

BILL ANALYSIS

Senate Research Center
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S.B. 1546
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Prior to 2007, the Texas Preservation Trust Fund (TPTF) was an interest-generating account within the state treasury from which appropriations were made for grants in support of historic preservation projects. In 2007 a statutory amendment, virtually identical to this bill, was adopted allowing the balance of the TPTF to be transferred into the Safekeeping Trust where a higher rate of interest would likely be earned, increasing funds available for grants. In 2011 that amendment was repealed and the balance of the TPTF was transferred back into the state treasury for use in support of the Texas Historical Commission's (THC) operations. The current appropriations act will move THC's operations out of the TPTF, making those funds available again to earn interest for preservation grants. S.B. 1546 authorizes the transfer of the balance of the TPTF into the Safekeeping Trust, along with any future deposits into that account, to optimize the amount that will be available for preservation grants.

Although in 2011 the TPTF was required to be transferred from the Safekeeping Trust into the state treasury, the legislative directive was to make that transfer with as little negative impact on the TPTF balance as possible. Because those transfers have been made only as necessary to support THC's operations, the majority of the TPTF remains on deposit in the Safekeeping Trust. Adoption of this bill will simply confirm that any balance remaining in the Safekeeping Trust can stay there.

As proposed, S.B. 1546 amends current law relating to the management and use of the Texas preservation trust fund.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 442.015, Government Code, by amending Subsections (a), (b), and (f) and adding Subsections (h), (i), (j), (k), and (l), as follows:

(a) Provides that, notwithstanding Section 403.095 (Use of Dedicated Revenue), the Texas preservation trust fund account is a separate account in the general revenue fund. Provides that the account consists of transfers made to the account, loan repayments, grants and donations made for the purposes of this program, proceeds of sales, earnings on the account, and any other money received under this section (Texas Preservation Trust Fund Account), rather than providing that the account consists of transfers made to the account, loan repayments, grants and donations made for the purposes of this program, proceeds of sales, income earned on money in the account, and any other money received under this section. Authorizes distributions from the account to be used only for the purposes of this section and prohibits distributions from being used to pay operating expenses of the Texas Historical Commission (THC), rather than authorizes money in the account to be used only for the purposes of this section, and authorizes money in the account to pay operating expenses of THC. Requires that money allocated to THC's historic preservation grant program be deposited to the credit of the

account. Requires that earnings on the account, rather than requires that income earned on money in the account, be deposited to the credit of the account.

(b) Authorizes THC to use distributions from the Texas preservation trust fund account, rather than to use money in the Texas preservation trust fund account, to provide financial assistance to public or private entities for the acquisition, survey, restoration, or preservation, or for planning and educational activities leading to the preservation, of historic property in the state that is listed in the National Register of Historic Places or designated as a State Archeological Landmark or Recorded Texas Historic Landmark, or that THC determines is eligible for such listing or designation.

(f) Requires the advisory board, which is composed of certain individuals appointed by THC after considering the recommendations of the governor, lieutenant governor, and speaker of the house of representatives, to recommend to THC rules for administering Subsections (a), (b), (c) (relating to requiring THC, as a condition of providing financial assistance under this section, to require the creation of a certain preservation easement in the property, in favor of the state, a certain designation of the property as a State Archeological Landmark, or the creation of other appropriate covenants in favor of the state), (d) (relating to requiring THC, after considering the recommendations of the governor, lieutenant governor, and speaker of the house of representatives, to appoint an advisory board composed of certain individuals), and (e) (relating to providing certain information regarding the term length members of the advisory board serve, compensation for the members' service, and reimbursement for reasonable expenses incurred in attending advisory board meetings), rather than rules for administering this section.

(h) Requires the comptroller of public accounts of the State of Texas (comptroller) to manage the assets of the account. 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.

(i) Requires that the amount of a distribution 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. Prohibits the comptroller, if the purchasing power of 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.

(j) Prohibits an annual distribution made by the comptroller from the account during a fiscal year from exceeding 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.

(k) Requires that the expenses of managing account investments be paid from the account.

(l) Requires the comptroller, on request, to fully disclose all details concerning the investments of the account.

SECTION 2. Effective date: September 1, 2013.