recreational purposes;

18 (4) to acquire mineral and royalty interests for the  
19 use and benefit of the permanent school fund;

20 (5) to protect, maintain, or enhance the value of  
21 public school land;

22 (6) to acquire interests in real estate;

23 (7) to pay reasonable fees for professional services  
24 related to a permanent school fund investment; or

25 (8) to acquire, sell, lease, trade, improve, maintain,  
26 protect, or use land, mineral and royalty interests, or real estate  
27 investments, an investment or interest in public infrastructure, or

1 other interests, at such prices and under such terms and conditions  
2 the board determines to be in the best interest of the permanent  
3 school fund.

4 (c) On January 1 of each even-numbered year  
5 ~~[Notwithstanding Subsection (a)]~~, the market value of the  
6 investments made [in real estate] under Subsections (a)(6) and (8)  
7 ~~[this section on January 1 of each even-numbered year]~~ may not  
8 exceed an amount that is equal to 15 percent of the market value of  
9 the assets held by the board and the State Board of Education as  
10 part of the permanent school fund [on that date].

11 SECTION 8. Sections 51.4021(a) and (b), Natural Resources  
12 Code, are amended to read as follows:

13 (a) The board may appoint investment managers, consultants,  
14 or advisors to invest or assist the board in investing funds ~~[the~~  
15 ~~money]~~ designated under Section 51.401 by contracting for  
16 professional investment management or investment advisory services  
17 with one or more organizations that are in the business of managing  
18 or advising on the management of real estate investments.

19 (b) To be eligible for appointment under this section, an  
20 investment manager, consultant, or advisor shall agree to abide by  
21 the policies, requirements, or restrictions, including ethical  
22 standards and disclosure policies and criteria for determining the  
23 quality of investments and for the use of standard rating services,  
24 that the board adopts for real estate investments of the permanent  
25 school fund. Funds ~~[Money]~~ designated under Section 51.401 may not  
26 be invested in a real estate investment trust, as defined by Section  
27 200.001, Business Organizations Code.

1 SECTION 9. Section 51.412, Natural Resources Code, is  
2 amended to read as follows:

3 Sec. 51.412. REPORTS TO LEGISLATURE. (a) Not later than  
4 September 1 of each even-numbered year, the board shall submit to  
5 the legislature a report that, specifically and in detail, assesses  
6 the direct and indirect economic impact, as anticipated by the  
7 board, of the investment of funds designated under Section 51.401  
8 for deposit in the real estate special fund account of the permanent  
9 school fund.

10 (b) The board may not disclose information under this  
11 section that is confidential under applicable state or federal law.

12 (c) The report must include the following information:

13 (1) the total amount of the funds [~~money~~] designated  
14 by Section 51.401 for deposit in the real estate special fund  
15 account of the permanent school fund that the board intends to  
16 invest;

17 (2) the rate of return the board expects to attain on  
18 the investment;

19 (3) the amount of the funds [~~money~~] the board expects  
20 to distribute to the available school fund or the State Board of  
21 Education for investment in the permanent school fund after making  
22 the investments;

23 (4) the distribution of the board's investments by  
24 county;

25 (5) the effect of the board's investments on the level  
26 of employment, personal income, and capital investment in the  
27 state; [~~and~~]

1           (6) the amounts of all fees or other compensation paid  
2 by the board to investment managers, consultants, or advisors  
3 appointed or organizations contracted with under Section 51.4021;  
4 and

5           (7) any other information the board considers  
6 necessary to include in the report.

7           ~~[(b) Not later than January 1 of each odd-numbered year, the~~  
8 ~~board shall submit to the legislature a report that assesses the~~  
9 ~~return and economic impact of the investments reported to the~~  
10 ~~legislature before the preceding regular legislative session.]~~

11           SECTION 10. Section 51.413(b), Natural Resources Code, is  
12 amended to read as follows:

13           (b) The board shall adopt rules to establish the procedure  
14 that will be used by the board to determine the date a transfer will  
15 be made and the amount of the funds [~~money~~] that will be transferred  
16 to the available school fund or to the State Board of Education for  
17 investment in the permanent school fund from the real estate  
18 special fund account as provided by Subsection (a).

19           SECTION 11. Section 51.4131, Natural Resources Code, is  
20 amended to read as follows:

21           Sec. 51.4131. REPORT ON ANTICIPATED TRANSFER OF FUNDS. Not  
22 later than September 1 of each even-numbered year, the board shall  
23 submit to the legislature, comptroller, State Board of Education,  
24 and Legislative Budget Board a report that, specifically and in  
25 detail, states the date a transfer will be made and the amount of  
26 the funds [~~money~~] the board will transfer during the subsequent  
27 state fiscal biennium from the real estate special fund account of



1 the permanent school fund established under Section 51.401 to the  
2 available school fund or the State Board of Education for  
3 investment in the permanent school fund.

4 SECTION 12. Not later than September 1, 2020, the governor  
5 and the attorney general shall appoint members to the School Land  
6 Board in accordance with Section 32.012(a-1), Natural Resources  
7 Code, as added by this Act.

8 SECTION 13. Section 32.027, Natural Resources Code, as  
9 added by this Act, applies to a member of the School Land Board  
10 appointed before, on, or after the effective date of this Act. A  
11 member of the School Land Board may not vote, deliberate, or be  
12 counted as a member in attendance at a meeting of the board held on  
13 or after December 1, 2019, until the member completes the training.

14 SECTION 14. This Act takes effect September 1, 2019.