

BILL ANALYSIS

Senate Research Center

H.B. 585
By: West, George (Lucio)
Education
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Engrossed

DIGEST

Currently, Texas ranks 46th in the nation for public library expenditures, and 43rd in library materials expenditures. Approximately three-quarters of Texas public libraries are housed in inadequate facilities, and there are no state or federal sources to assist local governments with library construction projects. H.B. 585 sets forth funding provisions for the Texas Public Library Endowment Fund and the Texas Public Library Fund.

PURPOSE

As proposed, H.B. 585 sets forth funding provisions for the Texas Public Library Endowment Fund and the Texas Public Library Fund.

RULEMAKING AUTHORITY

Rulemaking authority is granted to the Texas Library and Archives Commission in SECTION 2 (Sections 441.072(i), 441.074(b), 441.075(b) and (c), Government Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 326D, Local Government Code, by adding Section 326.072, as follows:

Sec. 326.072. GIFTS, GRANTS, AND DONATIONS. Authorizes a library district to accept and administer a gift to carry out the purposes of this chapter.

SECTION 2. Amends Chapter 441, Government Code, by adding Subchapter E, as follows:

SUBCHAPTER E. PUBLIC LIBRARY ENDOWMENT AND OPERATING FUNDS

Sec. 441.071. TEXAS PUBLIC LIBRARY ENDOWMENT FUND. Creates and describes the fund administration procedures for the Texas public library endowment fund (fund). Prohibits the fund's corpus from being spent for any purpose. Requires the Texas State Library and Archives Commission (commission), to follow certain procedures regarding income earned on money in the fund by September 1, annually. Requires the commission to credit certain money to the fund's corpus.

Sec. 441.072. INVESTMENT AND MANAGEMENT OF ENDOWMENT FUND. Requires the commission to appoint managers for the fund by contracting for professional services. Requires the commission to act prudently and in the interest of fund beneficiaries while contracting for professional services. Sets forth guidelines for the commission and an investment manager while they are in the process of discharging their duties. Sets forth eligibility requirements for an investment manager. Requires the commission to specify certain elements of rating services and quality of investments of the fund. Provides that a commission member is not liable for an investment manager's actions. Prohibits a commission member from investing in, or taking other actions regarding the fund. Requires an investment manager to acknowledge the manager's fiduciary responsibilities to the fund. Authorizes the commission to monitor fund investments. Authorizes the commission to contract for professional evaluation services. Requires the commission to enter into an investment custody account agreement (CAA) regarding assets related to professional investment management services. Requires the commission, under a CAA, to require the designated custodian to undertake certain actions. Requires the custodian to provide, by commission rule, a sworn statement of the amount of fund assets in the custodian's custody.

Sets forth a description of fund beneficiaries.

Sec. 441.073. TEXAS PUBLIC LIBRARY FUND. Provides that the Texas public library fund (library fund) is a special fund in the state treasury outside of the general revenue fund. Sets forth specifics regarding the library fund's money, appropriations, and allocations. Exempts the library fund from the application of Sections 403.095 and 404.071, Government Code.

Sec. 441.074. DONATIONS, APPROPRIATIONS, AND SALES. Authorizes the commission to take certain actions to best further the orderly development of public library resources of Texas. Requires money paid to the commission under this subsection to be deposited in the fund. Authorizes the commission, by rule, to establish an acquisition policy. Authorizes the legislature to make appropriations to the commission. Authorizes the commission to purchase and resell items to promote public libraries in Texas. Prohibits commission inventory value from exceeding \$50,000, at the end of any fiscal year. Requires sales profits to be deposited in the library fund.

Sec. 441.075. PUBLIC LIBRARY FUND GRANT PROGRAM. Requires the commission to make grants for specific library purposes. Requires the commission to allocate library fund amounts to direct and matching grant programs. Requires the commission to adopt rules regarding the establishment of certain methods and provision of certain allocations. Sets forth requirements for a public library to participate in the matching grant program. Requires the commission, by rule, to adopt rules to implement this requirement.

SECTION 3. Amends Section 404.093(b), Government Code, to provide that this subchapter does not apply to certain funds given to the commission in accordance with Section 441.154, rather than 441.074, Government Code.

SECTION 4. Emergency clause.
Effective date: upon passage.