

BILL ANALYSIS

Senate Research Center

C.S.S.B. 1952
By: Ellis, Rodney
Government Organization
5/19/2003
Committee Report (Substituted)

DIGEST AND PURPOSE

C.S.S.B. 1952 seeks to improve the efficiency and effectiveness of state government by taking certain measures to reduce the current budget deficit, including abolishing an agency and developing a program for commercial use of state agency parking garages in Austin. C.S.S.B. 1952 also decreases the allocation of office space per state employee from 153 to 135 square feet; delays membership in the Employees Retirement System and the Teacher Retirement System by 90 days for new employees; and requires state agencies with 100 or more full-time equivalent employees to reach a 1:11 manager/staff ratio by 2007. C.S.S.B. 1952 also provides for creation of a Texas Innocence Commission to investigate post-conviction exonerations and creates a Corporate Integrity Unit within the office of the attorney general to assist in the enforcement of laws relating to corporate fraud.

RULEMAKING AUTHORITY

Provides in SECTION 1.01 (Section 1702.005, Transportation Code) that all rules of the Texas Commission on Private Security relating to a transferred power or duty remain in effect as rules of the Department of Public Safety (DPS) until amended or repealed by DPS.

Rulemaking authority is expressly granted to the Texas Building and Procurement Commission in SECTION 5.01 (Section 2175.061, Government Code) of this bill.

Rulemaking authority is expressly granted to the board of trustees of the Employees Retirement System in SECTION 6.02 (Section 813.514, Government Code) and SECTION 6.04 (Section 823.406, Government Code) of this bill.

Rulemaking authority is expressly granted to the Legislative Budget Board in SECTION 8.01 (Section 651.004, Government Code) of this bill.

Rulemaking authority is expressly granted to the comptroller in SECTION 10.03 (Section 152.0412, Tax Code) of this bill.

Rulemaking authority is expressly granted to the Railroad Commission of Texas in SECTION 17.01 (Article 6448a, Revised Statutes) of this bill.

Rulemaking authority is expressly granted to the Board and Pardons and Paroles in SECTION 23.05 (Section 508.036, Government Code) and SECTION 23.22 (Article 48.01, Code of Criminal Procedure) of this bill.

Rulemaking authority is transferred from the Board of Pardons and Paroles Policy Board to the Board of Pardons and Paroles in SECTION 23.10 (Section 508.0441, Government Code) and in SECTION 23.15 (Section 508.082, Government Code) of this bill.

Requires the Board of Pardons and Paroles and the presiding officer of the Board of Pardons and Paroles, rather than the Board of Pardons and Paroles Policy Board, to identify areas of inconsistency between the Texas Department of Transportation and the Board of pardons and Paroles and to amend rules or change policies and procedures as necessary for consistent operation of the parole process in SECTION 23.20 (Section 492.0131, Government Code) of this bill.

Provides that on September 1, 2003, a rule of the Board of Pardons and Paroles Policy Board is a rule of the Board of Pardons and Paroles in SECTION 23.24 of this bill.

Rulemaking authority is expressly granted to the Texas Higher Education Coordinating Board in SECTION 25.01 (Sections 56.453 and 56.457, Education Code) of this bill.

Rulemaking authority is expressly granted to the commissioner of insurance in SECTION 26.05 (Article 21.74, Sections 2A and 2B, Insurance Code) of this bill.

Rulemaking authority is expressly granted to the DPS in SECTION 29.02 (Section 547.7015, Transportation Code) of this bill.

Provides that rules adopted under SECTION 29.03 (Section 547.7015, Transportation Code) before the effective date of this article and that are in effect on the effective date of Article 29 are continued in effect as rule of DPS until the rules are amended, repealed, or superseded by an action of DPS.

Rulemaking authority is expressly granted to the governing body of a state governmental entity in SECTION 30.03 (Section 2263.004, Government Code) of this bill.

SECTION BY SECTION ANALYSIS

ARTICLE 1. ABOLITION OF TEXAS COMMISSION ON PRIVATE SECURITY

SECTION 1.01. Amends Subchapter A, Chapter 1702, Occupations Code, by adding Section 1702.005, as follows:

Sec. 1702.005. **COMMISSION ABOLISHED AND FUNCTIONS TRANSFERRED.**

(a) Provides that the Texas Commission on Private Security (TCPS) is abolished, and all powers, duties, personnel, property, assets, and obligations of TCPS are transferred to the Department of Public Safety of the State of Texas (DPS). Provides that the validity of a prior action of TCPS is not affected by the abolishment.

(b) Provides that all rules of TCPS relating to a transferred power or duty remain in effect as rules of DPS until amended or repealed by DPS.

(c) Provides that a reference in this chapter or another law to TCPS means DPS.

ARTICLE 2. IMPOSITION OF CERTAIN FEES

SECTION 2.01. Amends Subchapter B, Chapter 1052, Occupations Code, by adding Section 1052.0541, as follows:

Sec. 1052.0541. **FEE INCREASE.** (a) Provides that the fee for the issuance of a certificate of registration under this chapter and the fee for the renewal of a certificate of registration under this chapter is increased by \$200.

(b) Requires \$50 of each fee increase collected to be deposited in the foundation school fund and \$150 deposited in the general revenue fund.

SECTION 2.02. Amends Subchapter B, Chapter 1053, Occupations Code, by adding Section 1053.0521, as follows:

Sec. 1053.0521. **FEE INCREASE.** (a) Provides that the fee for the issuance of a certificate of registration under this chapter and the fee for the renewal of a certificate of registration under this chapter is increased by \$200.

(b) Requires \$50 of each fee increase collected to be deposited in the foundation school fund and \$150 deposited in the general revenue fund.

SECTION 2.03. Amends Subchapter D, Chapter 1071, Occupations Code, by adding Section 1071.1521, as follows:

Sec. 1071.1521. FEE INCREASE. (a) Provides that the fee for the issuance of a certificate of registration to a registered professional land surveyor under this chapter and the fee for the renewal of a certificate of registration for a registered professional land surveyor under this chapter is increased by \$200.

(b) Requires \$50 of each fee increase collected to be deposited in the foundation school fund and \$150 to be deposited in the general revenue fund.

(c) Provides that this section does not apply to state agency employees who are employed by the state as land surveyors.

SECTION 2.04. Amends Subchapter B, Chapter 1152, Occupations Code, by adding Section 1152.053, as follows:

Sec. 1152.053. FEE INCREASE. (a) Provides that the fee for the registration of a person under this chapter and the fee for the renewal of a registration under this chapter is increased by \$200.

(b) Requires \$50 of each fee increase collected to be deposited in the foundation school fund and \$150 to be deposited in the general revenue fund.

SECTION 2.05. Makes application of this article prospective.

ARTICLE 3. LEASE OF SPACE IN STATE-OWNED PARKING LOTS AND GARAGES

SECTION 3.01. Amends Subchapter E, Chapter 2165, Government Code, by adding Section 2165.2035, as follows:

Sec. 2165.2035. LEASE OF SPACE IN STATE-OWNED PARKING LOTS AND GARAGES. (a) Provides that in this section, "lease" includes a management agreement.

(b) Requires the Texas Building and Procurement Commission (TBPC) to develop private, commercial uses for state-owned parking lots and garages located in the City of Austin at locations TBPC determines are appropriate for commercial uses outside of normal business hours.

(c) Authorizes TBPC to contract with a private vendor to manage the commercial use of state-owned parking lots and garages.

(d) Requires money received from a lease under this program to be deposited to the credit of the general revenue fund.

(e) Requires TBPC, on or before December 1 of each even-numbered year, to submit a report to the legislature and the Legislative Budget Board describing the effectiveness of the program under this section.

(f) Provides that the limitation on the amount of space allocated to private tenants prescribed by Section 2165.205(b) does not apply to the lease of a state-owned parking lot or garage under this section.

(g) Requires any lease of a state-owned parking lot or garage under this section to contain a provision that allows state employees who work hours other than regular working hours under Section 658.005 to retain their parking privileges in a state-owned parking lot or garage.

ARTICLE 4. MANAGEMENT AND CONSTRUCTION OF STATE AGENCY OFFICE

SPACE

SECTION 4.01. Amends Section 2165.104(c), Government Code, to prohibit TBPC, to the extent possible without sacrificing critical public or client services, from allocating usable office space, as defined by TBPC, to a state agency under Article I, II, V, VI, VII, or VIII of the General Appropriations Act or to the Texas Higher Education Coordinating Board, the Texas Education Agency, the State Board for Educator Certification, the Telecommunications Infrastructure Fund Board, or the Office of Court Administration of the Texas Judicial System in an amount that exceeds an average of 135, rather than 153, square feet per agency employee for each agency site. Provides that this subsection does not apply to certain agency sites.

SECTION 4.02. Makes application of the change in law made by Section 4.01 of this article prospective to September 1, 2003. Requires a lease entered into or renewed before September 1, 2003, to be reviewed by TBPC as the lease comes up for renewal to determine whether it would be cost-effective to bring the lease into compliance with Section 2165.104(c), Government Code, as amended by this article.

SECTION 4.03. Authorizes the Texas Department of Transportation, notwithstanding any other law, including Subchapter A, Chapter 2254, and Chapters 2165, 2166, and 2167, Government Code, and Sections 202.052, 202.053, 203.051, 203.052, and 223.001, Transportation Code, to enter into one or more agreements with a private entity offering the best value to the state that includes certain criteria.

ARTICLE 5. DISPOSAL OF SURPLUS AND SALVAGE PROPERTY

SECTION 5.01. Amends Section 2175.061, Government Code, by adding Subsections (c) and (d), as follows:

(c) Authorizes TBPC by rule to determine the best method of disposal for surplus and salvage property of the state under this chapter.

(d) Prohibits TBPC from providing for the disposal of real property of the state under this chapter.

SECTION 5.02. Amends Section 2175.134(a), Government Code, to require proceeds from the sale of surplus or salvage property, less the cost of advertising the sale, the cost of selling the surplus or salvage property, including the cost of auctioneer services, and the amount of the fee collected under Section 2175.131, to be deposited to the credit of the general revenue fund of the state treasury, rather than the appropriate appropriation item of the state agency for which the sale was made.

SECTION 5.03. Amends 2175.182(a), Government Code, to delete text providing that a state agency maintains ownership of property throughout the disposal process.

SECTION 5.04. Amends Section 2175.185(b), Government Code, to delete text requiring the comptroller to debit and credit the proper appropriations. Makes conforming changes.

SECTION 5.05. Amends Section 2175.191(a), Government Code, to make a conforming change.

SECTION 5.06. Amends Section 2175.361, Government Code, as follows:

Sec. 2175.361. DEFINITIONS. Redefines "federal act" and "federal property."

SECTION 5.07. Amends Section 2175.362(a), Government Code, to provide that TBPC is the designated state agency under 40 U.S.C. Section 549 and any other federal law providing for the disposal of federal surplus property

SECTION 5.08. Amends Section 2175.364, Government Code, as follows:

Sec. 2175.364. COMMISSION ASSISTANCE IN PROCUREMENT AND USE OF PROPERTY. Includes “to assist in the processing of an application for acquisition of federal real property and related personal property under 40 U.S.C. Section 550 or any other federal law providing for the disposal of federal surplus property” as an authorized action of TBPC.

SECTION 5.09. Amends Section 2175.367, Government Code, as follows:

Sec. 2175.367. CONTRACTS. Includes “a cooperative agreement with a federal agency under 40 U.S.C. Section 549 or any other federal law providing for the disposal of federal surplus property” as an agreement TBPC is authorized to enter into.

SECTION 5.10. Repealer: Section 2175.134(b) (Proceeds of Sale), and Section 2175.191(b) (Proceeds of Sale), Government Code.

SECTION 5.11. Provides that this article applies only to surplus and salvage property of the state sold on or after September 1, 2003.

ARTICLE 6. CREDIT ESTABLISHED IN STATE RETIREMENT SYSTEMS

SECTION 6.01. Amends Section 812.003, Government Code, by amending Subsection (d) and adding Subsections (e) and (f), as follows:

(d) Provides that membership in the employee class begins on the 91st day after the first day a person is employed or holds office.

(e) Provides that a person who is reemployed or who again holds office after withdrawing contributions under Subchapter B for previous service credited in the employee class begins membership in the employee class on the 91st day after the first day the person is reemployed or again holds office.

(f) Authorizes a member to establish credit only as provided by Section 813.514 for service performed during the 90-day waiting period provided by Subsection (d) or (e), notwithstanding any other provision of law.

SECTION 6.02. Amends Subchapter F, Chapter 813, Government Code, by adding Section 813.514, as follows:

Sec. 813.514. CREDIT PURCHASE OPTION FOR CERTAIN SERVICE. (a) Authorizes a member to establish credit under this section in the employee class only for service performed during the 90-day waiting period provided by Section 812.003(d) or (e).

(b) Authorizes a member to establish service credit under this section by depositing with the retirement system, for each month of service credit, the actuarial present value, at the time of deposit, of the additional standard retirement annuity benefits that would be attributable to the purchase of the service credit under this section based on rates and tables recommended by the retirement system's actuary and adopted by the board of trustees.

(c) Requires the retirement system to grant the member one month of equivalent membership service credit for each month of credit approved, after a member makes the deposits required by this section. Authorizes a member to establish not more than three months of equivalent membership service credit under this section.

(d) Requires the retirement system to deposit the amount of the actuarial present value of the service credit purchased in the member's individual account in the employees saving account.

(e) Authorizes the board of trustees to adopt rules to administer this section, including rules that impose restrictions on the application of this section as necessary to cost-effectively administer this section.

SECTION 6.03. Amends Section 822.001, Government Code, by adding Subsections (c), (d), and (e), as follows:

(c) Provides that membership in the retirement system begins on the 91st day after the first day a person is employed or holds office.

(d) Provides that a person who is reemployed or who again holds office after withdrawing contributions for previous service credit begins membership on the 91st day after the first day the person is reemployed or again holds office.

(e) Authorizes a member to establish credit only as provided by Section 823.406 for service performed during the 90-day waiting period provided by Subsection (c) or (d).

SECTION 6.04. Amends Subchapter E, Chapter 823, Government Code, by adding Section 823.406, as follows:

Sec. 823.406. CREDIT PURCHASE OPTION FOR CERTAIN SERVICE. (a) Authorizes a member to establish membership service credit under this section only for service performed during the 90-day waiting period provided by Section 822.001(c) or (d).

(b) Authorizes a member to establish service credit under this section by depositing with the retirement system, for each month of service credit, the actuarial present value, at the time of deposit, of the additional standard retirement annuity benefits that would be attributable to the purchase of the service credit under this section, based on rates and tables recommended by the retirement system's actuary and adopted by the board of trustees.

(c) Requires the retirement system to grant the member one month of equivalent membership service credit for each month of credit approved, after a member makes the deposits required by this section.

(d) Requires the retirement system to deposit the amount of the actuarial present value of the service credit purchased in the member's individual account in the employees saving account.

(e) Authorizes the board of trustees to adopt rules to administer this section.

SECTION 6.05. Provides that Section 812.003, Government Code, as amended by this article, and Section 813.514, Government Code, as added by this article, apply only to a person who is first employed by or begins to hold an office of the state on or after the effective date of this article and to a former employee or office holder who has withdrawn retirement contributions under Subchapter B, Chapter 812, Government Code, and is reemployed by or begins to again hold an office of the state on or after the effective date of this article.

SECTION 6.06. Provides that Section 822.001, Government Code, as amended by this article, and Section 823.406, Government Code, as added by this article, apply only to a person who is first employed on or after the effective date of this article and to a former employee who has withdrawn retirement contributions under Section 822.003, Government Code, and is reemployed on or after the effective date of this article.

ARTICLE 7. STATE AGENCY HUMAN RESOURCES STAFFING AND FUNCTIONS

SECTION 7.01. Amends Subtitle B, Title 6, Government Code, by adding Chapter 670, as follows:

CHAPTER 670. HUMAN RESOURCES STAFFING AND FUNCTIONS

Sec. 670.001. DEFINITION. Defines "state agency."

Sec. 670.002. HUMAN RESOURCES STAFFING FOR LARGE STATE AGENCIES. Requires a state agency with 500 or more full-time equivalent employees to adjust the agency's human resources staff to achieve a human resources employee-to-staff ratio of not more than one human resources employee for every 85 staff members.

Sec. 670.003. HUMAN RESOURCES STAFFING FOR MEDIUM-SIZED AND SMALL STATE AGENCIES; OUTSOURCING. (a) Requires the State Council on Competitive Government to determine the cost-effectiveness of consolidating the human resources functions of or contracting with private entities to perform the human resources functions of state agencies that employ fewer than 500 full-time equivalent employees.

(b) Requires the council to issue a request for proposals for vendors to perform the human resources functions of the agencies, if the council determines that contracting with private entities is cost-effective.

(c) Requires the council to determine which human resources functions are subject to the contract and which functions the agency may select to perform itself.

(d) Requires each agency to pay for the contracts for human resources functions out of the agency's human resources budget.

SECTION 7.02. (a) Requires each state agency with 500 or more full-time equivalent employees to comply with the human resources employee-to-staff ratio requirements in Section 670.002, Government Code, as added by this article, not later than January 1, 2004.

(b) Requires the State Council on Competitive Government to conduct an initial feasibility study to determine the cost-effectiveness of consolidating the human resources functions of or contracting with private entities to perform human resources functions of state agencies under Section 670.003, Government Code, as added by this article, not later than January 1, 2004.

ARTICLE 8. AGENCY STAFFING AND PRODUCTIVITY

SECTION 8.01. Provides that effective September 1, 2003, Section 651.004, Government Code, is amended by adding Subsections (c-1) and (d), as follows:

(c-1) Prohibits a state agency in the executive branch of state government that employs more than 100 full-time equivalent employees, after August 31, 2004, to employ more than one full-time equivalent employee in a management position for every eight full-time equivalent employees that the agency employs in nonmanagerial staff positions. Provides that this subsection expires September 1, 2005.

(d) Authorizes a state agency that believes that the minimum management-to-staff ratios required by this section are inappropriate for that agency to appeal to the Legislative Budget Board. Requires the Legislative Budget Board by rule to adopt appeal procedures.

SECTION 8.02. Provides that effective September 1, 2004, Section 651.004, Government Code, is amended by adding Subsection (c-2) to prohibit a state agency in the executive branch of state government that employs more than 100 full-time equivalent employees, after August 31, 2005, to employ more than one full-time equivalent employee in a management position for every nine full-time equivalent employees that the agency employs in nonmanagerial staff positions. Provides that this subsection expires September 1, 2006.

SECTION 8.03. Provides that effective September 1, 2005, Section 651.004, Government Code, is amended by adding Subsection (c-3) to prohibit a state agency in the executive branch of state government that employs more than 100 full-time equivalent employees, after August 31, 2006, to employ more than one full-time equivalent employee in a management position for every 10 full-time equivalent employees that the agency employs in nonmanagerial staff positions. Provides that this subsection expires September 1, 2007.

SECTION 8.04. (a) Provides that effective September 1, 2006, Section 651.004, Government Code, is amended by adding Subsection (c) to prohibit a state agency in the executive branch of state government that employs more than 100 full-time equivalent employees to employ more than one full-time equivalent employee in a management position for every 11 full-time equivalent employees that the agency employs in nonmanagerial staff positions.

(b) Requires a state agency in the executive branch of government to achieve the management-to-staff ratio required by Subsection (c), Section 651.004, Government Code, as added by this section, not later than August 31, 2007.

SECTION 8.05. Repealer: Section 656.048(b) (Management-To-Staff-Ratios), Government Code.

ARTICLE 9. ABANDONMENT OF PROCEEDS ON DEMUTUALIZATION

SECTION 9.01. Amends Section 72.101, Property Code, by adding Subsections (c) and (d), as follows:

(c) Provides that property distributable in the course of a demutualization, rehabilitation, or related reorganization of an insurance company is presumed abandoned on the first anniversary of the date the property becomes distributable if, on that date:

(1) the last known address of the owner according to the records of the holder of the property is known to be incorrect or the distribution or statements related to the distribution are returned by the post office as undeliverable; and

(2) the owner has not:

(A) communicated in writing with the holder of the property or the holder's agent regarding the interest; or

(B) otherwise communicated with the holder regarding the interest as evidenced by a memorandum or other record on file with the holder or its agents.

(d) Provides that property distributable in the course of a demutualization, rehabilitation, or related reorganization of an insurance company that is not subject to Subsection (c) is presumed abandoned as otherwise provided by this section.

SECTION 9.02. Amends Section 74.301, Property Code, by amending Subsection (a) and adding Subsection (d), as follows:

(a) Makes a conforming change.

(d) Requires the holder to deliver the property and required report to the comptroller on or before the following August 1, if the property subject to delivery under Subsection (a) is proceeds from the demutualization, rehabilitation, or related reorganization of an insurance company.

SECTION 9.03. Effective date: June 30, 2003, or September 1, 2003.

ARTICLE 10. SALES TAX ON MOTOR VEHICLES

SECTION 10.01. Amends Section 152.002, Tax Code, by adding Subsection (f) to provide that, notwithstanding Subsection (a), the total consideration of a used motor vehicle is the amount on

which the tax is computed as provided by Section 152.0412.

SECTION 10.02. Amends Section 152.041(a), Tax Code, to require the tax assessor-collector of the county in which an application for registration or for a Texas certificate of title is made to collect taxes imposed by this chapter, subject to Section 152.0412, unless another person is required by this chapter to collect the taxes.

SECTION 10.03. Amends Subchapter C, Chapter 152, Tax Code, by adding Section 152.0412, as follows:

Sec. 152.0412. STANDARD PRESUMPTIVE VALUE; USE BY TAX ASSESSOR-COLLECTOR. (a) Defines "standard presumptive value."

(b) Requires a county tax assessor-collector to compute the tax on the amount paid, if the amount paid for a motor vehicle subject to the tax imposed by this chapter is equal to or greater than the standard presumptive value of the vehicle.

(c) Requires a county tax assessor-collector to compute the tax on the standard presumptive value unless the purchaser establishes the retail value of the vehicle as provided by Subsection (d), if the amount paid for a motor vehicle subject to the tax imposed by this chapter is less than the standard presumptive value of the vehicle.

(d) Requires a county tax assessor-collector to compute the tax imposed by this chapter on the retail value of a motor vehicle under certain circumstances.

(e) Requires a motor vehicle dealer operating under Subchapter B, Chapter 503, Transportation Code, to provide a certified appraisal of the retail value of a motor vehicle, on request. Requires the comptroller by rule to establish a fee that a dealer may charge for providing the certified appraisal. Requires the county tax assessor-collector to retain a copy of a certified appraisal received under this section.

(f) Requires the Texas Department of Transportation (TxDOT) to maintain information on the standard presumptive values of motor vehicles as part of the department's registration and title system. Requires TxDOT to update the information at least quarterly each calendar year.

SECTION 10.04. (a) Requires TxDOT, not later than September 1, 2003, to:

- (1) establish standard presumptive values for motor vehicles as provided by Section 152.0412, Tax Code, as added by this Act;
- (2) modify the department's registration and title system as needed to include that information and administer that section; and
- (3) make that information available through the system to all county tax assessor-collectors.

(b) Requires the comptroller to certify the date on which TxDOT's registration and title system, as modified under Subsection (a) of this section, is in use by the 25 county tax assessor-collectors that remitted to the comptroller the largest amount of taxes imposed under Chapter 152, Tax Code, during the state fiscal year ending August 31, 2003.

(c) Requires TxDOT, if the date certified by the comptroller under Subsection (b) of this section is later than September 23, 2003, to transfer \$23 million from the state highway fund to the general revenue fund on the first day of each month after that date until the earlier of:

- (1) the date the comptroller issues the certification under Subsection (b)

of this section; or

(2) the date the total amount transferred under this subsection equals the lesser of:

(A) \$200 million; or

(B) the total amount in the state highway fund that is not allocated as the result of a requirement in the Texas Constitution.

ARTICLE 11. INSURANCE FOR VOLUNTEER MEMBERS OF STATE BOARDS

SECTION 11.01. Amends Section 1551.101(c), Insurance Code, as effective June 1, 2003, to make its provisions subject to Section 1551.321.

SECTION 11.02. Amends Subchapter G, Chapter 1551, Insurance Code, as effective June 1, 2003, by adding Section 1551.321, as follows:

Sec. 1551.321. STATE CONTRIBUTION FOR CERTAIN INDIVIDUALS. (a) Prohibits the state or a state agency from making any contribution to the cost of any coverages or benefits provided under this chapter for an individual described by Section 1551.101(c) or a dependent of the individual.

(b) Requires an individual described by Section 1551.101(c) who participates in the group benefits program to pay to the trustee, in the manner specified by the trustee, the full cost of the coverages or benefits provided to the individual or a dependent of the individual.

SECTION 11.03. (a) Provides that the change in law made by this article by the addition of Section 1551.321, Insurance Code, applies only to group coverages provided under the group benefits program established under Chapter 1551, Insurance Code, on and after September 1, 2003.

(b) Requires the Employees Retirement System of Texas, not later than the 30th day after the effective date of Section 1551.321, Insurance Code, as added by this article, to notify each individual eligible to participate in the group benefits program under Chapter 1551, Insurance Code, in accordance with Subsection (c), Section 1551.101, Insurance Code, of the applicable requirements of Section 1551.321, Insurance Code.

ARTICLE 12. UNCLAIMED PROPERTY

SECTION 12.01. Amends Section 72.101(a), Property Code, to provide an exception.

SECTION 12.02. Amends Subchapter B, Chapter 72, Property Code, by adding Section 72.1015, as follows:

Sec. 72.1015. UNCLAIMED WAGES. (a) Defines "wages."

(b) Provides that an amount of unclaimed wages is presumed abandoned if, for longer than one year:

(1) the existence and location of the person to whom the wages are owed is unknown to the holder of the wages; and

(2) according to the knowledge and records of the holder of the wages, a claim to the wages has not been asserted or an act of ownership of the wages has not been exercised.

ARTICLE 13. APPROVAL OF STATE SECURITY

SECTION 13.01. Amends Section 1231.041, Government Code, as follows:

Sec. 1231.041. APPROVAL OF STATE SECURITY. (a) Creates this subsection from

existing text.

(b) Defines "state security."

ARTICLE 14. JOINT EMERGENCY ORDERS RELATING TO STATE AGENCIES

SECTION 14.01. Amends Subchapter F, Chapter 401, Government Code, by adding Section 401.105, as follows:

Sec. 401.105. JOINT EMERGENCY ORDERS. (a) Defines "state agency."

(b) Authorizes the governor, after making a determination that an emergency exists, to submit to the Legislative Budget Board (LBB) a plan that:

- (1) identifies the emergency in reasonable detail; and
- (2) proposes changes in the organization and operations of a state agency that the governor considers necessary as a result of the emergency.

(c) Authorizes the governor and LBB to jointly issue an emergency order requiring the agency to implement the changes in its organization and operations as provided in the order, if LBB agrees with the governor's determination under Subsection (b).

(d) Provides that an emergency order issued jointly by the governor and LBB under this section has the force and effect of law.

(e) Authorizes the governor and LBB to jointly amend or rescind an emergency order issued under this section at any time.

ARTICLE 15. TEXAS HIGHER EDUCATION COORDINATING BOARD

SECTION 15.01. Amends Section 61.022, Education Code, as follows:

Sec. 61.022. MEMBERS OF BOARD; APPOINTMENT; TERMS OF OFFICE. Requires the board to consist of nine, rather than 18, members appointed by the governor so as to provide representation from all areas of the state with the advice and consent of the senate, and as the constitution provides. Provides that members of the board serve staggered six-year terms. Provides that the terms of one-third of the members expire August 31 of each odd-numbered year. Deletes existing text relating to the initial appointments to the board.

SECTION 15.02. Requires the governor on August 31, 2003, or September 1, 2003, to achieve an orderly transition from 18 to 9 positions on the Texas Higher Education Coordinating Board, to appoint only three persons to the coordinating board for terms expiring on August 31, 2009. Requires the governor, on, or as soon as possible after, August 31, 2005, to appoint only four members to the coordinating board for terms expiring on August 31, 2011. Requires the governor, on, or as soon as possible after, August 31, 2007, to appoint only two members to the coordinating board for terms expiring on August 31, 2013. Requires the governor, as terms on the coordinating board expire on and after August 31, 2009, to appoint three members to the coordinating board in accordance with Section 61.022, Education Code, as amended by this Act.

ARTICLE 16. REVIEW OF UNIVERSITY SYSTEM ADMINISTRATION

SECTION 16.01. Amends Subchapter C, Chapter 61, Education Code, by adding Section 61.0515, as follows:

Sec. 61.0515. REVIEW OF UNIVERSITY SYSTEM ADMINISTRATION. (a) Requires the board to perform a review of the organization and operations of each university system office to:

- (1) identify appropriate organizational structures for university systems and system offices;
- (2) identify and quantify workforce and other resources at each system office used to provide services and functions common to each system office; and
- (3) determine the extent to which system administration employees are performing services and functions that are also provided by employees of individual component institutions of each university system.

(b) Requires the board, in the review, to identify the number and types of administrative and executive positions in the administration of each university system, and examine each major function, service, or activity performed by certain university system offices.

(c) Requires the board, not later than November 1, 2004, to prepare a report of the review and deliver the report to the governor, lieutenant governor, speaker of the house of representatives, Legislative Budget Board, and chair of the standing committee of each house of the legislature with primary jurisdiction over higher education. Requires the board, in the report, to state its findings and identify opportunities for legislative and administrative action relating to:

- (1) the reorganization of university system offices and functions;
- (2) the consolidation or reorganization of university systems; and
- (3) the consolidation or centralization of functions, services, or activities of university system offices.

(d) Requires the board, in the report, to identify potential reductions in personnel and other cost savings associated with each legislative or administrative action the board identifies under Subsection (c).

(e) Provides that this section expires September 1, 2005.

ARTICLE 17. FEES FOR RAIL SAFETY PROGRAM

SECTION 17.01. Amends Article 6448a, Revised Statutes, as follows:

Art. 6448a. IMPLEMENTATION OF FEDERAL RAILROAD SAFETY ACT OF 1970

Sec. 1. Creates this section from existing text.

Sec. 2. (a) Requires the Railroad Commission of Texas (RRC) by rule to adopt and provide for the collection of reasonable fees to be assessed annually against railroads operating within this state. Prohibits the amount of a fee imposed under this article from exceeding an amount estimated by RRC to be sufficient in the aggregate to recover the costs of administering RRC's rail safety program.

(b) Authorizes RRC, to provide for the equitable allocation of the cost of administering RRC's rail safety program among railroads, to consider the gross ton miles for railroad operations within this state for each railroad operating in the state when assessing a fee.

(c) Requires a fee collected under this section to be deposited to the credit of the general revenue fund.

ARTICLE 18. TEXAS TRANSPORTATION INSTITUTE

SECTION 18.01. Amends Chapter 88, Education Code, by adding Subchapter D, as follows:

SUBCHAPTER D. TEXAS TRANSPORTATION INSTITUTE

Sec. 88.301. DEFINITION. Defines "institute."

Sec. 88.302. FUNDING; LIMITATION ON GENERAL REVENUE. (a) Prohibits general revenue of the state from being appropriated or used to fund an activity or program of the institute if money from the state highway fund could lawfully be appropriated and used to fund the activity or program.

(b) Requires the board to include a description of each major activity or program of the center and a statement of the board's opinion whether the activity or program could be lawfully funded in whole or part by money from the state highway fund, in any request or proposal by the board to the legislature, Legislative Budget Board, or Texas Higher Education Coordinating Board for an appropriation for the institute.

SECTION 18.02. Provides that Section 88.302, Education Code, as added by this article, does not affect the validity of an appropriation made to the Texas Transportation Institute before the effective date of this article or the use of the appropriated money by the institution.

ARTICLE 19. WRITTEN COMMENTS BY THE GENERAL LAND OFFICE ON TEXAS BUILDING AND PROCUREMENT COMMISSION LEASES

SECTION 19.01. Repealer:

- (1) Section 2165.154 (Comment by General Land Office), Government Code; and
- (2) Section 2165.204 (Comment by General Land Office), Government Code.

ARTICLE 20. DEFINITION OF RECYCLED PRODUCT

SECTION 20.01. Amends Section 2155.445, Government Code, by adding Subsection (d) to provide that in addition to the products covered by the definition adopted by rule under this section, in this section "recycled product" includes recycled steel products. Provides that the preference for recycled steel products under this section applies also to products purchased in connection with projects described by Section 2166.003.

ARTICLE 21. TEXAS INNOCENCE COMMISSION

SECTION 21.01. Amends Chapter 43, Code of Criminal Procedure, by adding Article 43.27, as follows:

Art. 43.27. TEXAS INNOCENCE COMMISSION

Sec. 1. CREATION. Provides that the Texas Innocence Commission is created on the date the governor determines the need for the creation of the commission.

Sec. 2. COMPOSITION. (a) Provides that the commission is composed of nine members. Requires the governor to appoint two members, one of whom must be a dean of a law school and one of whom must be a law enforcement officer. Requires the attorney general to appoint one member, who must be an attorney who represents the state in the prosecution of felonies. Requires the chair of the criminal justice committee of the senate to appoint one member, who may be a member of the legislature. Requires the chair of the criminal jurisprudence committee of the house of representatives to appoint one member, who may be a member of the legislature. Requires the chief justice of the supreme court to appoint one member, who must be a member of the judiciary. Requires the chancellor of The University of Texas System to appoint two members, one who must be a law professor and one who must work in the forensic science field. Requires the Texas Criminal Defense Lawyers Association to appoint one member, who must be a criminal defense lawyer.

(b) Provides that each member serves a two-year term.

(c) Requires the governor to designate a member to serve as presiding officer.

Sec. 3. DUTIES. (a) Requires the commission to investigate thoroughly all post-conviction exonerations, including convictions vacated based on a plea to time served, to:

- (1) ascertain errors and defects in the criminal procedure used to prosecute the defendant's case at issue;
- (2) identify errors and defects in the criminal justice process in this state generally;
- (3) develop solutions and methods to correct the identified errors and defects; and
- (4) identify procedures and programs to prevent future wrongful convictions.

(b) Authorizes the commission to enter into contracts for research services as considered necessary to complete the investigation of a particular case, including forensic testing and autopsies.

(c) Authorizes the commission to administer oaths and issue subpoenas, signed by the presiding officer, to compel the production of documents and the attendance of witnesses as considered necessary to conduct a thorough investigation. Requires a subpoena of the commission to be served by a peace officer in the manner in which district court subpoenas are served. Requires a district court of Travis County to compel compliance with the subpoena in the same manner as for district court subpoenas, on application of the commission.

Sec. 4. REPORT. (a) Requires the commission to compile a detailed annual report of its findings and recommendations, including any proposed legislation to implement procedures and programs to prevent future wrongful convictions.

(b) Requires the report to be made available to the public on request.

(c) Prohibits the findings and recommendations contained in the report from being used as binding evidence in a subsequent civil or criminal proceeding.

Sec. 5. SUBMISSION. Requires the commission to submit the report described by Section 4 to the governor, the lieutenant governor, and the speaker of the house of representatives not later than December 1 of each even-numbered year.

Sec. 6. RESPONSE. Requires the governor, lieutenant governor, and speaker of the house of representatives, not later than the 60th day after the date of receipt of the report required by this article, to singly or jointly, issue a formal written response to the findings and recommendations of the commission.

Sec. 7. REIMBURSEMENT. Provides that a member of the commission is not entitled to compensation but is entitled to reimbursement for the member's travel expenses as provided by Chapter 660, Government Code, and the General Appropriations Act.

Sec. 8. ASSISTANCE. Requires the Texas Legislative Council, the Legislative Budget Board, the Criminal Justice Policy Council, and The University of Texas at Austin to assist the commission in performing the commission's duties.

Sec. 9. OTHER LAW. Provides that the commission is not subject to Chapter 2110, Government Code.

SECTION 21.02. Requires the appointments to the Texas Innocence Commission as required by

Article 43.27, Code of Criminal Procedure, as added by this article, to be made not later than the 60th day after the effective date of this article.

ARTICLE 22. ECONOMIC DEVELOPMENT PROGRAMS

SECTION 22.01. Amends Subchapter B, Chapter 481, Government Code, by adding Section 481.0215, as follows:

Sec. 481.0215. COORDINATION OF ECONOMIC DEVELOPMENT EFFORTS. (a) Requires the executive director of the department to work with the legislature and state agencies to identify grants and programs at all levels of government and to maximize access to federal funds for economic development.

(b) Requires the executive director of the department, at the direction of the governor, to work with each state agency that administers a program relating to job training or job creation, including the Texas Workforce Commission, the Council on Workforce and Economic Competitiveness, the Department of Agriculture, and the Office of Rural Affairs, to address the challenges facing the agencies relating to job training and job creation.

(c) Authorizes the executive director of the department to form partnerships or enter into agreements with private entities and develop connections with existing businesses in this state for the purpose of improving the marketing of this state through networking and clarifying the potential of the businesses for expansion.

SECTION 22.02. Amends Subchapter E, Chapter 481, Government Code, by adding Section 481.078, as follows:

Sec. 481.078. TEXAS ENTERPRISE FUND. (a) Provides that the Texas enterprise fund is an account in the general revenue fund.

(b) Requires the following amounts to be deposited in the fund:

- (1) any amounts appropriated by the legislature for the fund;
- (2) interest earned on the investment of money in the fund; and
- (3) gifts, grants, and other donations received for the fund.

(c) Authorizes the fund to be used for economic development, infrastructure development, community development, job training programs, and business incentives.

(d) Authorizes the fund to be temporarily used by the comptroller for cash management purposes.

(e) Authorizes the governor to negotiate on behalf of the state to grant money from the fund and provides that the governor may only direct the use of money from the fund with the express written consent of the Legislative Budget Board.

(f) Authorizes the governor, before granting money from the fund, to enter into a written agreement with the entity being granted funds specifying that:

- (1) if all or any portion of the amount of the grant is used to build infrastructure or make any other type of capital improvement, the state must:
 - (A) retain a lien or other interest in the capital improvement in proportion to the percentage of the grant amount used to pay for the capital improvement; and
 - (B) ensure that if the capital improvement is sold, the recipient repays the department, with interest at the agreed rate and terms,

any state money used to pay for the capital improvement and shares with this state a proportionate amount of any profit realized from the sale; and

(2) if, on the expiration of a date provided in the agreement, the grant recipient fails to use an amount awarded under this section for any of the purposes for which the grant was intended, the recipient shall repay that amount and any related interest to the state at the agreed rate and on the agreed terms.

SECTION 22.03. Amends Subchapter K, Chapter 481, Government Code, by adding Section 481.169, as follows:

Sec. 481.169. ADVISORY BOARD OF ECONOMIC DEVELOPMENT

STAKEHOLDERS. (a) Provides that an advisory board of economic development stakeholders is created to assist the department.

(b) Provides that the advisory board is composed of seven members who serve staggered four-year terms. Requires the governor to appoint three members, the lieutenant governor to appoint two members, and the speaker of the house of representatives to appoint two members to the advisory board. Requires the governor, lieutenant governor, and speaker of the house of representatives to each appoint one of the initial members to a two-year term. Requires, thereafter, each member of the advisory board to be appointed to a four-year term.

(c) Requires the advisory board to collect and disseminate information on federal, state, local, and private community economic development programs, including loans, grants, and other funding sources.

SECTION 22.04. Amends Section 311.0125, Tax Code, by adding Subsection (e) to authorize the Texas Department of Economic Development to recommend that a taxing unit enter into a tax abatement agreement with a person under this chapter. Requires the board of directors of the reinvestment zone and the governing body of a taxing unit, in determining whether to approve an agreement to abate taxes on real property in a reinvestment zone under Subsection (b), to consider any recommendation made by the Texas Department of Economic Development.

SECTION 22.05. Amends Section 312.204, Tax Code, by adding Subsection (g) to authorize the Texas Department of Economic Development to recommend that a taxing unit enter into a tax abatement agreement with a person under this chapter. Requires the governing body of a municipality, in determining whether to enter into a tax abatement agreement under this section, to consider any recommendation made by the Texas Department of Economic Development.

SECTION 22.06. Amends Section 312.402, Tax Code, by adding Subsection (f) to authorize the Texas Department of Economic Development to recommend that a taxing unit enter into a tax abatement agreement with a person under this chapter. Requires the commissioners court of a county, in determining whether to enter into a tax abatement agreement under this section, to consider any recommendation made by the Texas Department of Economic Development.

SECTION 22.07. Amends Section 313.025, Tax Code, by adding Subsection (g) to authorize the Texas Department of Economic Development to recommend that a school district grant a person a limitation on appraised value under this chapter. Requires the governing body of the school district, in determining whether to grant an application, to consider any recommendation made by the Texas Department of Economic Development.

ARTICLE 23. BOARD OF PARDONS AND PAROLES

SECTION 23.01. Amends Section 508.001, Government Code, by amending Subdivision (8) and adding Subdivision (10) as follows:

(8) Defines "parole commissioner." Deletes the definition of "policy board."

(10) Defines "presiding officer."

SECTION 23.02. Amends Section 508.031(a), Government Code, as follows:

(a) Provides that the Texas Board of Pardons and Paroles (board) consists of seven rather than 18 members appointed by the governor with the advice and consent of the senate.

SECTION 23.03. Amends Section 508.034, Government Code, as follows:

Sec. 508.034. GROUND FOR REMOVAL. (a) Sets forth grounds for removal from the board that for a member, to include that a member is absent from more than half of the regularly scheduled board or panel meetings that the member is eligible to attend during each calendar year, except when the absence is excused by rather than by majority vote of the presiding officer, rather than of the board. Deletes existing Subsection (b) regarding a particular ground for removal, and renumbers subsequent subsection accordingly.

(b) Requires the board administrator or the board administrator's designee to provide to members of the board, rather than to members of the policy board, and to employees, as often as necessary, information regarding their qualification for office or employment under this chapter and their responsibilities under applicable laws relating to standards of conduct for state officers or employees.

(c) Provides that the validity of an action of the board or panel is not affected by the fact that the action is taken when a ground for removal of a board member exists. Deletes existing text regarding the policy board not being affected by the fact that the action is taken when a ground for removal of a member of the policy board exists.

(d) Redesignated from Subsection (e), with no change to this subsection.

(e) Redesignated from Subsection (f). Provides that it is a ground for removal from the board that a member fails to comply with policies or rules adopted by the board, rather than by the policy board.

SECTION 23.04. Amends Section 508.035, Government Code, by amending Subsection (c) and adding Subsection (d), as follows:

(c) Provides that the presiding officer reports directly to the governor and serves as the administrative head of the board, rather than the head of the policy board and the board.

(d) Authorizes the presiding officer to: delegate responsibilities and authority to other members of the board, parole commissioners, or to employees of the board; appoint advisory committees from the membership of the board or from parole commissioners to further the efficient administration of board business; and establish policies and procedures to further the efficient administration of the business of the board.

SECTION 23.05. Amends Section 508.036, Government Code, as follows:

Sec. 508.036. New heading: GENERAL ADMINISTRATIVE DUTIES. (a) Sets forth the administrative duties of the presiding officer. Deletes existing text regarding the governor designating six members of the board to serve as the Board of Pardons and Paroles Policy Board. Deletes existing text requiring the governor to designate the presiding officer of the board as one of the six members of the policy board, and requiring the presiding officer of the board to serve as presiding officer of the policy board. Deletes text regarding service on the policy board being an additional duty of office for members appointed to the policy board. Deletes existing text regarding members of the board designated as members of the policy board serving on the policy board for six-year

terms that are concurrent with their six-year terms on the board, with the service of two members expiring February 1 of each odd-numbered year.

(b) Requires the board to:

- (1) adopt rules relating to the decision-making processes used by the board and parole panels;
- (2) prepare information of public interest describing the functions of the board and make the information available to the public and appropriate state agencies;
- (3) comply with federal and state laws related to program and facility accessibility; and
- (4) prepare annually a complete and detailed written report that meets the reporting requirements applicable to financial reporting provided in the General Appropriations Act and accounts for all funds received and disbursed by the board during the preceding fiscal year.

(c) Requires the board administrator to prepare and maintain a written plan that describes how a person who does not speak English can be provided reasonable access to the board's programs and services.

(d) Provides that the board, in performing its duties, is subject to the open meetings law, Chapter 551, and the administrative procedure law, Chapter 2001. Provides that this subsection does not affect the provisions of Section 2001.223 exempting hearings and interviews conducted by the board or the division from Section 2001.038 and Subchapters C-H, Chapter 2001.

SECTION 23.06. Amends Section 508.0362, Government Code, as follows:

Sec. 508.0362. TRAINING REQUIRED. (a)(1) Makes conforming changes.

(a)(2) Prohibits a parole commissioner employed by the board from voting or deliberating on a matter described by Section 508.0441 until the person completes at least one course of a training program that complies with this section.

(b) Requires a training program to provide information to the person regarding: certain items including the role and functions of the board and parole commissioners. Makes conforming changes.

SECTION 23.07. Amends Section 508.040(a), Government Code, as follows:

(a) Provides that the presiding officer is responsible for the employment and supervision of, rather than requires the policy board to employ and supervise:

- (1) parole commissioners;
- (2) a general counsel to the board;
- (3) a board administrator to manage the day-to-day activities of the board;
- (4) hearing officers;
- (5) personnel to assist in clemency and hearing matters; and
- (6) secretarial or clerical personnel.

Makes conforming changes.

SECTION 23.08. Amends Section 508.041, Government Code, as follows:

Sec. 508.041. DESIGNEE TRAINING; HANDBOOK. (a) Makes conforming changes.

(c) Makes a conforming change.

SECTION 23.09. Amends Section 508.042, Government Code, as follows:

Sec. 508.042. New heading: TRAINING PROGRAM FOR MEMBERS AND PAROLE COMMISSIONERS. (a) Makes conforming changes.

(b)(1) Makes a conforming change.

(2) Prohibits a new parole commissioner from participating in a vote of a panel until the commissioner completes the program. Provides that this subdivision does not apply to a new parole commissioner who as a board member completed the program.

SECTION 23.10. Amends Subchapter B, Chapter 508, Government Code, by amending Section 508.044 and adding Section 508.0441, as follows:

Sec. 508.044. POWERS AND DUTIES OF BOARD. Requires a board member to give full time to the duties of the member's office, including duties imposed on the board by the Texas Constitution and other law. Combines existing Subsections (a) and (b).

Sec. 508.0441. New heading: RELEASE AND REVOCATION DUTIES. (a) Requires board members and parole commissioners to make certain determinations.

(b) Redesignated from Section 508.044(c). Requires the board, rather than the policy board, to develop and implement a policy that clearly defines circumstances under which a board member or parole commissioner should disqualify himself or herself from voting on certain decisions.

(c) Makes conforming changes.

(d) Redesignated from Section 508.044(e). Authorizes the presiding officer, rather than the policy board to provide a written plan for the administrative review of actions taken by a parole panel by a review panel, rather than the entire membership or by a subset of the entire membership of the board. Makes conforming changes.

(e) Redesignated from Section 508.044(f). Makes a conforming change.

SECTION 23.11. Amends Section 508.045, Government Code, as follows:

Sec. 508.045. PAROLE PANELS. (a) Requires board members and parole commissioners, except as provided by Section 508.046, to act in panels composed of three, rather than three persons each, in certain matters.

(b) Requires the presiding officer, rather than the presiding officer of the board, to designate the composition of each panel, and authorizes the presiding officer to designate panels composed only of board members, composed only of parole commissioners, or composed of any combination of members and parole commissioners.

(c) No change to this subsection.

SECTION 23.12. Amends Section 508.047(a), Government Code, to make a conforming change.

SECTION 23.13. Amends Section 508.047(b), Government Code, to provide that except as provided by Article 48.011, Code of Criminal Procedure, the members of the board are not required to meet as a body to perform the members' duties in clemency matters.

SECTION 23.14. Amends Section 508.049, Government Code, to make conforming changes.

SECTION 23.15. Amends Section 508.082, Government Code, to make conforming changes.

SECTION 23.16. Amends Section 508.144(b), Government Code, to make conforming changes.

SECTION 23.17. Amends Section 508.153(b), Government Code, to make conforming changes.

SECTION 23.18. Amends Section 508.281(a), Government Code, is amended make a conforming change.

SECTION 23.19. Amends Section 508.313(c), Government Code, to make a conforming change.

SECTION 23.20. Amends Section 492.0131, Government Code, as follows:

Sec. 492.0131. PAROLE RULES, POLICIES, PROCEDURES. Requires the board and the presiding officer of the Board of Pardons and Paroles, rather than the Board of Pardons and Paroles, to jointly review all rules, policies, and procedures of the department and the Board of Pardons and Paroles that relate to or affect the operation of the parole process. Requires the board and the presiding officer of the Board of Pardons and Paroles, rather than the policy board, to identify areas of inconsistency between the Texas Department of Criminal Justice and the Board of Pardons and Paroles and to amend rules or change policies and procedures as necessary for consistent operation of the parole process.

SECTION 23.21. Amends Section 551.124, Government Code, as follows:

Sec. 551.124. BOARD OF PARDONS AND PAROLES. Provides that other than the deliberations of the board, the proceedings at the telephone conference call hearing are required to be recorded and made available to the public in the same manner as if the members of the board had met as a body to hold the hearing.

SECTION 23.22. Amends Chapter 48, Code of Criminal Procedure, by adding Article 48.011, as follows:

Art. 48.011. MEETINGS: CAPITAL CASE. (a) Requires the members of the Board of Pardons and Paroles, in a capital case, to perform the members' duties in clemency matters by meeting as a body or by participating in a telephone conference call as permitted by Section 551.124, Government Code.

(b) Requires the Board of Pardons and Paroles to deliberate privately, but at the conclusion of deliberations each board member to announce publicly the member's individual decision as to whether to recommend clemency and to sign the member's name with the member's written recommendation and reasons for that recommendation.

(c) Requires the Board of Pardons and Paroles to adopt rules as necessary to implement the requirements of this article.

SECTION 23.23. Repealer: Section 508.0361 (Policy Board: General Administrative Provisions), Government Code.

SECTION 23.24. (a) Requires the governor to appoint new members to the Board of Pardons and Paroles on or before January 1, 2004, and provides that the terms of members serving on December 31, 2003, expire on the appointment of the new members. Authorizes the governor to appoint but does not require the governor to appoint as new members persons who served on the board before January 1, 2004.

(b) Requires the governor to appoint, of the new members of the Board of Pardons and Paroles, two to serve terms expiring February 1, 2005, two to serve terms expiring February 1, 2007, and three to serve terms expiring February 1, 2009. Provides that on

the expiration of the terms of the initial members of the new board, the term of a member appointed by the governor is six years.

(c) Provides that on September 1, 2003, a rule of the Board of Pardons and Paroles Policy Board is a rule of the Board of Pardons and Paroles.

SECTION 23.25. (a) Provides that the changes in law made by Sections 23.13, 23.21, and 23.22 of this article apply only to a consideration by the Board of Pardons and Paroles regarding a clemency matter in a capital case that occurs on or after the effective date of this article.

(b) Requires the Board of Pardons and Paroles to adopt the rules required by Subsection (c), Article 48.011, Code of Criminal Procedure, as added by this article, not later than October 1, 2003.

ARTICLE 24. TEACHER PAPERWORK AND EDUCATION PROGRAMS

SECTION 24.01. Amends Section 11.164, Education Code, as follows:

Sec. 11.164. New heading: RESTRICTING WRITTEN INFORMATION. (a) Requires the board of trustees of each school district to limit redundant requests for information, and the number and length of written reports that a classroom teacher is required to prepare, rather than requiring on an annual basis the board of trustees of each school district to, after soliciting recommendations from each campus level committee and the district level committee, consider the number and length of written reports that employees of the district are required to prepare. Provides that a classroom teacher may not be required to prepare any written information other than certain specific information.

(b) Requires the board of trustees to review paperwork requirements imposed on classroom teachers and to transfer to existing noninstructional staff a reporting task that can reasonably be accomplished by that staff.

(c) Provides that this section does not preclude a school district from collecting essential information, in addition to information specified under Subsection (a), from a classroom teacher on agreement between the classroom teacher and the district.

SECTION 24.02. Amends Subchapter C, Chapter 29, Education Code, by adding Section 29.089, as follows:

Sec. 29.089. MENTORING SERVICES PROGRAM. (a) Authorizes each school district to provide a mentoring services program to students at risk of dropping out of school, as defined by Section 29.081.

(b) Requires a district that provides a mentoring services program using funds allocated under Section 42.152 to meet standards adopted by the governor under the mentoring initiative established by the governor.

(c) Requires the board of trustees of the district to obtain the consent of a student's parent or guardian before allowing the student to participate in the program.

(d) Authorizes the board of trustees of the district to arrange for any public or private community-based organization to come to the district's schools and implement the program.

SECTION 24.03. Amends Section 42.152, Education Code, by adding Subsection (c-1), as follows:

(c-1) Authorizes funds allocated under this section, notwithstanding Subsection (c), to

be used to fund a district's mentoring services program under Section 29.089.

SECTION 24.04. (a) Provides that Section 11.164, Education Code, as amended by this article, applies beginning with the 2003-2004 school year.

(b) Provides that Section 24.01 of this Act takes effect immediately if this Act receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. Provides that if this Act does not receive the vote necessary for immediate effect, Section 24.01 of this Act takes effect September 1, 2003.

ARTICLE 25. TEXAS B-ON-TIME LOAN PROGRAM

SECTION 25.01. Amends Chapter 56, Education Code, by adding Subchapter Q, as follows:

SUBCHAPTER Q. TEXAS B-ON-TIME LOAN PROGRAM

Sec. 56.451. DEFINITIONS. Defines "coordinating board," "eligible institution," and "general academic teaching institution."

Sec. 56.452. PROGRAM NAME; PURPOSE. (a) Provides that the student loan program authorized by this subchapter is known as the Texas B-On-time loan program, and an individual loan awarded under this subchapter is known as a Texas B-On-time loan.

(b) Provides that the purpose of this subchapter is to provide no-interest loans to eligible students to enable those students to attend all public and private or independent institutions of higher education in this state.

Sec. 56.453. ADMINISTRATION OF PROGRAM; RULES. (a) Requires the coordinating board to: administer the Texas B-On-time loan program; determine the repayment and other terms of a Texas B-On-time loan; and, in consultation with the student financial aid officers of eligible institutions, adopt any rules necessary to implement the program or this subchapter.

(b) Authorizes the coordinating board to charge and collect a loan origination fee from a person who receives a Texas B-On-time loan to be used by the board to pay for the operating expenses for making loans under this subchapter.

(c) Prohibits the total amount of Texas B-On-time loans awarded from exceeding the amount available in the Texas B-On-time student loan account under Section 56.463.

Sec. 56.454. PERSONS NOT ELIGIBLE. (a) Provides that a person is not eligible to receive a Texas B-On-time loan if the person has been granted a baccalaureate degree.

(b) Prohibits a person from receiving a Texas B-On-time loan for more than 150 semester credit hours or the equivalent.

Sec. 56.455. INITIAL ELIGIBILITY FOR LOAN. Sets forth the initial requirements for eligibility for a Texas B-On-time loan.

Sec. 56.456. CONTINUING ELIGIBILITY AND ACADEMIC PERFORMANCE REQUIREMENTS. (a) Provides that after initially qualifying for a Texas B-On-time loan, a person may continue to receive a Texas B-On-time loan for each semester or term in which the person is enrolled at an eligible institution only if the person meets certain requirements.

(b) Provides that if a person fails to meet any of the requirements of Subsection (a) after the completion of any semester or term, the person may not receive a

Texas B-On-time loan for the next semester or term in which the person enrolls. Provides that a person may become eligible to receive a Texas B-On-time loan in a subsequent semester or term if the person meets certain requirements.

(c) Provides that a person who is eligible to receive a Texas B-On-time loan continues to remain eligible to receive the Texas B-On-time loan if the person enrolls in or transfers to another eligible institution.

(d) Provides that a person who qualifies for and subsequently receives a Texas B-On-time loan, who receives an undergraduate certificate or associate degree, and who, not later than the 12th month after the month the person receives the certificate or degree, enrolls in a program leading to a higher-level undergraduate degree continues to be eligible for a Texas B-On-time loan to the extent other eligibility requirements are met.

Sec. 56.457. WAIVER OF COURSE LOAD REQUIREMENT. (a) Requires the coordinating board to adopt rules to allow a person who is otherwise eligible to receive a Texas B-On-time loan, in the event of a hardship or other good cause, to receive a Texas B-On-time loan while enrolled in a number of semester credit hours that is less than the number of semester credit hours required under Section 56.455 or 56.456, as applicable.

(b) Prohibits the coordinating board from allowing a person to receive a Texas B-On-time loan while enrolled in fewer than six semester credit hours.

Sec. 56.458. LOAN USE. Authorizes a person receiving a Texas B-On-time loan to use the money to pay for any usual and customary costs of attendance at an eligible institution incurred by the student, including tuition, fees, books, and room and board.

Sec. 56.459. LOAN AMOUNT. (a) Provides that the amount of a Texas B-On-time loan for a semester or term for a student enrolled full-time at an eligible institution other than an institution covered by Subsection (b), (c), or (d) is an amount determined by the coordinating board as the average statewide amount of tuition and required fees that a resident student enrolled full-time in an undergraduate degree program would be charged for that semester or term at general academic teaching institutions.

(b) Provides that the amount of a Texas B-On-time loan for a student enrolled full-time at a private or independent institution of higher education is an amount determined by the coordinating board as the average statewide amount of tuition and required fees that a resident student enrolled full-time in an undergraduate degree program would be charged for that semester or term at general academic teaching institutions.

(c) Provides that the amount of a Texas B-On-time loan for a student enrolled full-time at a public technical institute is the amount determined by the coordinating board as the average statewide amount of tuition and required fees that a resident student enrolled full-time in an associate degree or certificate program would be charged for that semester or term at public technical institutes.

(d) Provides that the amount of a Texas B-On-time loan for a student enrolled full-time at a public junior college is the amount determined by the coordinating board as the average statewide amount of tuition and required fees that a student who is a resident of the junior college district and is enrolled full-time in an associate degree or certificate program would be charged for that semester or term at public junior colleges.

(e) Requires the coordinating board, not later than January 31 of each year, to publish the amounts of each loan established by the board for each type of institution for the academic year beginning the next fall semester.

(f) Provides that if in any academic year the amount of money in the Texas B-On-time student loan account is insufficient to provide the loans to all eligible persons in amounts specified by this section, the coordinating board is required to determine the amount of available money and to allocate that amount to eligible institutions in proportion to the number of full-time equivalent undergraduate students enrolled at each institution. Requires each institution to use the money allocated to award Texas B-On-time loans to eligible students enrolled at the institution selected according to financial need.

Sec. 56.460. NOTIFICATION OF PROGRAM; RESPONSIBILITIES OF SCHOOL DISTRICTS. (a) Requires the coordinating board to distribute to each eligible institution and to each school district a copy of the rules adopted under this subchapter.

(b) Requires each school district to notify its middle school students, junior high school students, and high school students, those students' teachers and counselors, and those students' parents or guardians of the Texas B-On-time loan program and the eligibility requirements of the program.

Sec. 56.461. LOAN PAYMENT DEFERRED. Provides that the repayment of a Texas B-On-time loan received by a student under this subchapter is deferred as long as the student remains continuously enrolled in an undergraduate degree or certificate program at an eligible institution.

Sec. 56.462. LOAN FORGIVENESS. Requires a student who receives a Texas B-On-time loan to be forgiven the amount of the student's loan if the student is awarded an undergraduate certificate or degree at an eligible institution with a cumulative grade point average of at least 3.0 on a four-point scale or a certain equivalent.

Sec. 56.463. TEXAS B-ON-TIME STUDENT LOAN ACCOUNT. (a) Provides that the Texas B-On-time student loan account is an account in the general revenue fund. Provides that the account consists of gifts and grants and legislative appropriations received under Section 56.464, tuition set aside under Section 56.465, and other money required by law to be deposited in the account.

(b) Provides that money in the Texas B-On-time student loan account may be used only as provided by this subchapter.

Sec. 56.464. FUNDING. (a) Authorizes the coordinating board to solicit and accept gifts and grants from any public or private source for the purposes of this subchapter.

(b) Authorizes the coordinating board to issue and sell general obligation bonds under Subchapter F, Chapter 52, for the purposes of this subchapter.

(c) Authorizes the legislature to appropriate money for the purposes of this subchapter.

Sec. 56.465. TUITION SET ASIDE FOR PROGRAM. (a) Requires the governing board of each institution of higher education to cause to be set aside five percent of the amount of the tuition charged to a student at the institution under Section 54.0513 that is in excess of the amount that would have been charged to the student under that section for the same semester or term in the 2002-2003 academic year.

(b) Requires the amount of tuition set aside under Subsection (a) to be deposited to the credit of the Texas B-On-time student loan account established under Section 56.463.

SECTION 25.02. Amends Section 52.82(d), Education Code, to prohibit the total amount of bonds issued by the board in a state fiscal year from exceeding \$125, rather than \$100, million.

SECTION 25.03. Amends Section 52.89, Education Code, by amending Subsection (c) and adding Subsection (c-1), as follows:

(c) Requires the board to deposit to the credit of the fund any proceeds from the sale of bonds, rather than to deposit the proceeds from the sale of bonds in the fund, excluding: any accrued interest on the bonds which shall be deposited in the board interest and sinking fund relating to the bonds; and proceeds from the sale of bonds issued by the board under Section 56.464(b) to provide Texas B-On-time student loans.

(c-1) Authorizes the proceeds from the sale of bonds issued by the board under Section 56.464(b) to provide Texas B-On-time student loans, notwithstanding Subsection (c), to be deposited to the credit of the fund by resolution of the board.

SECTION 25.04. Amends Subchapter F, Chapter 52, Education Code, by amending Section 52.90 and adding Section 52.91, as follows:

Sec. 52.90. LOANS FROM FUND. (a) Requires the board: to make a loan from the fund to a student who qualifies for a loan under Subchapter C; and authorizes the board to make a loan from the fund to a student who qualifies for a Texas B-On-time student loan under Subchapter Q, Chapter 56, rather than of this chapter.

(b) Provides that loans from the fund are governed by Subchapter C of this chapter or Subchapter Q, Chapter 56, as appropriate, as if made under that subchapter, except to the extent of conflict with this subchapter.

(c) Authorizes the board to charge and collect a loan origination fee from a person, rather than student, who receives a loan from the fund. Authorizes the board to use the fee to pay operating expenses for making loans under this section.

Sec. 52.91. BONDS FOR TEXAS B-ON-TIME STUDENT LOAN PROGRAM. (a) Requires the board to deposit to the credit of the Texas B-On-time student loan account established under Section 56.463 any proceeds from the sale of bonds issued by the board to fund Texas B-On-time student loans under Section 56.464(b), other than: accrued interest on the bonds, which shall be deposited to the credit of the interest and sinking fund related to the bonds; and any proceeds from the sale of the bonds that the board by resolution deposits to the student loan auxiliary fund under Section 52.89(c-1).

(b) Authorizes the board by resolution to establish as provided by Section 52.03 one or more interest and sinking funds to be used for any purpose relating to the Texas B-On-time student loan program established under Subchapter Q, Chapter 56.

(c) Requires the board to repay bonds issued by the board to fund the Texas B-On-time student loan program using legislative appropriations and money collected by the board as repayment for Texas B-On-time student loans awarded by the board. Prohibits the board from using money collected by the board as repayment for student loans awarded by the board under Subchapter C to repay bonds issued by the board for the Texas B-On-time student loan program under Section 56.464(b).

SECTION 25.05. (a) Requires the Texas Higher Education Coordinating Board and the eligible institutions to award loans under the Texas B-On-time student loan program established under Subchapter Q, Chapter 56, Education Code, as added by this article, beginning with the 2003 fall semester.

(b) Requires the Texas Higher Education Coordinating Board to adopt the initial rules for awarding loans under the Texas B-On-time student loan program established under Subchapter Q, Chapter 56, Education Code, as added by this article, as soon as practicable after the effective date of this article. Authorizes the coordinating board to

adopt those initial rules in the manner provided by law for emergency rules.

SECTION 25.06. Provides that this article takes effect immediately if this Act receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. Provides that if this Act does not receive the vote necessary for immediate effect, this article takes effect September 1, 2003.

ARTICLE 26. THE BUSINESS OF INSURANCE; PAST DISCRIMINATION

SECTION 26.01. Amends Section 5, Article 21.21-6, Insurance Code, as added by Chapter 415, Acts of the 74th Legislature, Regular Session, 1995, as follows:

Sec. 5. SANCTIONS. (a) Provides that any legal entity engaged in the business of insurance in this state found to be in violation of or failing to comply with this article is subject to the sanctions authorized by Chapter 82, rather than in Article 1.10, of this code or, rather than including, administrative penalties authorized by Chapter 84, rather than under Article 1.10E, of this code. Authorizes the commissioner to also utilize the cease and desist procedures authorized by Chapter 83, rather than Article 1.10A, of this code.

(b) Provides that it is not a defense to an action of the commissioner under Subsection (a) of this section that the contract giving rise to the alleged violation was entered into before the effective date of this article.

SECTION 26.02. Amends Subchapter B, Chapter 21, Insurance Code, by adding Article 21.21-6A, as follows:

Art. 21.21-6A. CRIMINAL PENALTY. (a) Defines "person."

(b) Provides that a person commits an offense if the person with criminal negligence:

(1) offers insurance coverage at a premium based on a rate that is, because of race, color, religion, ethnicity, or national origin, different from another premium rate offered or used by the person for the same coverage, other than for classifications applicable alike to persons of every race, color, religion, ethnicity, or national origin; or

(2) collects an insurance premium based on a rate that is, because of race, color, religion, ethnicity, or national origin, different from another premium rate offered or used by the person for the same coverage, other than for classifications applicable alike to persons of every race, color, religion, ethnicity, or national origin.

(c) Provides that an offense under this article is a state jail felony.

SECTION 26.03. Amends Section 3(c), Article 21.21-8, Insurance Code, as follows:

(c) Requires all actions under this article to be commenced on or before the second anniversary of, rather than within 12 months after, the date on which the plaintiff was denied insurance or the unfair act occurred or the date the plaintiff, in the exercise of reasonable diligence, should have discovered the occurrence of the unfair act.

SECTION 26.04. Amends Section 1, Article 21.74, Insurance Code, by amending Subdivisions (1) and (2) and adding Subdivision (4), as follows:

(1) Redefines "Holocaust victim."

(2) Redefines "insurer."

(4) Defines "proceeds."

SECTION 26.05. Amends Article 21.74, Insurance Code, by adding Sections 2A and 2B as follows:

Sec. 2A. FILINGS AND CERTIFICATES OF INSURANCE. (a) Provides that this section applies to each insurer engaging in business in the state that, directly or through a related company, sold to persons in Europe insurance policies described by Section 1 of this article or dowry or educational insurance policies that were in effect during the period of 1920 to 1945, whether the sale occurred before or after the insurer and the related company became related.

(b) Each insurer shall file or cause to be filed with the commissioner certain specific information.

(c) Requires each insurer to make certain certifications.

(d) Requires the commissioner by rule to require that insurers update the information submitted to the commissioner under this section at reasonable intervals.

Sec. 2B. ESTABLISHMENT AND MAINTENANCE OF REGISTRY; PUBLIC ACCESS. (a) Requires the commissioner to establish and maintain within the department a central registry containing records and information relating to insurance policies described by Section 2A(a) of this article of Holocaust victims, living and deceased. Requires the registry to be known as the Holocaust Era Insurance Registry.

(b) Requires the commissioner by rule to establish appropriate mechanisms to ensure public access to the registry.

(c) Provides that information contained in the registry: is public information; is not subject to any exceptions to disclosure under Chapter 552, Government Code; and cannot be withheld from disclosure under any other law.

SECTION 26.06. (a) Makes application of Article 21.21-6A, Insurance Code, as added by this article, prospective.

(b) Provides that Section 3(c), Article 21.21-8, Insurance Code, as amended by this article, applies to a cause of action for which the limitations period established under that subsection before its amendment by this article has not expired on the effective date of this article.

SECTION 26.07. Requires an insurer subject to Article 21.74, Insurance Code, as amended by this article, not later than the 180th day after the effective date of this article, to file the information and certification required by Section 2A, Article 21.74, Insurance Code.

ARTICLE 27. OIL SPILL PREVENTION AND RESPONSE

SECTION 27.01. Amends Section 40.002(c), Natural Resources Code, to delete text referring to providing for the development of a state coastal discharge contingency plan through planning and coordination with the Texas Natural Resource Conservation Commission to protect coastal waters from all types of spills and discharges, and to redesignate Subdivision (4) as Subdivision (3).

SECTION 27.02. Amends Sections 40.003 (13), (17), and (22), Natural Resources Code, as follows:

(13) Replaces a reference to the Texas Natural Resource Conservation Commission with a reference to the Texas Commission on Environmental Quality.

(17) and (22) Make conforming changes.

SECTION 27.03. Amends Section 40.005, Natural Resources Code, to make conforming changes.

SECTION 27.04. Amends Section 40.052, Natural Resources Code, to make conforming changes.

SECTION 27.05. Amends Section 40.101(c), Natural Resources Code, to make conforming changes.

SECTION 27.06. Amends Section 40.103(b), Natural Resources Code, to delete text referring to authorizing prior approval for compensation to be provided for in the state coastal discharge contingency plan.

SECTION 27.07. Section 40.104, Natural Resources Code, as follows:

Sec. 40.104. QUALIFIED IMMUNITY FOR RESPONSE ACTIONS. (a) and (b) Make conforming changes.

SECTION 27.08. Amends Section 40.107(a)(1), Natural Resources Code, to make a conforming change.

SECTION 27.09. Amends Sections 40.107(c)(1) and (4), Natural Resources Code, to make conforming changes.

SECTION 27.10. Amends Section 40.116, Natural Resources Code, as follows:

Sec. 40.116. AUDITS, INSPECTIONS, AND DRILLS. Deletes text referring to subjecting a vessel to an unannounced audit, inspection or drill as a condition to being granted entry into any port in this state.

SECTION 27.11. Amends Section 40.151(b), Natural Resources Code, to require all fees, penalties, judgments, reimbursements, interest or income on the fund, and charges provided for in this chapter and the fee revenues levied, collected, and credited pursuant to this chapter to be credited to the coastal protection fund.

SECTION 27.12. Amends Section 40.152(a), Natural Resources Code, to delete as a purpose for which money in the fund is authorized to be disbursed an inventory under Section 40.107, to be completed by September 1, 1995, in an amount not to exceed \$6 million and include costs related to the plugging of abandoned or orphaned oil wells located on state-owned submerged lands in conjunction with the Railroad Commission of Texas as a purpose for which money in the fund is authorized to be disbursed. Redesignates Subdivision (10) as Subdivision (9). Makes nonsubstantive changes.

SECTION 27.13. Amends Section 40.254(g)(3), Natural Resources Code, to delete text referring to a person who fails to comply with Subdivision (2) of this subsection waiving the right to judicial review. Authorizes the commissioner, on failure of the person to comply with the order or file a petition for judicial review, to refer the matter to the attorney general for collection and enforcement.

SECTION 27.14. Amends Section 40.254(h)(1), Natural Resources Code, to delete text referring to requiring the commissioner, if a penalty is reduced or not assessed, to execute a release of the bond if a supersedeas bond has been posted. Makes nonsubstantive changes.

SECTION 27.15. Amends Sections 40.258(a)(1), (2), and (3), Natural Resources Code, to make conforming changes.

SECTION 27.16. Repealer: Sections 40.006 (Interagency Counsel), 40.053 (State Coastal

Discharge Contingency Plan), 40.115 (Entry into Port), 40.303 (Oil Spills Oversight Council), 40.110(f) (relating to prevention and response certificates), 40.117(b) (relating to local government representation in certain organizations), 40.151(e) (relating to the transfer of certain coastal protection funds), and 40.254 (g)(2) (relating to judicial review of certain orders of the commissioner of the GLO), Natural Resources Code.

ARTICLE 28. REPORTS

SECTION 28.01. Amends Section 363.064(a), Health and Safety Code, to delete text referring to requiring a regional or local solid waste management plan to include waste reduction in accordance with the goal established under Section 361.0201(d), to the extent that funds are available.

SECTION 28.02. Amends the heading to Section 5.178, Water Code, to read as follows:

Sec. 5.178. ANNUAL REPORTS; BIENNIAL APPENDICES.

SECTION 28.03. Amends Section 5.178(b), Water Code, to delete texts referring to requiring, by December 1 of an even-numbered year, the assessments and reports required by Sections 361.0232, 361.510, 371.063, and 382.141, Health and Safety Code, and to delete text referring to the specification of this code.

SECTION 28.04. (a) Repealer: Sections 361.020 (State Solid Waste Plan), 361.0201 (Comprehensive Municipal Solid Waste Management), 361.0232 (Assessment of Commercial Hazardous Waste Management), 361.0233 (Assessment of Commercial Nonhazardous Solid Waste), 361.0234 (Rules; Update of Rules and Assessments; Report), 361.510 (Report), 371.063 (Biennial Reporting Requirement), 382.141 (Report Required), 361.040(d) (relating to a report), and 361.0871(c) (relating to the evaluation of waste stream), Health and Safety Code.

(b) Repealer Section 5.178(c), Water Code.

ARTICLE 29. SCHOOL BUS SAFETY STANDARDS

SECTION 29.01. Amends Section 34.002(a), Education Code, to require the Department of Public Safety, with the advice of the Texas Education Agency, to establish safety standards for school buses used to transport students in accordance with Section 34.003. Deletes text referring to the General Services Commission and text referring to Section 34.002, Education Code.

SECTION 29.02. Amends Sections 547.7015 (a) and (b), Transportation Code, to make conforming changes.

SECTION 29.03. Provides that rules that were adopted under Section 547.7015, Transportation Code, before the effective date of this article and that are in effect on the effective date of this article are continued in effect as rules of the Department of Public Safety until the rules are amended, repealed, or superseded by an action of the department.

ARTICLE 30. CORPORATE ETHICS AND INTEGRITY

SECTION 30.01. Amends Subchapter B, Chapter 402, Government Code, by adding Section 402.0231, as follows:

Sec. 402.0231. CORPORATE INTEGRITY UNIT. (a) Defines "corporate fraud."

(b) Provides that a corporate integrity unit is created within the office of the attorney general to assist in the enforcement of the laws relating to corporate fraud or other similar illegal activities. Sets forth the required duties of the unit.

(c) Requires a state agency or local law enforcement agency, to the extent allowed by law, to cooperate with the corporate integrity unit by providing

information requested by the unit as necessary to carry out the purposes of this section. Provides that information disclosed under this subsection is confidential and not subject to disclosure under Chapter 552.

SECTION 30.02. Amends Subchapter Z, Chapter 2252, Government Code, by adding Section 2252.904, as follows:

Sec. 2252.904. **CONTRACTS WITH COMPANIES; FINANCIAL DISCLOSURES.** (a) Defines "certified audit," "company," "financial irregularity," "independent certified public accountant," and "state governmental entity."

(b) Requires a company that enters into a contract with a state governmental entity that involves the expenditure of more than \$1 million to immediately report to the entity any financial irregularity relating to the contract or the company's financial position that is detrimental to the interest of the entity, and annually during the contract period submit to the entity a certified audit of the company's operations, except as provided by Subsection (g).

(c) Requires the auditor's opinion in an audit required by Subsection (b)(2) to state whether the financial statements of the audited company present fairly, in all material respects and in accordance with accounting principles generally accepted in the United States, its financial position and results of operations relating to the obligation, receipt, expenditure, and use of state funds.

(d) Provides that a company that violates Subsection (b)(1) commits an offense. Provides that an offense under this subsection is a Class A misdemeanor.

(e) Provides that a company that violates Subsection (b)(2) is liable to the state for a civil penalty in an amount not to exceed \$10,000. Authorizes the attorney general to bring suit to recover the civil penalty imposed under this subsection.

(f) Entitles the attorney general, if the attorney general prevails in an action for recovery of a civil penalty under Subsection (e), to recover reasonable attorney's fees incurred in obtaining the penalty.

(g) Authorizes a federally insured financial institution that has less than \$500 million in assets, in lieu of a certified audit required by Subsection (b)(2), to submit a directors examination conducted by an independent certified public accountant in accordance with the Statement of Standards for Attestation Engagements.

SECTION 30.03. Amends Subtitle F, Title 10, Government Code, by adding Chapter 2263, as follows:

CHAPTER 2263. ETHICS AND DISCLOSURE REQUIREMENTS FOR OUTSIDE FINANCIAL ADVISORS AND SERVICE PROVIDERS

Sec. 2263.001. **APPLICABILITY.** (a) Provides that this chapter applies in connection with the management or investment of any state funds managed or invested under the Texas Constitution or other law, including Chapters 404 and 2256, and by or for certain entities.

(b) Provides that this chapter applies in connection with the management or investment of state funds without regard to whether the funds are held in the state treasury.

(c) Provides that this chapter does not apply to or in connection with a state governmental entity that does not manage or invest state funds and for which state funds are managed or invested only by the comptroller.

Sec. 2263.002. DEFINITION. Defines "financial advisor or service provider."

Sec. 2263.003. CONSTRUCTION WITH OTHER LAW. Provides that to the extent of a conflict between this chapter and another law, the law that imposes a stricter ethics or disclosure requirement controls.

Sec. 2263.004. ETHICS REQUIREMENTS FOR OUTSIDE FINANCIAL ADVISORS OR SERVICE PROVIDERS. (a) Requires the governing body of a state governmental entity by rule to adopt standards of conduct applicable to financial advisors or service providers who are not employees of the state governmental entity, who provide financial services to the state governmental entity or advise the state governmental entity or a member of the governing body of the state governmental entity in connection with the management or investment of state funds, and who may reasonably be expected to receive, directly or indirectly, more than \$10,000 in compensation from the entity during a fiscal year or render important investment or funds management advice to the entity or a member of the governing body of the entity, as determined by the governing body.

(b) Provides that a contract under which a financial advisor or service provider renders financial services or advice to a state governmental entity or other person as described by Subsection (a) is voidable by the state governmental entity if the financial advisor or service provider violates a standard of conduct adopted under this section.

Sec. 2263.005. DISCLOSURE REQUIREMENTS FOR OUTSIDE FINANCIAL ADVISOR OR SERVICE PROVIDER. (a) Requires a financial advisor or service provider described by Section 2263.004 to disclose certain information in writing to the administrative head of the applicable state governmental entity and to the state auditor.

(b) Requires the financial advisor or service provider to disclose a relationship described by Subsection (a) without regard to whether the relationship is a direct, indirect, personal, private, commercial, or business relationship.

(c) Requires a financial advisor or service provider described by Section 2263.004 to file annually a statement with the administrative head of the applicable state governmental entity and with the state auditor. Requires the statement to disclose each relationship and pecuniary interest described by Subsection (a) or to affirmatively state if no relationship or pecuniary interest described by that subsection existed during the disclosure period.

(d) Requires the annual statement to be filed not later than February 1 on a form prescribed by the governmental entity, other than the state auditor, receiving the form. Requires the statement to cover the reporting period of the previous calendar year. Requires the state auditor to develop and recommend a uniform form that other governmental entities receiving the form may prescribe.

(e) Requires the financial advisor or service provider to promptly file a new or amended statement with the administrative head of the applicable state governmental entity and with the state auditor whenever there is new information to report under Subsection (a).

Sec. 2263.006. PUBLIC INFORMATION. Provides that Chapter 552 controls the extent to which information contained in a statement filed under this chapter is subject to required public disclosure or excepted from required public disclosure.

SECTION 30.04. Amends Section B, Article 1302-1.03, V.T.C.S., to require, except as otherwise provided by Article 5.20 of this Act, this Act to govern (1) all domestic corporations, including without limitation those corporations heretofore or hereafter organized under any Statute of the State, and (2) only to the extent expressly provided in this Act, all foreign corporations, including without limitation those corporations heretofore or hereafter granted a

permit to do business under any Statute of the State.

SECTION 30.05. Amends Article 1302-5.01 et seq., V.T.C.S., by adding Article 5.20, as follows:

Art. 5.20. CERTIFICATION OF FALSE OR MISLEADING FINANCIAL REPORT; CRIMINAL PENALTY. (a) Defines "corporate official" and "financial report."

(b) Provides that a corporate official who signs a sworn statement certifying that information contained in a financial report fairly represents, as of the period presented in the report, the financial condition or results of operation of the company issuing the report commits an offense if the corporate official makes the certification knowing that the report contains false or misleading information that affects or may affect the finances or operations of the issuing company, as appropriate, in any material respect.

(c) Provides that an offense under this section is a state jail felony.

SECTION 30.06. Provides that the office of the attorney general is not required to implement Section 402.0231, Government Code, as added by this article, unless a specific appropriation for the implementation is provided in the General Appropriations Act, Acts of the 78th Legislature, Regular Session, 2003.

SECTION 30.07. Requires each state governmental entity required to adopt rules under Chapter 2263, Government Code, as added by this article, to adopt its initial rules in time for the rules to take effect not later than January 1, 2004.

ARTICLE 31. ADJUTANT GENERAL

SECTION 31.01. Amends Section 431.022(b), Government Code, to require a person, to be qualified for appointment as adjutant general a person to have previously served on active duty or active duty for training with the army, air force, or marines and have completed at least 10 years' service as a federally recognized reserve or active duty commissioned officer with an active unit of the United States armed forces, the National Guard, or the Texas National Guard, including at least five years with the Texas National Guard as well as fulfilling certain other criteria.

ARTICLE 32. GOVERNOR'S BUDGET AUTHORITY

SECTION 32.01. Amends Section 401.046(a), Government Code, to require the governor to deliver a copy of the governor's budget to each member of the legislature before the governor gives the message to the legislature required by Section 9, Article IV, Texas Constitution, at the commencement of each regular legislative session. Deletes text referring to the requirement that the required action take place not later than the sixth day of each regular legislative session.

SECTION 32.02. Repealer: Section 401.047 (Penalty), Government Code.

ARTICLE 33. COMMISSIONER OF INSURANCE

SECTION 33.01. Amends Section 31.023, Insurance Code, to delete text referring to requiring the commissioner of insurance to have, of the required 10 years of experience as an executive in the administration of business or government or as a practicing attorney or certified public accountant, at least five years in the field of insurance or insurance regulation.

SECTION 33.02. Makes the application of the change in law made by this article to Section 31.023, Insurance Code, prospective.

ARTICLE 34. MEMBERS OF PARKS AND WILDLIFE COMMISSION

SECTION 34.01. Amends Section 11.012(d), Parks and Wildlife Code, to require the governor,

in making appointments under this section, to attempt to include persons with expertise in diverse fields, including fields such as historic preservation, conservation, and outdoor recreation; consider the commission's composition in terms of the geographical areas represented by members of the commission and the appropriate balance of representatives from rural and urban areas; and to authorize the governor to include persons who have an interest in and knowledge of hunting, fishing, wildlife, environmental concerns, land or water use issues, or water quality issues.

SECTION 34.02. (a) Requires the governor, as soon as possible on or after September 1, 2003, to appoint nine members to the Parks and Wildlife Commission under Section 11.012, Parks and Wildlife Code, as amended by this article. Requires the governor to designate certain members to certain terms.

(b) Authorizes the governor to reappoint a person who served as a member of the Parks and Wildlife Commission before September 1, 2003.

(c) Provides that the position of a member of the Parks and Wildlife Commission serving immediately before September 1, 2003, is abolished at the time five or more of the newly appointed directors qualify for office. Provides that until the abolition of the members' positions occurs under this section, the members serving immediately before September 1, 2003, have the same powers and duties that the members had immediately before that date and the commission continues to be composed in the way it was composed before that date, and the former law is continued in effect for that purpose.

ARTICLE 35. DESIGNATION OF PRESIDING OFFICERS

SECTION 35.01. Amends Chapter 651, Government Code, by adding Section 651.008, as follows:

Sec. 651.008. APPOINTMENT OF PRESIDING OFFICERS BY GOVERNOR. (a) Defines "state agency."

(b) Authorizes the governor, notwithstanding other law, to designate a member of the governing body of each state agency as the presiding officer of that governing body to serve in that capacity at the pleasure of the governor.

ARTICLE 36. LIMITATIONS APPLICABLE TO CERTAIN GROUP INSURANCE PROGRAMS

SECTION 36.01. Amends Subchapter E, Chapter 3, Insurance Code, by adding Article 3.50-7A, as follows:

Art. 3.50-7A. LIMITATIONS APPLICABLE TO TEXAS SCHOOL EMPLOYEES UNIFORM GROUP COVERAGE PROGRAM. (a) Provides that this article applies only to the uniform group coverage program established under Article 3.50-7 of this code. Provides that a term used in this article has the meaning assigned by Section 2, Article 3.50-7 of this code.

(b) Prohibits the Teacher Retirement System of Texas, as trustee, from contracting for or providing a health coverage plan that excludes from participation in the network a general hospital that meets certain criteria.

SECTION 36.02. (a) Amends Section 1551.205, Insurance Code, to conform to Section 30, Chapter 1231, Acts of the 77th Legislature, Regular Session, 2001, as follows:

Sec. 1551.205. LIMITATIONS. (a) Prohibits the board of trustees from contracting for or providing a coverage plan that provides coverage for serious mental illness that is less extensive than the minimum coverage for serious mental, rather than any physical, illness required by Section 3, Article 3.51-14.

(b) Prohibits the board of trustees from contracting for or provide a coverage plan that excludes from participation in the network a general hospital that meets certain criteria.

(b) Repealer: Section 30, Chapter 1231, Acts of the 77th Legislature, Regular Session, 2001 (relating to prohibiting a trustee from contracting for or providing a plan).

SECTION 36.03. Amends Subchapter D, Chapter 1575, Insurance Code, by adding Section 1575.163, as follows:

Sec. 1575.163. LIMITATIONS. Prohibits the Teacher Retirement System of Texas, as trustee, from contracting for or providing a health benefit plan that excludes from participation in the network a general hospital that meets certain criteria.

ARTICLE 37. REGULATION OF INDUSTRIALIZED HOUSING

SECTION 37.01. Amends Section 1202.002(c), Occupations Code, to provide that industrialized housing does not include a residential structure that exceeds four, rather than three, stories or 69, rather than 49, feet in height as measured from the finished grade elevation at the building entrance to the peak of the roof.

ARTICLE 38. CONFLICTS CLAUSE; EFFECTIVE DATE

SECTION 38.01. Provides that in the event of a conflict between a provision of this Act and another Act passed by the 78th Legislature, Regular Session, 2003, that becomes law, this Act prevails and controls regardless of the relative dates of enactment.

SECTION 38.02. Effective date: September 1, 2003, except as otherwise provided by this Act.