

BILL ANALYSIS

Senate Research Center
85R3063 MM-D

H.B. 1472
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Finance
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

H.B. 1472 allows public junior colleges to invest oil and gas royalties from land it owns according to the investment standard in the Texas Trust Code. The purpose of H.B. 1472 is to support our junior colleges and provide greater investment returns.

Current law requires junior colleges to invest in low-interest bearing and short-term instruments, such as government bonds. The earnings on these investments lose purchasing power over time and limit junior colleges' options in regards to their funds.

H.B. 1472 adds Section 2256.0206, Government Code, to allow public junior colleges to invest oil and gas royalties pursuant to the standard in the Texas Trust Code.

H.B. 1472 amends current law relating to investment by a public junior college district of public funds received from the management and development of mineral rights.

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 Subchapter A, Chapter 2256, Government Code, by adding Section 2256.0206, as follows:

Sec. 2256.0206. AUTHORIZED INVESTMENTS: PUBLIC JUNIOR COLLEGE DISTRICT FUNDS FROM MANAGEMENT AND DEVELOPMENT OF MINERAL RIGHTS. (a) Authorizes the governing board of a public junior college district, in addition to other investments authorized under this subchapter (Authorized Investments for Governmental Entities), to invest funds received by the district from a lease or contract for the management and development of land owned by the district and leased for oil, gas, or other mineral development in any investment authorized to be made by a trustee under Subtitle B (Texas Trust Code: Creation, Operation, and Termination of Trusts), Title 9 (Trusts), Property Code (Texas Trust Code).

(b) Requires that funds invested by the governing board of a public junior college district under this section be segregated and accounted for separately from other funds of the district.

SECTION 2. Effective date: September 1, 2017.