

By: Watson, et al.
(Paddie)

S.B. No. 608

Substitute the following for S.B. No. 608:

By: Craddick

C.S.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; and

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

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

(b) Two citizens appointed by the governor must be selected from lists of nominees submitted by the State Board of Education.

The State Board of Education shall submit to the governor a list of six nominees for a vacant position described by this subsection.

The governor may request that the State Board of Education submit a

1 second list of six nominees if the governor does not choose to
2 appoint a nominee from the first list.

3 (c) At least one of the citizens appointed under Subsection
4 (a) must be a resident of a county with a population of less than
5 200,000. The governor and the State Board of Education shall
6 collaborate to ensure that the membership of the board complies
7 with this subsection.

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

13 [~~(c)~~] Each appointment made by the governor [~~and the~~
14 ~~attorney general~~] shall be made in accordance with and subject to
15 the provisions of the Texas Constitution authorizing the filling of
16 vacancies in state offices by appointment of the governor.

17 SECTION 3. Section [32.013](#), Natural Resources Code, is
18 amended to read as follows:

19 Sec. 32.013. TERMS OF APPOINTED MEMBERS. The appointed
20 members of [~~appointed to~~] the board [~~by the governor and the~~
21 ~~attorney general~~] serve for terms of two years.

22 SECTION 4. Subchapter B, Chapter [32](#), Natural Resources
23 Code, is amended by adding Section 32.0161 to read as follows:

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

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

4 (c) Each member of the State Board of Education must attend
5 the annual joint public meeting, unless the member's absence is
6 excused by majority vote of the State Board of Education. If the
7 State Board of Education delegates powers and duties relating to
8 the investment of the permanent school fund to a committee of the
9 State Board of Education, only a majority of the committee members
10 must attend the meeting.

11 SECTION 5. Subchapter B, Chapter 32, Natural Resources
12 Code, is amended by adding Section 32.0191 to read as follows:

13 Sec. 32.0191. SEPARATION OF RESPONSIBILITIES. The board
14 shall develop and implement policies that clearly separate the
15 policymaking responsibilities of the board and the management
16 responsibilities of the commissioner and the staff of the land
17 office.

18 SECTION 6. Subchapter B, Chapter 32, Natural Resources
19 Code, is amended by adding Section 32.027 to read as follows:

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

25 (b) The training program must provide the person with
26 information regarding:

27 (1) the law governing board operations;

1 (2) the programs, functions, rules, and budget of the
2 board;

3 (3) the board's investment programs and strategies;

4 (4) the permanent school fund, including a
5 comprehensive overview of the law governing the fund;

6 (5) the scope of and limitations on the rulemaking
7 authority of the board;

8 (6) the results of the most recent formal audit of the
9 board;

10 (7) the requirements of:

11 (A) laws relating to open meetings, public
12 information, administrative procedure, and disclosure of conflicts
13 of interest; and

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

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

18 (c) A person appointed to the board is entitled to
19 reimbursement, as provided by the General Appropriations Act, for
20 the travel expenses incurred in attending the training program
21 regardless of whether the attendance at the program occurs before
22 or after the person qualifies for office.

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

25 (e) The commissioner shall distribute a copy of the training
26 manual annually to each appointed member of the board. Each of
27 those members shall sign and submit to the commissioner a statement

1 acknowledging that the member received and has reviewed the
2 training manual.

3 SECTION 7. Subchapter B, Chapter 32, Natural Resources
4 Code, is amended by adding Section 32.028 to read as follows:

5 Sec. 32.028. COMPLAINTS. (a) The board shall maintain a
6 system to promptly and efficiently act on complaints filed with the
7 board. The board shall maintain information about parties to the
8 complaint, the subject matter of the complaint, a summary of the
9 results of the review or investigation of the complaint, and its
10 disposition.

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

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

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

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

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

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

23 (3) to acquire, as public school land, interests in
24 real property for biological, commercial, geological, cultural, or
25 recreational purposes;

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

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

3 (6) to acquire interests in real estate;

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

6 (8) to acquire, sell, lease, trade, improve, maintain,
7 protect, or use land, mineral and royalty interests, or real estate
8 investments, an investment or interest in public infrastructure, or
9 other interests, at such prices and under such terms and conditions
10 the board determines to be in the best interest of the permanent
11 school fund.

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

19 SECTION 9. Sections 51.4021(a) and (b), Natural Resources
20 Code, are amended to read as follows:

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

27 (b) To be eligible for appointment under this section, an

1 investment manager, consultant, or advisor shall agree to abide by
2 the policies, requirements, or restrictions, including ethical
3 standards and disclosure policies and criteria for determining the
4 quality of investments and for the use of standard rating services,
5 that the board adopts for real estate investments of the permanent
6 school fund. Funds [~~Money~~] designated under Section 51.401 may not
7 be invested in a real estate investment trust, as defined by Section
8 200.001, Business Organizations Code.

9 SECTION 10. Section 51.412, Natural Resources Code, is
10 amended to read as follows:

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

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

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

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

25 (2) the rate of return the board expects to attain on
26 the investment;

27 (3) the amount of the funds [~~money~~] the board expects

1 to distribute to the available school fund or the State Board of
2 Education for investment in the permanent school fund after making
3 the investments;

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

6 (5) the effect of the board's investments on the level
7 of employment, personal income, and capital investment in the
8 state; ~~and~~

9 (6) the amounts of all fees or other compensation paid
10 by the board to investment managers, consultants, or advisors
11 appointed or organizations contracted with under Section 51.4021;
12 and

13 (7) any other information the board considers
14 necessary to include in the report.

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

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

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

27 SECTION 12. Section 51.4131, Natural Resources Code, is

1 amended to read as follows:

2 Sec. 51.4131. REPORT ON ANTICIPATED TRANSFER OF FUNDS. Not
3 later than September 1 of each even-numbered year, the board shall
4 submit to the legislature, comptroller, State Board of Education,
5 and Legislative Budget Board a report that, specifically and in
6 detail, states the date a transfer will be made and the amount of
7 the funds [~~money~~] the board will transfer during the subsequent
8 state fiscal biennium from the real estate special fund account of
9 the permanent school fund established under Section 51.401 to the
10 available school fund or the State Board of Education for
11 investment in the permanent school fund.

12 SECTION 13. (a) The changes in law made by this Act to
13 Section 32.012, Natural Resources Code, relating to the membership
14 of the School Land Board do not affect the eligibility of a member
15 of the board serving immediately before the effective date of this
16 Act to continue to serve on the board for the term to which the
17 member was appointed.

18 (b) As soon as possible after the effective date of this
19 Act, the governor and the State Board of Education shall
20 collaborate to appoint members of the board as necessary to ensure
21 that the composition of the board complies with Section 32.012,
22 Natural Resources Code, as amended by this Act.

23 SECTION 14. Section 32.027, Natural Resources Code, as
24 added by this Act, applies to a member of the School Land Board
25 appointed before, on, or after the effective date of this Act. A
26 member of the School Land Board may not vote, deliberate, or be
27 counted as a member in attendance at a meeting of the board held on

C.S.S.B. No. 608

1 or after December 1, 2019, until the member completes the training.

2 SECTION 15. This Act takes effect September 1, 2019.