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| BILL ANALYSIS |

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| S.B. 1332 |
| By: Huffman |
| Culture, Recreation & Tourism |
| Committee Report (Unamended) |

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| **BACKGROUND AND PURPOSE**  The Texas Historical Commission is in need of a sustainable funding mechanism to preserve historic sites across Texas, including historic courthouses. By establishing one, the commission will be in a better position to plan for its long-term needs, and future legislatures will be freed from having to consider dozens of potential historic site projects each biennium. Moreover, this would allow for a sustainable maintenance cycle and greater certainty around the restoration of historic courthouses across Texas. Recognizing the fact that preserving Texas history is of paramount importance, S.B. 1332 seeks to ensure the commission is set up for success in the 21st century by creating the historic infrastructure sustainability trust fund. |
| **CRIMINAL JUSTICE IMPACT**  It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision. |
| **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**  S.B. 1332 amends the Government Code to create the historic infrastructure sustainability trust fund as a trust fund outside the treasury held, managed, and invested by the Texas Treasury Safekeeping Trust Company and administered by the comptroller of public accounts as trustee on behalf of the people of Texas to generate earnings on money in the fund for the purpose of maintaining, preserving, rehabilitating, and restoring historic sites throughout Texas. The bill does the following with respect to the fund:   * sets out the fund's composition as follows:   + money appropriated or transferred to the fund at the direction of the legislature;   + gifts, grants, and donations received by the commission for a purpose for which money in the fund may be used under the bill's provisions; and   + any returns received from the investment of money in the fund; * requires the trust company to determine the amount available for distribution from the fund each year in accordance with a distribution policy that is adopted by the comptroller and designed to preserve the purchasing power of the fund's assets, provide a stable and predictable series of annual distributions from the fund, and meet the fund's liquidity needs as necessary; and * requires the expenses of managing the fund and its assets to be paid from the fund and, except as otherwise provided by the bill, prohibits money in the fund from being used for any other purpose.   S.B. 1332 authorizes the trust company, in managing the fund's assets and through procedures and subject to restrictions the trust company considers appropriate, to acquire, exchange, sell, supervise, manage, or retain 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 circumstances of the fund then prevailing while considering the investment of all assets of the fund rather than a single investment. The bill requires the Texas Historical Commission, at the request of the trust company, to provide the trust company information the trust company determines necessary to ensure that the trust company is able to achieve its investment and distribution objectives.  S.B. 1332 authorizes the commission to request an annual distribution from the fund in an amount not to exceed the amount the trust company determines available for distribution in the applicable year. The bill restricts the use of money distributed from the fund to the commission to the historic courthouse preservation program and maintaining, preserving, rehabilitating, and restoring state historic sites under the commission's control. The bill requires the commission to allocate at least one-third of each annual distribution from the fund for the historic courthouse preservation program and prohibits the commission from using money received from an annual distribution to pay salaries, employee benefits, costs associated with employee benefits, or the commission's administration, operating, or program costs.  S.B. 1332 authorizes the commission, not more frequently than once each calendar year, to request an additional distribution from the fund in that year for those same authorized purposes in an amount that exceeds the amount the trust company determines is available for distribution in that year. The bill prohibits the trust company from making additional disbursements that would negatively affect the purchasing power of the fund's assets as determined by the terms of the fund's adopted distribution policy.  S.B. 1332 conditions the commission's authority to receive an additional distribution on the commission first certifying the following to the Legislative Budget Board (LBB):   * the commission has reviewed and approved the use of the money; * all purchases made with the money will conform to any applicable laws governing state procurement and contracting; and * the money will not be used for any of the following purposes:   + paying salaries; employee benefits; costs associated with employee benefits; or administration, operating, or program costs of the commission or the state historic sites under the commission's control;   + acquiring new historic sites or real property; or   + purchasing capital equipment that is not related to the rehabilitation or restoration of a historic site under the commission's control or the historic courthouse preservation program.   S.B. 1332 subjects all expenditures by the commission from the fund to audit by the state auditor. The bill requires the commission to include in its strategic plan of operations a report on each project funded with money from the fund during the two-year period preceding the plan's submission date and a list of each project the commission anticipates will be funded using that money for the period covered by the plan.  S.B. 1332 authorizes the commission to make an expenditure from the historic site account for a historic site not included on the list of sites under the commission's jurisdiction. The bill requires the commission, not later than the 30th day after making such an expenditure, to provide notice of the expenditure to the LBB and authorizes the LBB to establish the procedure by which the commission provides the notice.  S.B. 1332 raises from $6 million to $10 million the cap on the amount of a grant from the historic courthouse preservation fund for a historic courthouse project, which applies only if that cap is greater than two percent of the amount appropriated for implementing the historic courthouse preservation program during the given state fiscal biennium. |
| **EFFECTIVE DATE**  September 1, 2023. |