

SENATE JOURNAL

EIGHTY-THIRD LEGISLATURE — REGULAR SESSION

AUSTIN, TEXAS

PROCEEDINGS

SIXTY-THIRD DAY

(Tuesday, May 21, 2013)

The Senate met at 10:18 a.m. pursuant to adjournment and was called to order by Senator Eltife.

The roll was called and the following Senators were present: Birdwell, Campbell, Carona, Davis, Deuell, Duncan, Ellis, Eltife, Estes, Fraser, Garcia, Hancock, Hegar, Hinojosa, Huffman, Lucio, Nelson, Nichols, Patrick, Paxton, Rodríguez, Schwertner, Seliger, Taylor, Uresti, Van de Putte, Watson, West, Whitmire, Williams, Zaffirini.

The Presiding Officer announced that a quorum of the Senate was present.

Pastor Donnie Smith, The Fellowship, Round Rock, offered the invocation as follows:

Dear heavenly Father, this is the day You have made, we will rejoice in it. I praise You for the great men and women that You have empowered to lead our state. I ask for Your favor and blessing on each one of them. I ask that You watch over their families and bring peace in their hearts so they can focus on the responsibility You have given to them to conduct business for our state. I ask for wisdom and discernment for each one of them. Give them the tools they need to love, lead, and serve. We need Your guidance; we need Your strength; we need Your eyes to see what You see. Thank You for loving us and giving us a day we can rejoice in. You are good, and we proclaim You as God. Today with one voice we lift up those impacted by the destruction in Oklahoma. We pray for the leaders and volunteers as they work to restore what has been broken. Comfort those who are grieving and bring hope to the hopeless. Thank You so much for everything You have blessed us with. As You bless, we will be good stewards. Thank You today that You are our God and we are Your people. In Jesus' name we pray. Amen.

Senator Whitmire moved that the reading of the Journal of the proceedings of the previous day be dispensed with and the Journal be approved as printed.

The motion prevailed without objection.

HOUSE BILL ON FIRST READING

The following bill received from the House was read first time and referred to the committee indicated:

HB 3942 to Committee on Intergovernmental Relations.

PHYSICIAN OF THE DAY

Senator Huffman was recognized and presented Dr. Troy Fiesinger of Sugar Land as the Physician of the Day.

The Senate welcomed Dr. Fiesinger and thanked him for his participation in the Physician of the Day program sponsored by the Texas Academy of Family Physicians.

SENATE RESOLUTION 433

Senator Davis offered the following resolution:

WHEREAS, The Senate of the State of Texas is pleased to recognize Ruby Cole Session for her laudable achievements as an educator and advocate; and

WHEREAS, Throughout her lifetime, this distinguished Fort Worth citizen has served as a role model for school children; she is also well regarded for her tireless efforts in the field of criminal justice reform; and

WHEREAS, Mrs. Session is the mother of the late Tim Cole, who was the first inmate in Texas to be posthumously exonerated; she is a fierce champion of the wrongly accused; her work on behalf of her son's case is a poignant testament to a mother's refusal to give up hope; and

WHEREAS, As a teacher for more than 30 years, Mrs. Session has also had a positive impact on the lives of innumerable school children; as one of the first 25 African-American women to graduate from Texas Christian University, she is, herself, a shining tribute to academic achievement; and

WHEREAS, This outstanding Fort Worth resident is revered by her friends and family as a devoted mother, an accomplished educator, and a resolute advocate of criminal justice reform; now, therefore, be it

RESOLVED, That the Senate of the State of Texas, 83rd Legislature, hereby commend Ruby Cole Session on her many achievements and extend to her sincere best wishes in all her future endeavors; and, be it further

RESOLVED, That a copy of this Resolution be prepared for Mrs. Session as an expression of esteem from the Texas Senate.

DAVIS
ELLIS

SR 433 was again read.

The resolution was previously adopted on Monday, March 18, 2013.

GUEST PRESENTED

Senator Davis, joined by Senator Ellis, was recognized and introduced to the Senate Ruby Cole Session, mother of Timothy Cole.

The Senate welcomed its guest.

CONCLUSION OF MORNING CALL

The Presiding Officer at 10:44 a.m. announced the conclusion of morning call.

HOUSE BILL 705 ON SECOND READING

On motion of Senator Schwertner and by unanimous consent, the regular order of business was suspended to take up for consideration **HB 705** at this time on its second reading:

HB 705, Relating to the definition of emergency services personnel for purposes of the enhanced penalty prescribed for an assault committed against a person providing services in that capacity.

The bill was read second time and was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading.

HOUSE BILL 705 ON THIRD READING

Senator Schwertner moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HB 705** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 31, Nays 0.

The bill was read third time and was passed by the following vote: Yeas 31, Nays 0.

HOUSE BILL 2792 ON SECOND READING

On motion of Senator Hegar and by unanimous consent, the regular order of business was suspended to take up for consideration **HB 2792** at this time on its second reading:

HB 2792, Relating to the circumstances under which an appraisal review board hearing shall be closed to the public.

The bill was read second time and was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading.

HOUSE BILL 2792 ON THIRD READING

Senator Hegar moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HB 2792** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 31, Nays 0.

The bill was read third time and was passed by the following vote: Yeas 31, Nays 0.

LEAVE OF ABSENCE

On motion of Senator Whitmire, Senator Williams was granted leave of absence for the remainder of the day on account of important business.

HOUSE BILL 724 ON SECOND READING

Senator Zaffirini moved to suspend the regular order of business to take up for consideration **HB 724** at this time on its second reading:

HB 724, Relating to the creation of a commission to study unclaimed land grant mineral proceeds.

The motion prevailed.

Senators Campbell, Nelson, and Schwertner asked to be recorded as voting "Nay" on suspension of the regular order of business.

The bill was read second time and was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading except as follows:

Nays: Campbell, Nelson, Schwertner.

Absent-excused: Williams.

HOUSE BILL 724 ON THIRD READING

Senator Zaffirini moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HB 724** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 27, Nays 3.

Yeas: Birdwell, Carona, Davis, Deuell, Duncan, Ellis, Eltife, Estes, Fraser, Garcia, Hancock, Hegar, Hinojosa, Huffman, Lucio, Nichols, Patrick, Paxton, Rodriguez, Seliger, Taylor, Uresti, Van de Putte, Watson, West, Whitmire, Zaffirini.

Nays: Campbell, Nelson, Schwertner.

Absent-excused: Williams.

The bill was read third time and was passed by the following vote: Yeas 27, Nays 3. (Same as previous roll call)

MESSAGE FROM THE HOUSE

HOUSE CHAMBER

Austin, Texas

Tuesday, May 21, 2013 - 1

The Honorable President of the Senate
Senate Chamber
Austin, Texas

Mr. President:

I am directed by the house to inform the senate that the house has taken the following action:

THE HOUSE HAS PASSED THE FOLLOWING MEASURES:

- SB 31** Zaffirini Sponsor: Patrick, Diane
Relating to formula funding for certain semester credit hours earned for dual course credit.
- SB 62** Nelson Sponsor: Laubenberg
Relating to the vaccination against bacterial meningitis of entering students at public and private or independent institutions of higher education.
- SB 66** Nelson Sponsor: Laubenberg
Relating to the child fatality review team committee.
(Amended)
- SB 127** Nelson Sponsor: King, Susan
Relating to the creation of certain funding formulas and policies and to certain public health evaluations by the Department of State Health Services.
- SB 281** Estes Sponsor: Frank
Relating to the administration and powers of the Red River Authority of Texas.
(Committee Substitute)
- SB 389** West Sponsor: Lewis
Relating to the imposition of court costs in certain criminal proceedings.
- SB 391** West Sponsor: Herrero
Relating to a defendant's obligation to pay a fine or court cost after the expiration of a period of community supervision.
- SB 393** West Sponsor: Lewis
Relating to the criminal procedures related to children who commit certain Class C misdemeanors.
(Committee Substitute/Amended)
- SB 464** Deuell Sponsor: Flynn
Relating to the dismissal of complaints against property tax professionals.
- SB 474** Carona Sponsor: Villarreal
Relating to financing statements and other records under the secured transactions law.
- SB 511** Whitmire Sponsor: Workman
Relating to the commitment of certain juveniles to local post-adjudication secure correctional facilities in certain counties and to the release under supervision of those juveniles.
(Committee Substitute)
- SB 533** Zaffirini Sponsor: Keffer
Relating to a review of cost savings to state agencies and institutions of higher education under energy savings performance contracts.
- SB 545** Hancock Sponsor: Harper-Brown
Relating to the peace officers authorized to operate an authorized emergency service vehicle used to conduct a police escort.

- SB 551** Uresti Sponsor: Nevárez
Relating to the use of municipal hotel occupancy tax revenue to enhance and upgrade sports facilities in certain municipalities.
- SB 553** Uresti Sponsor: Johnson
Relating to certain high school students serving as early voting clerks in an election.
- SB 564** Hegar Sponsor: Murphy
Relating to the creation of the Harris County Municipal Utility District No. 536; providing authority to impose a tax and issue bonds; granting a limited power of eminent domain.
- SB 605** Hegar Sponsor: Zerwas
Relating to the creation of the Fort Bend County Improvement District No. 24; providing authority to impose an assessment, impose a tax, and issue bonds.
- SB 606** Hegar Sponsor: Fletcher
Relating to the powers and duties of the Harris County Municipal Utility District No. 457; providing authority to impose a tax and issue bonds.
- SB 608** Hegar Sponsor: Bell
Relating to the creation of the Harris-Waller Counties Municipal Utility District No. 3; providing authority to impose a tax and issue bonds; granting a limited power of eminent domain.
- SB 609** Hegar Sponsor: Bell
Relating to the creation of the Waller County Municipal Utility District No. 17; providing authority to impose a tax and issue bonds; granting a limited power of eminent domain.
- SB 623** Williams Sponsor: Toth
Relating to the creation of the Montgomery County Municipal Utility District No. 138; granting a limited power of eminent domain; providing authority to issue bonds; providing authority to impose assessments, fees, and taxes.
- SB 658** Deuell Sponsor: Smith
Relating to the imposition and collection of a penalty for fraudulently obtaining unemployment compensation benefits.
- SB 677** Paxton Sponsor: Leach
Relating to the electronic recording of proceedings in a statutory probate court in Collin County.
- SB 691** Eltife Sponsor: Lavender
Relating to the intercollegiate athletics fee at Texas A&M University–Texarkana; authorizing a fee.
- SB 701** Hegar Sponsor: Herrero
Relating to a defense to prosecution for criminal trespass.

- SB 745** Nelson Sponsor: Otto
Relating to sexual assault prevention and crisis services and to the administration of the Crime Victims' Compensation Act.
(Committee Substitute)
- SB 778** Carona Sponsor: Clardy
Relating to trusts.
(Amended)
- SB 816** Hegar Sponsor: Huberty
Relating to the date by which a school district must complete a report of an initial evaluation of a student for special education services.
- SB 817** Hegar Sponsor: Johnson
Relating to certain requirements for political parties holding conventions and for officers of certain of those parties.
- SB 831** Taylor Sponsor: Coleman
Relating to a list of mental health, substance abuse, and suicide prevention programs that may be selected for implementation by public schools.
(Committee Substitute)
- SB 839** Hancock Sponsor: Morrison
Relating to the provision of insurance coverage for certain portable electronic devices.
(Committee Substitute)
- SB 841** Hancock Sponsor: Smithee
Relating to certain authorized investments under the Insurance Code.
(Committee Substitute)
- SB 856** Rodríguez Sponsor: Márquez
Relating to the administration and management of elections and public information of the El Paso County Water Improvement District No. 1.
- SB 863** Taylor Sponsor: Thompson, Ed
Relating to the creation of Pearland Municipal Management District No. 2; providing authority to issue bonds; providing authority to impose assessments, fees, or taxes.
- SB 877** Patrick Sponsor: Guillen
Relating to establishing the Citizens' Star of Texas Award.
- SB 904** Van de Putte Sponsor: Morrison
Relating to the adoption of certain voting procedures and the modification of certain election deadlines, including those necessary to implement the federal Military and Overseas Voter Empowerment Act.
- SB 913** Lucio Sponsor: Naishtat
Relating to the reexamination of an applicant for a professional counselor license.
- SB 918** Estes Sponsor: Keffer
Relating to the sale by the Brazos River Authority and regulation of certain real property in the immediate vicinity of Possum Kingdom Lake.
(Committee Substitute)
- SB 958** Fraser Sponsor: Keffer
Relating to the liability of certain special-purpose districts or authorities providing water to a purchaser for the generation of electricity.

- SB 1031** Taylor Sponsor: Callegari
Relating to the Harris-Galveston Subsidence District; providing authority to impose a fee.
(Committee Substitute)
- SB 1063** Hegar Sponsor: Kolkhorst
Relating to the inclusion of natural gas as a public facility for a public facility corporation.
- SB 1065** Hegar Sponsor: Zerwas
Relating to the creation of the Fort Bend County Municipal Utility District No. 209; providing authority to impose a tax and issue bonds; granting a limited power of eminent domain.
- SB 1066** Hegar Sponsor: Zerwas
Relating to the creation of the Fort Bend County Municipal Utility District No. 210; providing authority to impose a tax and issue bonds; granting a limited power of eminent domain.
- SB 1068** Hegar Sponsor: Zerwas
Relating to the creation of the Fort Bend County Municipal Utility District No. 212; providing authority to impose a tax and issue bonds; granting a limited power of eminent domain.
- SB 1069** Hegar Sponsor: Zerwas
Relating to the creation of the Fort Bend County Municipal Utility District No. 213; granting a limited power of eminent domain; providing authority to impose a tax and issue bonds.
- SB 1086** Campbell Sponsor: Isaac
Relating to the regulation of certain water and sewage utilities to ensure public safety in and around certain municipalities.
(Committee Substitute)
- SB 1192** Davis Sponsor: Thompson, Senfronia
Relating to the rights of certain victims of sexual assault.
(Amended)
- SB 1224** Taylor Sponsor: Bonnen, Greg
Relating to the use by a property owner of a common or contract carrier to send a payment, report, application, statement, or other document or paper to a taxing unit or taxing official.
- SB 1241** Hegar Sponsor: Miller, Doug
Relating to the Edwards Aquifer Authority's regulation of wells with limited production capabilities.
- SB 1282** Duncan Sponsor: Price
Relating to deadlines for proposals for adoption by certain districts or authorities of desired future conditions of relevant aquifers.
- SB 1299** Patrick Sponsor: Callegari
Relating to powers of the West Harris County Regional Water Authority relating to certain wells.

- SB 1376** Eltife Sponsor: Paddie
Relating to specialty license plates issued to retired members of the United States armed forces.
(Amended)
- SB 1422** West Sponsor: King, Ken
Relating to the use of digitized signatures for pleadings and orders in suits affecting the parent-child relationship.
- SB 1430** Hinojosa Sponsor: Herrero
Relating to the applicability of certain public works contracting requirements.
(Committee Substitute)
- SB 1437** Paxton Sponsor: Sanford
Relating to authorizing certain persons to file documents electronically for recording with a county clerk.
- SB 1473** Deuell Sponsor: Flynn
Relating to the chief executive officer of the Hopkins County Hospital District and to the delegation of certain authority by the district's board of directors to the chief executive officer.
- SB 1510** Hinojosa Sponsor: Hilderbran
Relating to the public notice required to be provided by certain taxing units before adopting an ad valorem tax rate.
- SB 1531** Seliger Sponsor: Branch
Relating to providing information to entering undergraduate students at certain general academic teaching institutions to promote timely graduation.
- SB 1536** Van de Putte Sponsor: Menéndez
Relating to the Texas military; imposing criminal penalties; authorizing fees.
(Amended)
- SB 1542** Van de Putte Sponsor: Zerwas
Relating to clinical initiatives to improve the quality of care and cost-effectiveness of the Medicaid program.
- SB 1548** Eltife Sponsor: Lavender
Relating to the definition of "qualified employee" in an enterprise zone.
- SB 1596** Zaffirini Sponsor: Rodriguez, Eddie
Relating to the annexation by a municipality of territory of an emergency services district.
(Amended)
- SB 1759** Uresti Sponsor: Lewis
Relating to the procedures for the appointment of and the duties of attorneys ad litem in certain suits affecting the parent-child relationship.
- SB 1820** Hegar Sponsor: Bell
Relating to the creation of Waller County Improvement District No. 1; providing authority to impose an assessment, impose a tax, and issue bonds.
- SB 1821** Hegar Sponsor: Bell
Relating to the creation of Waller County Improvement District No. 2; providing authority to impose an assessment, impose a tax, and issue bonds.

- SB 1823** Hegar Sponsor: Zerwas
Relating to the administration, powers, and duties of the Fort Bend County Municipal Utility District No. 134.
- SB 1828** Deuell Sponsor: Sheets
Relating to the creation of Mesquite Medical Center Management District; providing authority to issue bonds; providing authority to impose assessments, fees, or taxes.
- SB 1831** Hegar Sponsor: Zerwas
Relating to the power and duties of the Fulshear Municipal Utility District No. 1 of Fort Bend County.
- SB 1832** Uresti Sponsor: Hilderbran
Relating to the operation of the juvenile board of Edwards County.
- SB 1835** Hegar Sponsor: Morrison
Relating to the Calhoun County Groundwater Conservation District; providing authority to impose a voter-approved tax.
- SB 1836** Deuell Sponsor: Zerwas
Relating to the funding of the Texas Home Visiting Program; authorizing voluntary contributions.
- SB 1838** Zaffirini Sponsor: Bonnen, Dennis
Relating to the creation of the Cotton Center Municipal Utility District No. 2 of Caldwell County; providing authority to impose a tax and issue bonds; granting a limited power of eminent domain.
- SB 1841** Taylor Sponsor: Davis, John
Relating to the creation of the Harris County Water Control and Improvement District No. 161; granting the power of eminent domain; providing authority to issue bonds; providing authority to impose assessments, fees, or taxes.
- SB 1846** Taylor Sponsor: Thompson, Ed
Relating to the creation of the Brazoria County Municipal Utility District No. 49; granting a limited power of eminent domain; providing authority to issue bonds; providing authority to impose assessments, fees, and taxes.
- SB 1847** Taylor Sponsor: Thompson, Ed
Relating to the creation of the Brazoria County Municipal Utility District No. 50; granting a limited power of eminent domain; providing authority to issue bonds; providing authority to impose assessments, fees, and taxes.
- SB 1852** Paxton Sponsor: Laubenberg
Relating to the powers and duties of the Collin County Water Control and Improvement District No. 3; providing authority to issue bonds.
- SB 1854** Hegar Sponsor: Miller, Rick
Relating to certain project powers and duties of the Fort Bend County Levee Improvement District No. 7; providing authority to impose a tax and issue bonds.
- SB 1855** Eltife Sponsor: Lavender
Relating to the Texarkana College District.
- SB 1861** Taylor Sponsor: Bonnen, Dennis
Relating to the Angleton-Danbury Hospital District of Brazoria County, Texas.

- SB 1864** Hegar Sponsor: Zerwas
Relating to the creation of Fulshear Parkway Improvement District; providing authority to issue bonds; providing authority to impose assessments, fees, or taxes.
- SB 1869** Campbell Sponsor: Miller, Doug
Relating to the creation of the Kendall County Municipal Utility District No. 1; granting a limited power of eminent domain; providing authority to issue bonds; providing authority to impose assessments, fees, or taxes.
- SB 1870** Hegar Sponsor: Zerwas
Relating to the creation of the West Fort Bend Water Authority; providing authority to issue bonds; granting the power of eminent domain; providing an administrative penalty.
- SB 1878** Estes Sponsor: Fallon
Relating to the creation of Highway 380 Municipal Management District No. 1; providing authority to issue bonds; providing authority to impose assessments, fees, or taxes.
- SB 1884** Taylor Sponsor: Bonnen, Greg
Relating to the creation of the Westwood Management District; providing authority to issue bonds; providing authority to impose fees or taxes.
- SB 1893** Birdwell Sponsor: Orr
Relating to the creation of the Chisholm Trails Municipal Utility District No. 1; granting a limited power of eminent domain; providing authority to issue bonds; providing authority to impose assessments, fees, or taxes.
- SB 1914** Garcia Sponsor: Pickett
Relating to certain specialty license plates.
(Committee Substitute)

Respectfully,

/s/Robert Haney, Chief Clerk
House of Representatives

**COMMITTEE SUBSTITUTE
HOUSE BILL 1513 ON SECOND READING**

Senator West moved to suspend the regular order of business to take up for consideration **CSHB 1513** at this time on its second reading:

CSHB 1513, Relating to temporary increases in the records archive fees and the records management and preservation fees charged by district and county clerks.

The motion prevailed.

Senators Campbell and Hancock asked to be recorded as voting "Nay" on suspension of the regular order of business.

The bill was read second time and was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading except as follows:

Nays: Campbell, Hancock, Hegar.

Absent-excused: Williams.

**COMMITTEE SUBSTITUTE
HOUSE BILL 1513 ON THIRD READING**

Senator West moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **CSHB 1513** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 28, Nays 2.

Yeas: Birdwell, Carona, Davis, Deuell, Duncan, Ellis, Eltife, Estes, Fraser, Garcia, Hegar, Hinojosa, Huffman, Lucio, Nelson, Nichols, Patrick, Paxton, Rodríguez, Schwertner, Seliger, Taylor, Uresti, Van de Putte, Watson, West, Whitmire, Zaffirini.

Nays: Campbell, Hancock.

Absent-excused: Williams.

The bill was read third time and was passed by the following vote: Yeas 27, Nays 3.

Yeas: Birdwell, Carona, Davis, Deuell, Duncan, Ellis, Eltife, Estes, Fraser, Garcia, Hinojosa, Huffman, Lucio, Nelson, Nichols, Patrick, Paxton, Rodríguez, Schwertner, Seliger, Taylor, Uresti, Van de Putte, Watson, West, Whitmire, Zaffirini.

Nays: Campbell, Hancock, Hegar.

Absent-excused: Williams.

HOUSE BILL 217 ON SECOND READING

Senator Uresti moved to suspend the regular order of business to take up for consideration **HB 217** at this time on its second reading:

HB 217, Relating to the types of beverages that may be sold to students on public school campuses.

The motion prevailed.

Senators Birdwell, Campbell, Estes, Fraser, Hancock, Huffman, Nichols, Patrick, Paxton, and Schwertner asked to be recorded as voting "Nay" on suspension of the regular order of business.

The bill was read second time and was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading except as follows:

Nays: Birdwell, Campbell, Estes, Fraser, Hancock, Hegar, Huffman, Nichols, Patrick, Paxton, Schwertner.

Absent-excused: Williams.

HOUSE BILL 217 ON THIRD READING

Senator Uresti moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HB 217** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 24, Nays 6.

Yeas: Campbell, Carona, Davis, Deuell, Duncan, Ellis, Eltife, Fraser, Garcia, Hegar, Hinojosa, Lucio, Nelson, Patrick, Paxton, Rodriguez, Seliger, Taylor, Uresti, Van de Putte, Watson, West, Whitmire, Zaffirini.

Nays: Birdwell, Estes, Hancock, Huffman, Nichols, Schwertner.

Absent-excused: Williams.

The bill was read third time and was passed by the following vote: Yeas 19, Nays 11.

Yeas: Carona, Davis, Deuell, Duncan, Ellis, Eltife, Garcia, Hinojosa, Lucio, Nelson, Rodriguez, Seliger, Taylor, Uresti, Van de Putte, Watson, West, Whitmire, Zaffirini.

Nays: Birdwell, Campbell, Estes, Fraser, Hancock, Hegar, Huffman, Nichols, Patrick, Paxton, Schwertner.

Absent-excused: Williams.

COMMITTEE SUBSTITUTE HOUSE BILL 506 ON SECOND READING

Senator Hinojosa moved to suspend the regular order of business to take up for consideration **CSHB 506** at this time on its second reading:

CSHB 506, Relating to the location of early voting polling places for elections held on the November uniform election date by a political subdivision.

The motion prevailed.

Senators Hancock and Nelson asked to be recorded as voting "Nay" on suspension of the regular order of business.

The bill was read second time.

Senator Hinojosa offered the following amendment to the bill:

Floor Amendment No. 1

Amend **CSHB 506** (senate committee report) in SECTION 1 of the bill, in added Section 85.010(b), Election Code (lines 41-42), by striking "a county election precinct that contains territory from".

The amendment to **CSHB 506** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 1 except as follows:

Absent-excused: Williams.

On motion of Senator Hinojosa and by unanimous consent, the caption was amended to conform to the body of the bill as amended.

CSHB 506 as amended was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading except as follows:

Nays: Hancock, Nelson.

Absent-excused: Williams.

COMMITTEE SUBSTITUTE HOUSE BILL 506 ON THIRD READING

Senator Hinojosa moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **CSHB 506** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 28, Nays 2.

Yeas: Birdwell, Campbell, Carona, Davis, Deuell, Duncan, Ellis, Eltife, Estes, Fraser, Garcia, Hegar, Hinojosa, Huffman, Lucio, Nichols, Patrick, Paxton, Rodríguez, Schwertner, Seliger, Taylor, Uresti, Van de Putte, Watson, West, Whitmire, Zaffirini.

Nays: Hancock, Nelson.

Absent-excused: Williams.

The bill was read third time and was passed by the following vote: Yeas 28, Nays 2. (Same as previous roll call)

SENATE RESOLUTION 1022

Senator Lucio offered the following resolution:

SR 1022, Congratulating Fred Farias III for being named president-elect of the Texas Optometric Association.

The resolution was read and was adopted without objection.

GUEST PRESENTED

Senator Lucio was recognized and introduced to the Senate Fred Farias III.

The Senate welcomed its guest.

GUEST PRESENTED

Senator Campbell was recognized and introduced to the Senate Vanessa Benavides.

The Senate welcomed its guest.

HOUSE BILL 2636 ON SECOND READING

Senator Duncan moved to suspend the regular order of business to take up for consideration **HB 2636** at this time on its second reading:

HB 2636, Relating to the transfer of money from the tax increment fund established for a tax increment financing reinvestment zone to the fund established for an adjacent zone.

The motion prevailed.

Senators Birdwell, Campbell, Hancock, and Patrick asked to be recorded as voting "Nay" on suspension of the regular order of business.

The bill was read second time and was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading except as follows:

Nays: Birdwell, Campbell, Hancock, Patrick.

Absent-excused: Williams.

HOUSE BILL 2636 ON THIRD READING

Senator Duncan moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HB 2636** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 26, Nays 4.

Yeas: Carona, Davis, Deuell, Duncan, Ellis, Eltife, Estes, Fraser, Garcia, Hegar, Hinojosa, Huffman, Lucio, Nelson, Nichols, Paxton, Rodríguez, Schwertner, Seliger, Taylor, Uresti, Van de Putte, Watson, West, Whitmire, Zaffirini.

Nays: Birdwell, Campbell, Hancock, Patrick.

Absent-excused: Williams.

The bill was read third time and was passed by the following vote: Yeas 26, Nays 4. (Same as previous roll call)

HOUSE BILL 1302 ON SECOND READING

On motion of Senator Nichols and by unanimous consent, the regular order of business was suspended to take up for consideration **HB 1302** at this time on its second reading:

HB 1302, Relating to the imposition of a sentence of life without parole on certain repeat sex offenders and to certain restrictions on employment for certain sex offenders.

The bill was read second time.

Senator Nichols offered the following amendment to the bill:

Floor Amendment No. 1

Amend **HB 1302** (senate committee printing) as follows:

(1) In SECTION 6 of the bill, in proposed Article 62.063, Code of Criminal Procedure (page 2, line 65), strike "section" and substitute "article".

(2) In SECTION 8 of the bill, in amended Section 12.42(c)(4), Penal Code (page 3, line 42), immediately after "sexually violent offense", add ", committed by the defendant on or after the defendant's 18th birthday.".

(3) In SECTION 9 of the bill, in proposed Section 12.42(h)(1), Penal Code (page 3, line 55), strike "defined by Article 62.001" and substitute "described by Article 62.001(6)".

(4) In SECTION 9 of the bill, in proposed Section 12.42(h)(2), Penal Code, on page 3, strike lines 59 through 61 and substitute the following:
Criminal Procedure, for an offense other than an offense under Section 21.02 or 22.021.

The amendment to **HB 1302** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 1 except as follows:

Absent-excused: Williams.

On motion of Senator Nichols and by unanimous consent, the caption was amended to conform to the body of the bill as amended.

HB 1302 as amended was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading except as follows:

Absent-excused: Williams.

HOUSE BILL 1302 ON THIRD READING

Senator Nichols moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HB 1302** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 30, Nays 0.

Absent-excused: Williams.

The bill was read third time and was passed by the following vote: Yeas 30, Nays 0. (Same as previous roll call)

HOUSE BILL 1775 ON SECOND READING

On motion of Senator Hancock and by unanimous consent, the regular order of business was suspended to take up for consideration **HB 1775** at this time on its second reading:

HB 1775, Relating to the authority of the University Interscholastic League regarding activities involving sports officials.

The bill was read second time and was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading except as follows:

Absent-excused: Williams.

HOUSE BILL 1775 ON THIRD READING

Senator Hancock moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HB 1775** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 30, Nays 0.

Absent-excused: Williams.

The bill was read third time and was passed by the following vote: Yeas 30, Nays 0. (Same as previous roll call)

COMMITTEE SUBSTITUTE HOUSE BILL 899 ON SECOND READING

On motion of Senator Paxton and by unanimous consent, the regular order of business was suspended to take up for consideration **CSHB 899** at this time on its second reading:

CSHB 899, Relating to certain rights of victims, guardians of victims, and close relatives of deceased victims in the criminal justice system.

The bill was read second time and was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading except as follows:

Absent-excused: Williams.

COMMITTEE SUBSTITUTE HOUSE BILL 899 ON THIRD READING

Senator Paxton moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **CSHB 899** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 30, Nays 0.

Absent-excused: Williams.

The bill was read third time and was passed by the following vote: Yeas 30, Nays 0. (Same as previous roll call)

COMMITTEE SUBSTITUTE HOUSE BILL 3436 ON SECOND READING

On motion of Senator Whitmire and by unanimous consent, the regular order of business was suspended to take up for consideration **CSHB 3436** at this time on its second reading:

CSHB 3436, Relating to the use and development of state property, including real property within the Capitol complex.

The bill was read second time and was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading except as follows:

Absent-excused: Williams.

COMMITTEE SUBSTITUTE HOUSE BILL 3436 ON THIRD READING

Senator Whitmire moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **CSHB 3436** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 30, Nays 0.

Absent-excused: Williams.

The bill was read third time and was passed by the following vote: Yeas 30, Nays 0. (Same as previous roll call)

HOUSE BILL 1228 ON SECOND READING

On motion of Senator Davis and by unanimous consent, the regular order of business was suspended to take up for consideration **HB 1228** at this time on its second reading:

HB 1228, Relating to consideration by the court of sexual abuse and conduct that constitutes sexual assault in certain suits affecting the parent-child relationship.

The bill was read second time and was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading except as follows:

Absent-excused: Williams.

HOUSE BILL 1228 ON THIRD READING

Senator Davis moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HB 1228** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 30, Nays 0.

Absent-excused: Williams.

The bill was read third time and was passed by the following vote: Yeas 30, Nays 0. (Same as previous roll call)

HOUSE BILL 124 ON SECOND READING

Senator Campbell moved to suspend the regular order of business to take up for consideration **HB 124** at this time on its second reading:

HB 124, Relating to the addition of Salvia divinorum and its derivatives and extracts to Penalty Group 3 of the Texas Controlled Substances Act.

The motion prevailed.

Senators Ellis and Hancock asked to be recorded as voting "Nay" on suspension of the regular order of business.

The bill was read second time and was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading except as follows:

Nays: Ellis, Hancock.

Absent-excused: Williams.

HOUSE BILL 124 ON THIRD READING

Senator Campbell moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HB 124** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 28, Nays 2.

Yeas: Birdwell, Campbell, Carona, Davis, Deuell, Duncan, Eltife, Estes, Fraser, Garcia, Hegar, Hinojosa, Huffman, Lucio, Nelson, Nichols, Patrick, Paxton, Rodríguez, Schwertner, Seliger, Taylor, Uresti, Van de Putte, Watson, West, Whitmire, Zaffirini.

Nays: Ellis, Hancock.

Absent-excused: Williams.

The bill was read third time and was passed by the following vote: Yeas 28, Nays 2. (Same as previous roll call)

COMMITTEE SUBSTITUTE HOUSE BILL 2362 ON SECOND READING

On motion of Senator Birdwell and by unanimous consent, the regular order of business was suspended to take up for consideration **CSHB 2362** at this time on its second reading:

CSHB 2362, Relating to the efficiency review of river authorities.

The bill was read second time.

Senator Fraser offered the following amendment to the bill:

Floor Amendment No. 1

Amend **CSHB 2362** (senate committee printing), in SECTION 3 of the bill, on page 1, lines 51-53, by striking "and report the findings of the review and analysis to the governor and the legislature not later than December 31, 2015" and substituting "before conducting a review of other river authorities as authorized by this Act".

The amendment to **CSHB 2362** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 1 except as follows:

Absent-excused: Williams.

On motion of Senator Birdwell and by unanimous consent, the caption was amended to conform to the body of the bill as amended.

CSHB 2362 as amended was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading except as follows:

Absent-excused: Williams.

**COMMITTEE SUBSTITUTE
HOUSE BILL 2362 ON THIRD READING**

Senator Birdwell moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **CSHB 2362** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 30, Nays 0.

Absent-excused: Williams.

The bill was read third time and was passed by the following vote: Yeas 30, Nays 0. (Same as previous roll call)

**COMMITTEE SUBSTITUTE
HOUSE BILL 1741 ON SECOND READING**

Senator West moved to suspend the regular order of business to take up for consideration **CSHB 1741** at this time on its second reading:

CSHB 1741, Relating to requiring child safety alarms in certain vehicles used by child-care facilities to transport children.

The motion prevailed.

Senators Birdwell, Campbell, Hancock, Nichols, Patrick, Paxton, and Taylor asked to be recorded as voting "Nay" on suspension of the regular order of business.

The bill was read second time and was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading except as follows:

Nays: Birdwell, Campbell, Hancock, Hegar, Nichols, Patrick, Paxton, Taylor.

Absent-excused: Williams.

**COMMITTEE SUBSTITUTE
HOUSE BILL 1741 ON THIRD READING**

Senator West moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **CSHB 1741** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 24, Nays 6.

Yeas: Carona, Davis, Deuell, Duncan, Ellis, Eltife, Estes, Fraser, Garcia, Hegar, Hinojosa, Huffman, Lucio, Nelson, Patrick, Rodríguez, Schwertner, Seliger, Uresti, Van de Putte, Watson, West, Whitmire, Zaffirini.

Nays: Birdwell, Campbell, Hancock, Nichols, Paxton, Taylor.

Absent-excused: Williams.

The bill was read third time and was passed by the following vote: Yeas 22, Nays 8.

Yeas: Carona, Davis, Deuell, Duncan, Ellis, Eltife, Estes, Fraser, Garcia, Hinojosa, Huffman, Lucio, Nelson, Rodríguez, Schwertner, Seliger, Uresti, Van de Putte, Watson, West, Whitmire, Zaffirini.

Nays: Birdwell, Campbell, Hancock, Hegar, Nichols, Patrick, Paxton, Taylor.

Absent-excused: Williams.

COMMITTEE SUBSTITUTE HOUSE BILL 2690 ON SECOND READING

Senator Ellis moved to suspend the regular order of business to take up for consideration **CSHB 2690** at this time on its second reading:

CSHB 2690, Relating to the sale of a vehicle by an unlicensed seller; creating an offense.

The motion prevailed.

Senators Birdwell and Schwertner asked to be recorded as voting "Nay" on suspension of the regular order of business.

The bill was read second time and was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading except as follows:

Nays: Birdwell, Schwertner.

Absent-excused: Williams.

COMMITTEE SUBSTITUTE HOUSE BILL 2690 ON THIRD READING

Senator Ellis moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **CSHB 2690** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 28, Nays 2.

Yeas: Campbell, Carona, Davis, Deuell, Duncan, Ellis, Eltife, Estes, Fraser, Garcia, Hancock, Hegar, Hinojosa, Huffman, Lucio, Nelson, Nichols, Patrick, Paxton, Rodríguez, Seliger, Taylor, Uresti, Van de Putte, Watson, West, Whitmire, Zaffirini.

Nays: Birdwell, Schwertner.

Absent-excused: Williams.

The bill was read third time and was passed by the following vote: Yeas 28, Nays 2. (Same as previous roll call)

**COMMITTEE SUBSTITUTE
HOUSE BILL 2532 ON SECOND READING**

Senator Fraser moved to suspend the regular order of business to take up for consideration **CSHB 2532** at this time on its second reading:

CSHB 2532, Relating to the regulation of propane distribution system retailers; authorizing a fee.

The motion prevailed.

Senators Birdwell, Campbell, Hancock, and Patrick asked to be recorded as voting "Nay" on suspension of the regular order of business.

The bill was read second time and was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading except as follows:

Nays: Birdwell, Campbell, Hancock, Hegar, Patrick.

Absent-excused: Williams.

**COMMITTEE SUBSTITUTE
HOUSE BILL 2532 ON THIRD READING**

Senator Fraser moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **CSHB 2532** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 26, Nays 4.

Yeas: Carona, Davis, Deuell, Duncan, Ellis, Eltife, Estes, Fraser, Garcia, Hegar, Hinojosa, Huffman, Lucio, Nelson, Nichols, Paxton, Rodríguez, Schwertner, Seliger, Taylor, Uresti, Van de Putte, Watson, West, Whitmire, Zaffirini.

Nays: Birdwell, Campbell, Hancock, Patrick.

Absent-excused: Williams.

The bill was read third time and was passed by the following vote: Yeas 25, Nays 5.

Yeas: Carona, Davis, Deuell, Duncan, Ellis, Eltife, Estes, Fraser, Garcia, Hinojosa, Huffman, Lucio, Nelson, Nichols, Paxton, Rodríguez, Schwertner, Seliger, Taylor, Uresti, Van de Putte, Watson, West, Whitmire, Zaffirini.

Nays: Birdwell, Campbell, Hancock, Hegar, Patrick.

Absent-excused: Williams.

STATEMENT OF LEGISLATIVE INTENT

Senator Fraser submitted the following statement of legislative intent for **CSHB 2532**:

CSHB 2532 is an "agreed to" Bill developed with input from both customer and industry stakeholders. Its intent is to provide oversight of community propane system gas rate pricing and other fees charged for services rendered by community propane system retailers to system gas customers, protect system customers from periods of extended outage, and provide certain standards of service. The Bill is not intended to affect or interfere with existing property rights and not affect or interfere with recorded deed restrictions or property development rules. The Bill does provide notice to purchasers of real property that they are buying property located within an area served by a community propane system.

FRASER

HOUSE BILL 3086 ON SECOND READING

On motion of Senator Huffman and by unanimous consent, the regular order of business was suspended to take up for consideration **HB 3086** at this time on its second reading:

HB 3086, Relating to an optional exemption from the diesel fuel tax for materials blended with taxable diesel fuel.

The bill was read second time and was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading except as follows:

Absent-excused: Williams.

HOUSE BILL 3086 ON THIRD READING

Senator Huffman moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HB 3086** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 30, Nays 0.

Absent-excused: Williams.

The bill was read third time and was passed by the following vote: Yeas 30, Nays 0. (Same as previous roll call)

**COMMITTEE SUBSTITUTE
HOUSE BILL 3914 ON SECOND READING**

On motion of Senator Estes and by unanimous consent, the regular order of business was suspended to take up for consideration **CSHB 3914** at this time on its second reading:

CSHB 3914, Relating to the creation of the Old Celina Municipal Management District No. 1; providing authority to impose an assessment or fee.

The bill was read second time.

Senator Estes offered the following amendment to the bill:

Floor Amendment No. 1

Amend **CSHB 3914** (senate committee printing) as follows:

(1) Add the following appropriately numbered SECTIONS to the bill and renumber the subsequent SECTIONS accordingly:

SECTION _____. The Parker County Utility District No. 1 is dissolved.

SECTION _____. The following laws are repealed:

(1) Chapter 7208, Special District Local Laws Code; and

(2) Section 1.04, Chapter 1273, Acts of the 75th Legislature, Regular Session, 1997.

SECTION _____. Subtitle C, Title 4, Special District Local Laws Code, is amended by adding Chapter 3918 to read as follows:

CHAPTER 3918. COMANCHE MUNICIPAL MANAGEMENT DISTRICT NO. 1
SUBCHAPTER A. GENERAL PROVISIONS

Sec. 3918.001. DEFINITIONS. In this chapter:

(1) "Board" means the district's board of directors.

(2) "City" means the City of Aubrey.

(3) "County" means Denton County.

(4) "Director" means a board member.

(5) "District" means the Comanche Municipal Management District No. 1.

Sec. 3918.002. NATURE OF DISTRICT. The Comanche Municipal Management District No. 1 is a special district created under Sections 52 and 52-a, Article III, and Section 59, Article XVI, Texas Constitution.

Sec. 3918.003. CONFIRMATION AND DIRECTORS' ELECTION REQUIRED. The initial directors shall hold an election to confirm the creation of the district and to elect five permanent directors as provided by Section 49.102, Water Code.

Sec. 3918.004. CITY CONSENT AND DEVELOPMENT AGREEMENT EXECUTION REQUIRED. (a) The initial directors may not hold an election under Section 3918.003 until the city has:

(1) consented by ordinance or resolution to the creation of the district and to the inclusion of land in the district; and

(2) entered into a development agreement with the owners of the real property in the district under Section 212.172, Local Government Code.

(b) The district is dissolved and this chapter expires September 1, 2017, if:

(1) the city has not consented to the creation of the district and to the inclusion of land in the district under Subsection (a)(1) before that date; or

(2) the development agreement described by Subsection (a)(2) is not entered into before that date.

Sec. 3918.005. PURPOSE; DECLARATION OF INTENT. (a) The creation of the district is essential to accomplish the purposes of Sections 52 and 52-a, Article III, and Section 59, Article XVI, Texas Constitution, and other public purposes stated in this chapter. By creating the district, and in authorizing the city and other political subdivisions to contract with the district, the legislature has established a program to accomplish the public purposes set out in Section 52-a, Article III, Texas Constitution.

(b) The creation of the district is necessary to promote, develop, encourage, and maintain employment, commerce, transportation, housing, tourism, recreation, the arts, entertainment, economic development, safety, and the public welfare in the district.

(c) This chapter and the creation of the district may not be interpreted to relieve the city or county from providing the level of services provided as of the effective date of the Act enacting this chapter to the area in the district. The district is created to supplement and not to supplant city and county services provided in the district.

Sec. 3918.006. FINDINGS OF BENEFIT AND PUBLIC PURPOSE. (a) The district is created to serve a public use and benefit.

(b) All land and other property included in the district will benefit from the improvements and services to be provided by the district under powers conferred by Sections 52 and 52-a, Article III, and Section 59, Article XVI, Texas Constitution, and other powers granted under this chapter.

(c) The district is created to accomplish the purposes of a municipal management district as provided by general law and Sections 52 and 52-a, Article III, and Section 59, Article XVI, Texas Constitution.

(d) The creation of the district is in the public interest and is essential to further the public purposes of:

- (1) developing and diversifying the economy of the state;
- (2) eliminating unemployment and underemployment; and
- (3) developing or expanding transportation and commerce.

(e) The district will:

(1) promote the health, safety, and general welfare of residents, employers, potential employees, employees, visitors, and consumers in the district, and of the public;

(2) provide needed funding for the district to preserve, maintain, and enhance the economic health and vitality of the district territory as a community and business center; and

(3) promote the health, safety, welfare, and enjoyment of the public by providing pedestrian ways and by landscaping and developing certain areas, which are necessary for the restoration, preservation, and enhancement of scenic beauty.

(f) Pedestrian ways along or across a street, whether at grade or above or below the surface, and street lighting, street landscaping, parking, and street art objects are parts of and necessary components of a street and are considered to be a street or road improvement.

(g) The district will not act as the agent or instrumentality of any private interest even though the district will benefit many private interests as well as the public.

Sec. 3918.007. INITIAL DISTRICT TERRITORY. (a) The district is initially composed of the territory described by Section ___ of the Act enacting this chapter.

(b) The boundaries and field notes of the district contained in Section ___ of the Act enacting this chapter form a closure. A mistake in the field notes or in copying the field notes in the legislative process does not affect the district's:

- (1) organization, existence, or validity;

(2) right to borrow money or issue any type of bonds or other obligations described by Section 3918.203 for a purpose for which the district is created or to pay the principal of and interest on the bonds or other obligations;

(3) right to impose or collect an assessment or collect other revenue;

(4) legality or operation; or

(5) right to contract.

Sec. 3918.008. ELIGIBILITY FOR INCLUSION IN SPECIAL ZONES. (a) All or any part of the area of the district that is not in the city's corporate limits is eligible to be included in:

(1) a tax increment reinvestment zone created under Chapter 311, Tax Code;

(2) a tax abatement reinvestment zone created under Chapter 312, Tax

Code;

(3) an enterprise zone created under Chapter 2303, Government Code; or

(4) an industrial district created under Chapter 42, Local Government Code.

(b) If the city creates a tax increment reinvestment zone described by Subsection (a), the city and the board of directors of the zone, by contract with the district, may grant money deposited in the tax increment fund to the district to be used by the district for:

(1) the purposes permitted for money granted to a corporation under Section 380.002(b), Local Government Code; and

(2) any other district purpose, including the right to pledge the money as security for any bonds or other obligations issued by the district under Section 3918.203.

(c) All or any part of the area of the district that is within the city's corporate limits is eligible to be included in:

(1) a tax increment reinvestment zone created under Chapter 311, Tax Code;

or

(2) a tax abatement reinvestment zone created under Chapter 312, Tax

Code.

(d) If the city creates a tax increment reinvestment zone described by Subsection (c)(1), the city and the board of directors of the zone, by contract, may allocate money deposited in the tax increment fund between the city and the district to be used by the city and the district for:

(1) the purposes permitted for money granted to a corporation under Section 380.002(b), Local Government Code;

(2) any other district purpose, including the right to pledge the money as security for any bonds or other obligations issued by the district under Section 3918.203; and

(3) funding services provided by the city to the area in the district.

(e) A tax increment reinvestment zone created by the city in the district is not subject to the limitations provided by Section 311.006, Tax Code.

Sec. 3918.009. APPLICABILITY OF MUNICIPAL MANAGEMENT DISTRICTS LAW. Except as otherwise provided by this chapter, Chapter 375, Local Government Code, applies to the district.

Sec. 3918.010. CONSTRUCTION OF CHAPTER. This chapter shall be liberally construed in conformity with the findings and purposes stated in this chapter.

SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 3918.051. GOVERNING BODY; TERMS. (a) The district is governed by a board of five elected directors.

(b) Except as provided by Section 3918.052, directors serve staggered four-year terms, with two or three directors' terms expiring June 1 of each odd-numbered year.

Sec. 3918.052. INITIAL DIRECTORS. (a) On or after the effective date of the Act enacting this chapter, the owner or owners of a majority of the assessed value of the real property in the district according to the most recent certified tax appraisal rolls for the county may submit a petition to the city requesting that the city appoint as initial directors the five persons named in the petition. The city shall appoint as initial directors the five persons named in the petition.

(b) Initial directors serve until the earlier of:

(1) the date permanent directors are elected under Section 3918.003; or

(2) the fourth anniversary of the effective date of the Act enacting this chapter.

(c) If permanent directors have not been elected under Section 3918.003 and the terms of the initial directors have expired, successor initial directors shall be appointed or reappointed as provided by Subsection (d) to serve terms that expire on the earlier of:

(1) the date permanent directors are elected under Section 3918.003; or

(2) the fourth anniversary of the date of the appointment or reappointment.

(d) If Subsection (c) applies, the owner or owners of a majority of the assessed value of the real property in the district according to the most recent certified tax appraisal rolls for the county may submit a petition to the city requesting that the city appoint as successor initial directors the five persons named in the petition. The city shall appoint as successor initial directors the five persons named in the petition.

SUBCHAPTER C. POWERS AND DUTIES

Sec. 3918.101. GENERAL POWERS AND DUTIES. The district has the powers and duties necessary to accomplish the purposes for which the district is created.

Sec. 3918.102. IMPROVEMENT PROJECTS. The district may provide, or it may enter into contracts with a governmental or private entity to provide, the improvement projects described by Subchapter C-1 or activities in support of or incidental to those projects.

Sec. 3918.103. WATER DISTRICT POWERS. The district has the powers provided by the general laws relating to conservation and reclamation districts created under Section 59, Article XVI, Texas Constitution, including Chapters 49 and 54, Water Code.

Sec. 3918.104. ROAD DISTRICT POWERS. The district has the powers provided by the general laws relating to road districts and road utility districts created under Section 52(b), Article III, Texas Constitution, including Chapter 441, Transportation Code.

Sec. 3918.105. PUBLIC IMPROVEMENT DISTRICT POWERS. The district has the powers provided by Chapter 372, Local Government Code, to a municipality or county.

Sec. 3918.106. CONTRACT POWERS. The district may contract with a governmental or private entity, on terms determined by the board, to carry out a power or duty authorized by this chapter or to accomplish a purpose for which the district is created.

Sec. 3918.107. EMERGENCY SERVICES. (a) This section applies only to territory in the district:

- (1) that is in the extraterritorial jurisdiction of the city;
- (2) for which a plat has been filed; and
- (3) that includes 100 or more residents.

(b) To protect the public interest, the district shall provide or contract with a qualified party to provide emergency services, including law enforcement, fire, and ambulance services, in the territory described by Subsection (a).

Sec. 3918.108. NO TOLL ROADS. The district may not construct, acquire, maintain, or operate a toll road.

Sec. 3918.109. NO EMINENT DOMAIN POWER. The district may not exercise the power of eminent domain.

SUBCHAPTER C-1. IMPROVEMENT PROJECTS AND SERVICES

Sec. 3918.151. IMPROVEMENT PROJECTS AND SERVICES. The district may provide, design, construct, acquire, improve, relocate, operate, maintain, or finance an improvement project or service using any money available to the district, or contract with a governmental or private entity to provide, design, construct, acquire, improve, relocate, operate, maintain, or finance an improvement project or service authorized under this chapter or Chapter 375, Local Government Code.

Sec. 3918.152. BOARD DETERMINATION REQUIRED. The district may not undertake an improvement project unless the board determines the project:

- (1) is necessary to accomplish a public purpose of the district; and
- (2) complies with the development agreement entered into under Section 3918.004(a)(2) or the parties to that development agreement agree to the project, in writing.

Sec. 3918.153. LOCATION OF IMPROVEMENT PROJECT. An improvement project may be inside or outside the district.

Sec. 3918.154. CITY REQUIREMENTS. (a) An improvement project in the corporate limits of the city must comply with any applicable requirements of the city, including codes and ordinances, that are consistent with the development agreement entered into under Section 3918.004(a)(2).

(b) The district may not provide, conduct, or authorize any improvement project on the city's streets, highways, rights-of-way, or easements without the consent of the governing body of the city.

Sec. 3918.155. IMPROVEMENT PROJECT AND SERVICE IN DEFINABLE AREA. The district may undertake an improvement project or service that confers a special benefit on a definable area in the district and levy and collect a special assessment on benefited property in the district in accordance with:

- (1) Chapter 372, Local Government Code; or
- (2) Chapter 375, Local Government Code.

SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS; ASSESSMENTS

Sec. 3918.201. DISBURSEMENTS AND TRANSFERS OF MONEY. The board by resolution shall establish the number of directors' signatures and the procedure required for a disbursement or transfer of the district's money.

Sec. 3918.202. MONEY USED FOR IMPROVEMENTS OR SERVICES. The district may undertake and provide an improvement project or service authorized by this chapter using any money available to the district.

Sec. 3918.203. BORROWING MONEY; OBLIGATIONS. (a) The district may borrow money for a district purpose without holding an election by issuing bonds, notes, time warrants, or other obligations, or by entering into a contract or other agreement payable wholly or partly from an assessment, a contract payment, a grant, revenue from a zone created under Chapter 311 or 312, Tax Code, other district revenue, or a combination of these sources.

(b) An obligation described by Subsection (a):

(1) may bear interest at a rate determined by the board; and

(2) may include a term or condition as determined by the board.

Sec. 3918.204. ASSESSMENTS. (a) Except as provided by Subsection (b), the district may impose an assessment on property in the district to pay for an obligation described by Section 3918.203 in the manner provided for:

(1) a district under Subchapters A, E, and F, Chapter 375, Local Government Code; or

(2) a municipality or county under Subchapter A, Chapter 372, Local Government Code.

(b) The district may not impose an assessment on a municipality, county, or other political subdivision.

Sec. 3918.205. NOTICE OF ASSESSMENTS. (a) The board shall annually file written notice with the secretary of the city that specifies the assessments the district will impose in the district's next fiscal year in sufficient clarity to describe the assessments for the operation and maintenance of the district and the assessments for the payment of debt service of obligations issued or incurred by the district.

(b) The board shall annually record in the deed records of the county a current assessment roll approved by the governing body of the city.

(c) The assessment roll must clearly state that the assessments in the assessment roll are in addition to the ad valorem taxes imposed by other taxing units that tax real property in the district.

(d) The district shall generate and implement a program to provide notification to a prospective purchaser of property in the district of the assessments that have been approved and are imposed by the district.

Sec. 3918.206. RESIDENTIAL PROPERTY NOT EXEMPT. Section 375.161, Local Government Code, does not apply to the district.

Sec. 3918.207. NO IMPACT FEES. The district may not impose an impact fee.

Sec. 3918.208. NO AD VALOREM TAX. The district may not impose an ad valorem tax.

SUBCHAPTER E. DISSOLUTION

Sec. 3918.251. DISSOLUTION BY CITY. (a) The city may dissolve the district by ordinance after the city annexes the district.

(b) Notwithstanding Subsection (a), the city may not dissolve the district until:

(1) the district's outstanding debt or contractual obligations have been repaid or discharged; or

(2) the city agrees to succeed to the rights and obligations of the district.

Sec. 3918.252. COLLECTION OF ASSESSMENTS AND OTHER REVENUE. (a) If the dissolved district has bonds or other obligations outstanding secured by and payable from assessments or other revenue, the city succeeds to the rights and obligations of the district regarding enforcement and collection of the assessments or other revenue.

(b) The city shall have and exercise all district powers to enforce and collect the assessments or other revenue to pay:

(1) the bonds or other obligations when due and payable according to their terms; or

(2) special revenue or assessment bonds or other obligations issued by the city to refund the outstanding bonds or obligations of the district.

Sec. 3918.253. ASSUMPTION OF ASSETS AND LIABILITIES. (a) After the city dissolves the district, the city assumes the obligations of the district, including any bonds or other debt payable from assessments or other district revenue.

(b) If the city dissolves the district, the board shall transfer ownership of all district property to the city.

SECTION _____. The Comanche Municipal Management District No. 1 initially includes all the territory contained in the following area:

TRACT 1

248.67 ACRE

BEING a tract of land situated in the William Lumpkin Survey Abstract No. 730, Denton County, Texas, and also being all of a 173.545 acre tract as recorded in Volume 5347, Page 4702 of the Deed Records of Denton County, Texas, also being all of a 75.125 acre tract as recorded in Volume 4895, Page 1900 D.R.D.C.T. and being more particularly described by metes and bounds as follows:

BEGINNING at a capped 1/2 inch iron rod found for corner (controlling monument) at the northeast corner of said 173.545-acre tract;

THENCE South 1 degree 53 minutes 56 seconds West a distance of 2221.22 feet to a 1/2 inch iron rod set for corner in Bryan Road (gravel surface);

THENCE North 88 degrees 04 minutes 11 seconds West following Bryan Road a distance of 1267.37 feet to a 1/2 inch iron rod found for corner in the east line of a 75.125-acre tract;

THENCE South 02 degrees 13 minutes 34 seconds West a distance of 900.51 feet to a 1/2 inch iron rod found for corner at the northeast corner of a 52.63 acre tract as recorded in Volume 2261, Page 53, D.R.D.C.T.;

THENCE North 89 degrees 19 minutes 31 seconds West following the north line of said 52.63 acres tract a distance of 3578.05 feet to a 5/8 inch iron rod (bent) found for corner in the east line of a tract conveyed to the United States of America as recorded in Volume 2585, Page 305, D.R.D.C.T.;

THENCE North 02 degrees 15 minutes 46 seconds East following the USA tract a distance of 243.40 feet to concrete monument stamped 1033-4 for corner;

THENCE North 02 degrees 18 minutes 26 seconds East following the USA tract a distance of 349.95 feet to concrete monument stamped 1033-5 for corner;

THENCE North 36 degrees 42 minutes 11 seconds West following the USA tract a distance of 396.06 feet to concrete monument stamped 1033-6 for corner on the east bank of a dry creek;

THENCE South 89 degrees 12 minutes 38 seconds East a distance of 201.16 feet to 1/2 inch iron rod found for corner;

THENCE North 00 degrees 47 minutes 22 seconds East a distance of 131.81 feet to a point for corner in a creek;

THENCE up said creek the following calls:

N 09°28'51" E 13.38'
N 07°11'52" E 163.03'
N 72°07'15" E 37.14'
S 63°04'41" E 103.03'
S 88°21'20" E 52.55'
N 04°13'19" E 21.33'
N 11°19'26" W 59.51'
N 18°42'11" E 87.30'
N 17°43'03" W 81.64'
N 74°51'43" E 136.16'
N 31°30'01" E 64.83'
S 88°00'53" E 66.68'
S 35°42'40" E 58.03'
S 82°36'34" E 31.64'
N 17°26'44" E 95.82'
S 42°05'36" E 150.73'
N 83°20'18" E 36.07'
N 05°26'09" E 107.43'
N 31°37'22" W 51.38'
N 20°57'03" E 66.43'
N 28°51'15" W 102.21'
N 71°19'55" E 53.49'
S 53°48'09" E 44.26'
N 85°29'09" E 65.70'
N 40°30'41" E 86.41'
N 78°32'11" E 40.09'
N 24°32'25" E 53.98'
N 77°19'49" E 92.67'
N 58°04'48" E 80.57'
S 32°29'24" E 38.45'
N 48°05'23" E 47.84'
N 25°13'19" E 47.92'
S 89°41'30" E 57.89'
S 78°26'24" E 91.22'
N 67°15'30" E 29.70'
S 23°35'53" E 132.38'

S 87°07'12" E 40.32'
N 00°43'32" W 44.48'
N 56°26'03" E 92.01'
S 51°37'41" E 87.66'
S 01°35'49" w 42.96'
S 59°48'32" E 8.73'
N 60°27'41" E 125.92'
N 44°01'02" E 75.88'
N 01°26'58" E 82.39'
N 73°27'50" E 73.60'
N 54°29'34" E 46.92'
N 81°58'33" E 46.29'
N 49°14'37" E 44.19'
N 53°45'54" W 113.00'
N 18°22'20" W 130.69'
N 29°43'26" E 28.51'
N 50°28'25" W 43.10'
N 17°32'30" W 68.50'
N 88°47'34" E 108.29'
S 55°53'19" E 47.42'
S 45°21'21" E 32.24'
N 52°55'59" E 49.96'
S 35°25'53" E 72.10'
N 24°00'28" E 43.50'
N 49°35'12" W 52.21'
N 07°23'52" E 54.05'
N 01°09'32" E 45.90'
N 84°16'29" E 94.67'
N 86°33'49" E 67.50'
S 74°49'52" E 56.94'
N 51°27'10" E 21.10'
N 21°28'46" W 35.20'
N 67°07'22" E 44.39'
S 30°10'20" E 49.02'
S 85°45'43" E 39.09'
N 18°14'15" E 39.69'
N 69°16'16" E 39.39'
S 49°20'27" E 59.65'
N 55°13'09" E 41.34'
N 40°35'34" W 70.10'
N 33°06'50" E 69.98'
N 66°20'41" E 42.96'
N 01°12'16" E 3.53'

THENCE North 86 degrees 41 minutes 34 seconds East a distance of 401.38 feet to a 1/2 inch iron rod set for comer;

THENCE South 88 degrees 18 minutes 26 seconds East a distance of 2105.22 feet to the POINT OF BEGINNING and containing 10,832,069 square feet or 248.67 acres of land, more or less.

RELEASE TRACT

100.582 ACRE TRACT

BEING a tract of land situated in the William Lumpkin Survey Abstract No. 730, Denton County, Texas, and also being part of a 173.545 acre tract as recorded in Volume 5347, Page 4702 of the Deed Records of Denton County, Texas, also being part of a 75.125 acre tract as recorded in Volume 4895, Page 1900 D.R.D.C.T. and being more particularly described by metes and bounds as follows:

BEGINNING at a capped 1/2 inch iron rod found for corner (controlling monument) at the northeast corner of said 173.545-acre tract;

THENCE South 1 degree 53 minutes 56 seconds West a distance of 2221.22 feet to a 1/2 inch iron rod set for corner in Bryan Road (gravel surface);

THENCE North 88 degrees 04 minutes 11 seconds West following Bryan Road a distance of 1267.37 feet to a 1/2 inch iron rod found for corner in the east line of a 75.125-acre tract;

THENCE South 02 degrees 13 minutes 34 seconds West a distance of 528.88 feet to a 1/2 inch iron rod found for corner at the northeast corner of a 52.63 acre tract as recorded in Volume 2261, Page 53, D.R.D.C.T.;

THENCE North 89 degrees 19 minutes 31 seconds West following the north line of said 52.63 acres tract a distance of 653.67 feet to a point;

THENCE North 02 degrees 10 minutes 14 seconds East a distance of 769.82.40 feet to the beginning of a tangent curve to the right;

THENCE Northerly, along said tangent curve to the right which has a chord that bears North 11 degrees 39 minutes 21 seconds East for 2017.05 feet, a central angle of 18 degrees 58 minutes 13 seconds and a radius of 6120.00 feet, for an arc distance of 2026.29 feet to the end of said curve;

THENCE South 88 degrees 18 minutes 26 seconds East a distance of 1578.43 feet to the POINT OF BEGINNING and containing 4,381,338 square feet or 100.582 acres of land.

TRACT 2

52.631 ACRE TRACT

All that certain tract or parcel of land situated in the WILLIAM LUMPKIN SURVEY, ABSTRACT NUMBER 73, County of DENTON, State of Texas, said tract being all of a called 52.630 acre tract as described in Deed 2261, Page 53 of the Real Property Records of the County of DENTON, State of Texas, and being more fully described as follows:

Beginning for the Northeast corner of the tract described herein at a found 1/2 inch rebar said rebar being the Northeast corner of said Layman tract, same being the Southeast corner of a called 75.125 acre tract as described in deed to Denton County 250 LP, filed 29 June 2004, and recorded in County Clerk's Number 2004-85167 of said Real Property Records, and said rebar being on the West line of a called 166.48 acre tract as described in deed to Jos. A. I. Worsham, Trustee, filed 24 December 2003, and recorded in County Clerk's Number 2003-205831 of said deed records, said rebar also being in Bryan Road;

Thence: South 02 degrees 07 minutes 23 seconds West, with the East line of said Layman tract, and with the West line of said Worsham tract, and with said road, a distance of 616.86 feet to a found 1/2 inch rebar for the Southeast corner of said Layman tract, same being the Northeast corner of Lot No. 2, a called 139.76 acre tract as described in partition, dated 18 September 1899, and recorded in Volume L, Page 587 of the District Court Minutes of DENTON County, Texas, and further described in Boundary Agreement, filed 22 May 1985, and recorded in Volume 1640, Page 779 of said Real Property Records;

Thence: North 89 degrees 19 minutes 30 seconds West, with the South line of said Layman tract, and with the North line of said Lot 2, and with the line as described in said Boundary Agreement, a distance of 3950.80 feet to a found Corps of Engineers concrete monument with a brass cap marked 1033-1, 1034-5, dated 1966 for the Southwest corner of said Layman tract, said monument being the East line of USA Tract L-1033 (Lake Lewisville);

Thence: North 40 degrees 32 minutes 30 seconds East, with the West line of said Layman tract, and with the East line of said USA tract, and with a barbed wire fence, a distance of 299.74 feet to a found Corps of Engineers concrete monument remains for an angle point in the West line of said Layman tract;

Thence: North 40 degrees 28 minutes 28 seconds East, with the West line of said Layman tract, and with the East line of said USA tract, and with a barbed wire fence, a distance of 299.71 feet to a found Corps of Engineers concrete monument with a brass cap marked 1033-3, dated 1966 for an angle point in the West line of said Layman tract, same being an angle point in the East line of said USA tract;

Thence: North 02 degrees 16 minutes 40 seconds East, with the West line of said Layman tract, and with the East line of said USA tract, and with a barbed wire fence, a distance of 156.12 feet to a found I inch rebar by a pipe fence corner post for the Northwest corner of said Layman tract, same being the Southwest corner of said Denton County 250 tract;

Thence: South 89 degrees 19 minutes 46 seconds East, with the North line of said Layman tract, and with the South line of said Denton County 250 tract, and with a barbed wire fence, and passing at 3550.64 feet a pipe fence corner post on the West side of said road, and continuing on said course a total distance of 3578.04 feet to a POINT OF BEGINNING and CONTAINING 52.613 acres of land.

RELEASE TRACT

9.257 ACRE TRACT

All that certain tract or parcel of land situated in the WILLIAM LUMPKIN SURVEY, ABSTRACT NUMBER 73, County of DENTON, State of Texas, said tract being part of a called 52.630 acre tract as described in Deed 2261, Page 53 of the Real Property Records of the County of DENTON, State of Texas, and being more fully described as follows:

Beginning for the Northeast corner of the tract described herein at a found 1/2 inch rebar said rebar being the Northeast corner of said Layman tract, same being the Southeast corner of a called 75.125 acre tract as described in deed to Denton County 250 LP, filed 29 June 2004, and recorded in County Clerk's Number 2004-85167 of said Real Property Records, and said rebar being on the West line of a called 166.48

acre tract as described in deed to Jos. A. I. Worsham, Trustee, filed 24 December 2003, and recorded in County Clerk's Number 2003-205831 of said deed records, said rebar also being in Bryan Road;

Thence: South 02 degrees 07 minutes 23 seconds West, with the East line of said Layman tract, and with the West line of said Worsham tract, and with said road, a distance of 616.86 feet to a found 1/2 inch rebar for the Southeast corner of said Layman tract, same being the Northeast corner of Lot No.2, a called 139.76 acre tract as described in partition, dated 18 September 1899, and recorded in Volume L, Page 587 of the District Court Minutes of DENTON County, Texas, and further described in Boundary Agreement, filed 22 May 1985, and recorded in Volume 1640, Page 779 of said Real Property Records;

Thence: North 89 degrees 19 minutes 30 seconds West, with the South line of said Layman tract, and with the North line of said Lot 2, and with the line as described in said Boundary Agreement, a distance of 654.18 feet a point;

Thence: North 02 degrees 10 minutes 14 seconds East, a distance of 616.82 feet to a point;

Thence: South 89 degrees 19 minutes 46 seconds East, with the North line of said Layman tract, and with the South line of said Denton County 250 tract, and with a barbed wire fence, a distance of 653.67 feet to a POINT OF BEGINNING and CONTAINING 9.257 acres of land.

SECTION _____. Subtitle F, Title 6, Special District Local Laws Code, is amended by adding Chapter 8469 to read as follows:

CHAPTER 8469. VENABLE RANCH MUNICIPAL UTILITY DISTRICT NO. 1
OF DENTON COUNTY

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 8469.001. DEFINITIONS. In this chapter:

(1) "Board" means the district's board of directors.

(2) "City" means the City of Aubrey, Texas.

(3) "Commission" means the Texas Commission on Environmental Quality.

(4) "Director" means a board member.

(5) "District" means the Venable Ranch Municipal Utility District No. 1 of

Denton County.

Sec. 8469.002. NATURE OF DISTRICT. The district is a municipal utility district created under Section 59, Article XVI, Texas Constitution.

Sec. 8469.003. CONFIRMATION AND DIRECTORS' ELECTION REQUIRED. The temporary directors shall hold an election to confirm the creation of the district and to elect five permanent directors as provided by Section 49.102, Water Code.

Sec. 8469.004. CONSENT OF CITY REQUIRED. The temporary directors may not hold an election under Section 8469.003 until:

(1) the city has consented by ordinance or resolution to the creation of the district and to the inclusion of land in the district; and

(2) the city and an owner or owners of land in the district have entered into a development agreement under Section 212.172, Local Government Code.

Sec. 8469.005. FINDINGS OF PUBLIC PURPOSE AND BENEFIT. (a) The district is created to serve a public purpose and benefit.

(b) The district is created to accomplish the purposes of:

(1) a municipal utility district as provided by general law and Section 59, Article XVI, Texas Constitution; and

(2) Section 52, Article III, Texas Constitution, that relate to the construction, acquisition, improvement, operation, or maintenance of macadamized, graveled, or paved roads, or improvements, including storm drainage, in aid of those roads.

Sec. 8469.006. INITIAL DISTRICT TERRITORY. (a) The district is initially composed of the territory described by Section ___ of the Act enacting this chapter.

(b) The boundaries and field notes contained in Section ___ of the Act enacting this chapter form a closure. A mistake made in the field notes or in copying the field notes in the legislative process does not affect the district's:

(1) organization, existence, or validity;

(2) right to issue any type of bond for the purposes for which the district is created or to pay the principal of and interest on a bond;

(3) right to impose a tax; or

(4) legality or operation.

SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 8469.051. GOVERNING BODY; TERMS. (a) The district is governed by a board of five elected directors.

(b) Except as provided by Section 8469.052, directors serve staggered four-year terms.

Sec. 8469.052. TEMPORARY DIRECTORS. (a) On or after September 1, 2013, the owner or owners of a majority of the assessed value of the real property in the district may submit a petition to the commission requesting that the commission appoint as temporary directors the five persons named in the petition. The commission shall appoint as temporary directors the five persons named in the petition.

(b) Temporary directors serve until the earlier of:

(1) the date permanent directors are elected under Section 8469.003; or

(2) September 1, 2017.

(c) If permanent directors have not been elected under Section 8469.003 and the terms of the temporary directors have expired, successor temporary directors shall be appointed or reappointed as provided by Subsection (d) to serve terms that expire on the earlier of:

(1) the date permanent directors are elected under Section 8469.003; or

(2) the fourth anniversary of the date of the appointment or reappointment.

(d) If Subsection (c) applies, the owner or owners of a majority of the assessed value of the real property in the district may submit a petition to the commission requesting that the commission appoint as successor temporary directors the five persons named in the petition. The commission shall appoint as successor temporary directors the five persons named in the petition.

SUBCHAPTER C. POWERS AND DUTIES

Sec. 8469.101. GENERAL POWERS AND DUTIES. The district has the powers and duties necessary to accomplish the purposes for which the district is created.

Sec. 8469.102. MUNICIPAL UTILITY DISTRICT POWERS AND DUTIES. The district has the powers and duties provided by the general law of this state, including Chapters 49 and 54, Water Code, applicable to municipal utility districts created under Section 59, Article XVI, Texas Constitution.

Sec. 8469.103. AUTHORITY FOR ROAD PROJECTS. Under Section 52, Article III, Texas Constitution, the district may design, acquire, construct, finance, issue bonds for, improve, operate, maintain, and convey to this state, a county, or a municipality for operation and maintenance macadamized, graveled, or paved roads, or improvements, including storm drainage, in aid of those roads.

Sec. 8469.104. ROAD STANDARDS AND REQUIREMENTS. (a) A road project must meet all applicable construction standards, zoning and subdivision requirements, and regulations of each municipality in whose corporate limits or extraterritorial jurisdiction the road project is located.

(b) If a road project is not located in the corporate limits or extraterritorial jurisdiction of a municipality, the road project must meet all applicable construction standards, subdivision requirements, and regulations of each county in which the road project is located.

(c) If the state will maintain and operate the road, the Texas Transportation Commission must approve the plans and specifications of the road project.

Sec. 8469.105. COMPLIANCE WITH MUNICIPAL CONSENT ORDINANCE OR RESOLUTION. The district shall comply with all applicable requirements of any ordinance or resolution that is adopted under Section 54.016 or 54.0165, Water Code, and that consents to the creation of the district or to the inclusion of land in the district.

Sec. 8469.106. DIVISION OF DISTRICT. (a) The district may be divided into two or more new districts only if the district:

(1) has no outstanding bonded debt; and

(2) is not imposing ad valorem taxes.

(b) This chapter applies to any new district created by the division of the district, and a new district has all the powers and duties of the district.

(c) Any new district created by the division of the district may not, at the time the new district is created, contain any land outside the area described by Section of the Act creating this chapter.

(d) The board, on its own motion or on receipt of a petition signed by the owner or owners of a majority of the assessed value of the real property in the district, may adopt an order dividing the district.

(e) The board may adopt an order dividing the district before or after the date the board holds an election under Section 8469.151 to authorize the issuance of bonds.

(f) An order dividing the district must:

(1) name each new district;

(2) include the metes and bounds description of the territory of each new

district;

(3) appoint temporary directors for each new district; and

(4) provide for the division of assets and liabilities between or among the

new districts.

(g) On or before the 30th day after the date of adoption of an order dividing the district, the district shall file the order with the commission and record the order in the real property records of each county in which the district is located.

(h) Any new district created by the division of the district shall hold a confirmation and directors' election as required by Section 8469.003.

(i) Any new district created by the division of the district must hold an election as required by this chapter to obtain voter approval before the district may impose a maintenance tax or issue bonds payable wholly or partly from ad valorem taxes.

(j) If the creation of the new district is confirmed, the new district shall provide the election date and results to the commission.

Sec. 8469.107. FIREFIGHTING SERVICES. Notwithstanding Section 49.351(a), Water Code, the district may, as authorized by Section 59(f), Article XVI, Texas Constitution, and Section 49.351, Water Code:

(1) establish, operate, and maintain a fire department;

(2) contract with another political subdivision for the joint operation of a fire department; or

(3) contract with any other person to perform firefighting services in the district and may issue bonds and impose taxes to pay for the department and the activities.

Sec. 8469.108. FEES AND CHARGES. (a) The district may adopt and enforce all necessary charges, mandatory fees, or rentals, in addition to taxes, for providing or making available any district facility or service, including firefighting activities provided under Section 8469.107.

(b) To enforce payment of an unpaid fee or charge due to the district, on the request of the district, a retail public utility, as defined by Section 13.002, Water Code, providing water or sewer service to a customer in the district shall terminate the service.

SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

Sec. 8469.151. ELECTIONS REGARDING TAXES OR BONDS. (a) The district may issue, without an election, bonds and other obligations secured by:

(1) revenue other than ad valorem taxes; or

(2) contract payments described by Section 8469.153.

(b) The district must hold an election in the manner provided by Chapters 49 and 54, Water Code, to obtain voter approval before the district may impose an ad valorem tax or issue bonds payable from ad valorem taxes.

(c) The district may not issue bonds payable from ad valorem taxes to finance a road project unless the issuance is approved by a vote of a two-thirds majority of the district voters voting at an election held for that purpose.

Sec. 8469.152. OPERATION AND MAINTENANCE TAX. (a) If authorized at an election held under Section 8469.151, the district may impose an operation and maintenance tax on taxable property in the district in accordance with Section 49.107, Water Code.

(b) The board shall determine the tax rate. The rate may not exceed the rate approved at the election.

Sec. 8469.153. CONTRACT TAXES. (a) In accordance with Section 49.108, Water Code, the district may impose a tax other than an operation and maintenance tax and use the revenue derived from the tax to make payments under a contract after the provisions of the contract have been approved by a majority of the district voters voting at an election held for that purpose.

(b) A contract approved by the district voters may contain a provision stating that the contract may be modified or amended by the board without further voter approval.

SUBCHAPTER E. BONDS AND OTHER OBLIGATIONS

Sec. 8469.201. AUTHORITY TO ISSUE BONDS AND OTHER OBLIGATIONS. The district may issue bonds or other obligations payable wholly or partly from ad valorem taxes, impact fees, revenue, contract payments, grants, or other district money, or any combination of those sources, to pay for any authorized district purpose.

Sec. 8469.202. TAXES FOR BONDS. At the time the district issues bonds payable wholly or partly from ad valorem taxes, the board shall provide for the annual imposition of a continuing direct ad valorem tax, without limit as to rate or amount, while all or part of the bonds are outstanding as required and in the manner provided by Sections 54.601 and 54.602, Water Code.

Sec. 8469.203. BONDS FOR ROAD PROJECTS. At the time of issuance, the total principal amount of bonds or other obligations issued or incurred to finance road projects and payable from ad valorem taxes may not exceed one-fourth of the assessed value of the real property in the district.

SUBCHAPTER F. ANNEXATION BY CITY

Sec. 8469.251. EFFECT OF ANNEXATION BY CITY. (a) Notwithstanding any other law, if all of the territory of the district is annexed by the city into the corporate limits of the city before the date of the election held to confirm the creation of the district and the district is confirmed at that election, the district may not be dissolved and continues in existence following annexation until:

(1) water, sanitary sewer, and drainage improvements and roads have been constructed to serve at least 90 percent of the territory of the district capable of development; or

(2) the board adopts a resolution consenting to the dissolution of the district.

(b) Notwithstanding Section 54.016(f)(2), Water Code, an allocation agreement between the city and the district that provides for the allocation of the taxes or revenues of the district and the city following the date of inclusion of the district's territory in the corporate limits of the city may provide that the total annual ad valorem taxes collected by the city and the district from taxable property within the city's corporate limits may exceed the city's ad valorem tax on that property.

SECTION ____ . The Venable Ranch Municipal Utility District No. 1 of Denton County initially includes all the territory contained in the following area:

VENABLE PROPERTY DESCRIPTION:

TRACT 1

Being a tract of land situated in the George Smith Survey, Abstract No. 1219, the S. Williams Survey, Abstract No. 1333, the M. McBride Survey, Abstract No. 804, the N. McMillan Survey, Abstract No. 841, the J. Cantwell Survey, Abstract No. 282, the

T. Chambers Survey, Abstract No. 223, the J. Moses Survey, Abstract No. 894, the J. Wells Survey, Abstract No. 1426, the J. Wilburn Survey, Abstract No. 1427, and the W. Boydston Survey, Abstract No. 117, Denton County, Texas and being all of the following tracts of land conveyed to Venable Royalty, LTD.; a called 10.69 acre tract by deed recorded in Volume 5128, Page 563 of the Real Property Records of Denton County, Texas (R.P.R.D.C.T.); a called 11.00 acre tract by deed recorded in Volume 5144, Page 2973, R.P.R.D.C.T.; a called a called 29.089 acre tract by deed recorded in Volume 4077, Page 1372, R.P.R.D.C.T.; a called 27.20 acre tract by deed recorded in Volume 5076, Page 822, R.P.R.D.C.T. (50% interest); a called 54.08 acre tract by deed recorded in Volume 4867, Page 3255, R.P.R.D.C.T.; a called 7.000 acre tract, called Parcel One, Tract I, a called 0.228 acre tract, called Parcel One, Tract II, and a called 14.586 acre tract, called Parcel Two by deed recorded in Volume 4506, Page 1340 of the Deed Records of Denton County, Texas (D.R.D.C.T.); all of Lots 16 and 17 of Scenic Acres by deed recorded in Volume 4399, Page 1845, R.P.R.D.C.T., said Scenic Acres being an addition to Denton County, Texas according to the plat recorded in Cabinet B, Page 379 of the Map Records of Denton County, Texas (M.R.D.C.T.); all of the following tracts of land conveyed to Venable Estate, LTD.; a called 4.02 acre tract by deed recorded in Instrument No. 2008-41088 of the Official Records of Denton County, Texas (O.R.D.C.T.); a called 27.20 acre tract by deed recorded in Instrument No. 2004-101157, O.R.D.C.T. (50% interest); all of the following recorded in Instrument No. 2005-43578, O.R.D.C.T.; of Exhibit "A-1"; a called 48.9 acre tract, called First Tract; a called 70 acre tract, called Second Tract; a called 40 acre tract, called Third Tract; a called 30 acre tract, called Fourth Tract; a called 70.80 acre tract, called Fifth Tract; a called 70.62 acre tract, called Sixth Tract; a called 53.83 acre tract, called Seventh Tract; a called 88 acre tract, called Eighth Tract; a called 40 acre tract, called Ninth Tract; a called 40 acre tract, called Tenth Tract; a called 54 acre tract, called Eleventh Tract; a called 63 acre tract, called Twelfth Tract; a called 55 acre tract, called Thirteenth Tract; a called 50 acre tract, called Fourteenth Tract; a called 3 acre tract, called Fifteenth Tract; a called 6 acre tract, called Sixteenth Tract; a called 100 acre tract, called Seventeenth Tract; a called 58 acre tract, called Eighteenth Tract; a called 29.37 acre tract, called Nineteenth Tract; the remainder of a called 20 acre tract, called Twentieth Tract; a called 80 acre tract, called Twenty-First Tract; a called 3.5 acre tract, called Twenty-Second Tract; a called 114.8 acre tract, called Twenty-Third Tract; a called 412 acre tract, called Twenty-Fourth Tract; a called 40 acre tract, called Twenty-Fifth Tract; a called 40 acre tract, called Twenty-Sixth Tract; a called 65.93 acre tract, called Twenty-Seventh Tract; of Exhibit "A-2"; First Tract; Second Tract; and a called 118.3 acre tract, called Third Tract; all of Exhibit "A-3", called 24 acres; all of Exhibit "A-6", called 70 acres; of Exhibit "A-7"; a called 63 acre tract, called First Tract; and a called 80 acre tract, called Second Tract; and all of Exhibit "A-8", called 54.089 acres, and being more particularly described as follows:

BEGINNING at a 1/2 inch iron rod found for the northeast corner of said Venable 10.69 acre tract, said corner being in the west line of the Texas and Pacific Railway Company right-of-way (80 foot wide right-of-way);

THENCE along the west line of said Texas and Pacific Railway Company right-of-way the following courses and distances:

South 07°41'12" West, a distance of 3421.85 feet to the beginning of a tangent curve to the right;

Southwesterly along said tangent curve to the right having a central angle of 18°23'37", a radius of 5679.58 feet, a chord bearing of South 16°53'01" West, a chord distance of 1815.49 feet, and an arc length of 1823.31 feet to a point at the end of said curve;

South 26°04'49" West, a distance of 3713.98 feet to the southeast corner of said Venable Exhibit "A-1" Twenty-Fourth Tract, said point being in the approximate centerline of Black Jack Road;

THENCE with the approximate centerline of Black Jack Road and along the south lines of said Venable Exhibit "A-1" Twenty-Fourth Tract and Twentieth Tract, the following courses and distances:

North 89°23'03" West, passing at a distance of 88.61 feet the northeast corner of Quail Ridge Estates, an addition to the City of Aubrey, Texas according to the plat recorded in Cabinet T, Page 40, M.R.D.C.T., and continuing for a total distance of 1122.68 feet to the most northerly northwest corner of said Quail Ridge Estates;

North 89°59'13" West, a distance of 2643.79 feet to the northwest corner of a called 15.000 acre tract of land, called Tract Eight, conveyed to Old south Royalty Company by deed recorded in Volume 2138, Page 809, R.P.R.D.C.T. and the northeast corner of a called 15.28 Acre tract of land conveyed to Robert A. Foster and Etta J. Luongo, by deed recorded in Document No. 2007-88559, O.R.D.C.T.;

South 89°49'29" West, passing at a distance of 39.40 feet a mag nail found, and continuing for a total distance of 368.29 feet to the southwest corner of said Venable Exhibit "A-1" Twentieth Tract, said point being in the west line of Wilson Cemetery Road;

THENCE North 01°18'58" West, along the west line of said Venable Exhibit "A-1" Twentieth Tract and the west line of said Wilson Cemetery Road, passing at a distance of 8.98 feet a mag nail found for the southeast corner of a called 25.196 acre tract of land conveyed to Russell W. Streng and Truly W. Streng, by deed recorded in Volume 4326, Page 1990, R.P.R.D.C.T., and continuing along said west lines and the east line of said 25.196 acre tract for a total distance of 224.04 feet to a point in a fence line at the southerly corner of a called 0.100 acre tract of land conveyed to Russell W. Streng and Truly W. Streng by deed recorded in Document No. 2012-53458, O.R.D.C.T.;

THENCE North 00°08'42" West, with said fence line along the west line of said Wilson Cemetery Road, and along the east line of said 0.100 acre tract, a distance of 653.39 feet to the northeast corner of said 0.100 acre tract and the southeast corner of a called 0.422 acre tract of land conveyed to Rodney Ivan Streng and Judith Ann Streng, Trustees, or Their Successor Trustees Under The Rodney I. Streng and Judith A. Streng Living Trust, by deed recorded in Document No. 2012-53328, O.R.D.C.T.;

THENCE continuing along said fence line along the west line of said Wilson Cemetery Road, and along the east line of said 0.422 acre tract, the following courses and distances:

North 00°10'08" West, a distance of 816.15 feet to a point for corner;

North 15°07'16" West, a distance of 23.99 feet to a point for corner;

North $54^{\circ}47'59''$ West, a distance of 29.83 feet to the most northerly corner of said 0.422 acre tract, said point being in the west line of said Venable Exhibit "A-1" Twentieth Tract and east line of a called 25.196 acre tract of land conveyed to Rodney I. Streng and Judith A. Streng Family Trust, by deed recorded in Instrument Number 2010-59229, O.R.D.C.T.;

THENCE North $01^{\circ}18'58''$ West, a distance of 12.03 feet to a mag nail found for the northwest corner of said Venable Exhibit "A-1" Twentieth Tract and the northeast corner of said Streng Family Trust 25.196 acre tract, said corner being in the south line of said Venable Exhibit "A-1" Eighth Tract;

THENCE North $89^{\circ}45'07''$ West, with said Wilson Cemetery Road, and along the south line of said Venable Exhibit "A-1" Eighth Tract and the north line of said Streng Family Trust 25.196 acre tract, a distance of 1254.71 feet to a 1/2 inch iron rod found for the southwest corner of said Venable Exhibit "A-1" Eighth Tract and the northwest corner of said Streng Family Trust 25.196 acre tract, said corner being in the east line of a called 5.30 acre tract of land, called Tract Three, conveyed to Cedars Development, Inc. by deed recorded in Instrument Number 2011-95252, O.R.D.C.T.;

THENCE North $01^{\circ}20'47''$ West, with said Wilson Cemetery Road, and along the west line of said Venable Exhibit "A-1" Eighth Tract and the east line of said 5.30 acre tract, a distance of 573.91 feet to a 1/2 inch iron rod found for the northeast corner of said 5.30 acre tract and the southeast corner of said Venable Exhibit "A-1" Fourteenth Tract, said corner being at the intersection of Wilson Cemetery Road with Grubbs Road;

THENCE North $88^{\circ}33'37''$ West, with said Grubbs Road, and along the south lines of said Venable Exhibit "A-1" Fourteenth Tract and Fifteenth Tract, a distance of 1429.54 feet to a mag nail found for the southwest corner of said Venable Exhibit "A-1" Fifteenth Tract, and the southeast corner of a called 0.743 acre tract of land, called Tract One, conveyed to Old South Royalty Company by deed recorded in Volume 2138, Page 809, R.P.R.D.C.T.;

THENCE North $00^{\circ}16'29''$ East, along the west line of said Venable Exhibit "A-1" Fifteenth Tract and the east line of said 0.743 acre tract, passing at a distance of 1078.75 feet the northeast corner of said 0.743 acre tract and the most southerly southeast corner of a called 352.393 acre tract of land, called Tract Three, conveyed to Old South Royalty Company by deed recorded in Volume 2138, Page 809, R.P.R.D.C.T., and continuing along said west line and the east line of said 352.393 acre tract, for a total distance of 2079.16 feet to a 1/2 inch iron rod with plastic cap stamped "J E Smith 3700" found for the northwest corner of said Venable Exhibit "A-1" Fifteenth Tract and an ell corner of said 352.393 acre tract;

THENCE South $89^{\circ}57'36''$ East, along the north line of said Venable Exhibit "A-1" Fifteenth Tract and a south line of said 352.393 acre tract, a distance of 69.55 feet to a 1/2 inch iron rod with plastic cap stamped "J E Smith 3700" found for the northeast corner of said Venable Exhibit "A-1" Fifteenth Tract, the northwest corner of said Venable Exhibit "A-1" Fourteenth Tract, the southwest corner of said Venable Exhibit "A-1" Twelfth Tract, and the most easterly southeast corner of said 352.393 acre tract;

THENCE North 00°07'55" West, along the west line of said Venable Exhibit "A-1" Twelfth Tract and the east line of said 352.393 acre tract, a distance of 1866.24 feet to a 1/2 inch iron rod with plastic cap stamped "J E Smith 3700" found for the northeast corner of said 352.393 acre tract and the southeast corner of said Venable Exhibit "A-1" Nineteenth Tract;

THENCE along the south line of said Venable Exhibit "A-1" Nineteenth Tract and the north line of said 352.393 acre tract the following courses and distances:

South 84°01'58" West, a distance of 569.60 feet to a point for corner;

South 89°43'26" West, a distance of 841.22 feet to a 1/2 inch iron rod with plastic cap stamped "J E Smith 3700" found for the corner;

South 51°33'10" West, a distance of 179.90 feet to a 1/2 inch iron rod with plastic cap stamped "J E Smith 3700" found for corner;

South 87°42'24" West, a distance of 225.93 feet to a 1/2 inch iron rod with plastic cap stamped "J E Smith 3700" found for corner;

South 62°36'29" West, a distance of 502.48 feet to a 1/2 inch iron rod with plastic cap stamped "J E Smith 3700" found the southwest corner of said Venable Exhibit "A-1" Nineteenth Tract and the southeast corner of said Venable Exhibit "A-1" Fifth Tract;

THENCE North 89°55'15" West, continuing along the north line of said 352.393 acre tract and the south lines of said Venable Exhibit "A-1" Fifth Tract and Seventh Tract, passing at a distance of 4118.63 feet a Corps. of Engineers concrete monument with brass disk found for the northeast corner of Tract No. 2512E, conveyed to the United States of America by deed recorded in County Clerk's File No. 95-R0068092, D.R.D.C.T., and continuing along the south line of said Venable Exhibit "A-1" Seventh Tract and the north line of said Tract No. 2512E, for a total distance of 4768.62 feet to a 5/8 inch iron rod found for the northwest corner of said Tract No. 2512E, said corner being in the east line of Tract No. 2512, conveyed to the United States of America by deed recorded in County Clerk's File No. 95-R0068092, D.R.D.C.T.;

THENCE North 14°20'32" East, along the east line of said Tract No. 2512, a distance of 116.96 feet to a 5/8 inch iron rod found for the northeast corner of said Tract No. 2512;

THENCE South 89°21'47" West, along the north line of said Tract No. 2512, passing at a distance of 63.04 feet the northwest corner of said Tract No. 2512 and a northeast corner of Tract No. 2510, conveyed to the United States of America by deed recorded in County Clerk's File No. 97-R0083048, D.R.D.C.T., and continuing along a north line of said Tract No. 2510, for a total distance of 325.98 feet to a 5/8 inch iron rod found for an ell corner of said Tract No. 2510, said corner being in the west line of said Venable Exhibit "A-1" Sixth Tract and the east line of a called 2.73 acre tract of land conveyed to Venable Estate, LTD., by deed recorded in Instrument No. 2005-43578, O.R.D.C.T.;

THENCE North 00°37'33" West, along the east lines of said Tract No. 2510 and said Venable Exhibit "A-4", 2.73 acre tract and the west line of said Venable Exhibit "A-1" Sixth Tract, a distance of 2548.77 feet to a Corps. of Engineers concrete monument with brass disk found for the northeast corners of said Tract No. 2510 and said Venable Exhibit "A-4", 2.73 acre tract, the Northwest corner of said Venable Exhibit

"A-1" Sixth Tract, the southwest corner of said Venable Exhibit "A-1" Fourth Tract, and the southeast corner of a called 331.388 acre tract of land conveyed to Robert G. McGraw and Helen McGraw, by deed recorded in County Clerk's File No. 97-R0089771, D.R.D.C.T.;

THENCE North $00^{\circ}44'14''$ West, along the west line of said Venable Exhibit "A-1" Fourth Tract and the east line of said 331.388 acre tract, a distance of 750.63 feet to a Corps. of Engineers concrete monument with brass disk found for the northwest corner of said Venable Exhibit "A-1" Fourth Tract and a northeast corner of said 331.388 acre tract, being in the south line of a called 119.83 acre tract of land conveyed to Helen McGraw, by deed recorded in Volume 4407, Page 1179, R.P.R.D.C.T.;

THENCE South $89^{\circ}47'07''$ East, along the north lines of said Venable Exhibit "A-1" Fourth Tract and Third Tract, and the south line of said 119.83 acre tract, a distance of 1787.66 feet to a 1/2 inch iron rod found for a southeast corner of said 119.83 acre tract and the southwest corner of said Venable Parcel Two, 14.586 acre tract, said corner being in the approximate centerline of McKinney Bridge Road;

THENCE with the approximate centerline of McKinney Bridge Road, and with the northwesterly line of said Venable Parcel Two, 14.586 acre tract, and the southeasterly line of said 119.83 acre tract, the following courses and distances:

North $67^{\circ}10'55''$ East, a distance of 1377.39 feet to a 1/2 inch iron rod found for corner;

North $36^{\circ}16'40''$ East, a distance of 261.33 feet to a 1/2 inch iron rod with yellow plastic cap stamped "THROUGH CAP" found for corner;

North $49^{\circ}01'29''$ East, passing at a distance of 270.75 feet a 1/2 inch iron rod found, and continuing for a total distance of 273.58 feet to the most northerly corner of said Venable Parcel Two, 14.586 acre tract, and the most easterly southeast corner of said 119.83 acre tract, said corner being in the west line of the aforesaid Scenic Acres;

THENCE South $00^{\circ}22'24''$ West, along the east line of said Venable Parcel Two, 14.586 acre tract, and the west line of said Scenic Acres, a distance of 714.48 feet to the northwest corner of Lot 17 of said Scenic Acres;

THENCE South $89^{\circ}37'31''$ East, along the north line of said Lot 17, a distance of 206.82 feet to the most northerly northeast corner of said Lot 17, said corner being in a 60 foot radius cul-de-sac right-of-way line of Scenic Drive and being at the beginning of a non-tangent curve to the left;

THENCE, southeasterly along said cul-de-sac right-of-way line and with said non-tangent curve to the left having a central angle of $165^{\circ}08'50''$, a radius of 60.00 feet, a chord bearing of South $82^{\circ}18'25''$ East, a chord distance of 118.99 feet, passing at an arc length of 72.26 feet the most easterly northeast corner of said Lot 17 and the most westerly northwest corner of Lot 16 of said Scenic Acres, and continuing for a total arc length of 172.94 feet to the most easterly northwest corner of said Lot 16, being in the south right-of-way line of Scenic Drive (a 60 foot wide right-of-way);

THENCE North $74^{\circ}55'19''$ East, along the south right-of-way line of said Scenic Drive, a distance of 18.10 feet to the northeast corner of said Lot 16;

THENCE South 05°05'59" West, along the east line of said Lot 16, a distance of 422.16 feet to the southeast corner of said Lot 16, said corner being in the south line of said Scenic Acres and the north line of said Venable Exhibit "A-1" Third Tract;

THENCE South 89°37'50" East, along the south line of said Scenic Acres and the north lines of said Venable Exhibit "A-1" Third Tract and Second Tract, a distance of 667.01 feet to a 1/2 inch iron rod found for the southeast corner of said Scenic Acres and the southwest corner of a called 39.04 acre tract of land conveyed to Pete Kenny, by deed recorded in Instrument No. 2010-28786, O.R.D.C.T.;

THENCE North 89°55'56" East, along the north lines of said Venable Exhibit "A-1" Second Tract and Seventeenth Tract, and the south line of said 39.04 acre tract, a distance of 958.70 feet to a wood corner post found for the southeast corner of said 39.04 acre tract and an ell corner of said Venable Exhibit "A-1" Seventeenth Tract;

THENCE North 00°47'57" West, along the east line of said 39.04 acre tract and the west lines of said Venable Exhibit "A-1" Seventeenth Tract and Venable Exhibit "A-7" First Tract, a distance of 1748.72 feet to a 1/2 inch iron rod found for the northeast corner of said 39.04 acre tract and the southeast corner of said Venable Parcel One, Tract I, 7.000 acre tract;

THENCE South 89°17'34" West, along the south line of said Venable Parcel One, Tract I, and the north line of said 39.04 acre tract, a distance of 72.46 feet to a 1/2 inch iron rod found for the southwest corner of said Venable Parcel One, Tract I, and the southeast corner of a called 7.000 acre tract of land conveyed to Ronald G. Johnson and Wife, Hester L. Johnson, by deed recorded in Volume 1191, Page 694, D.R.D.C.T.;

THENCE North 52°27'48" West, along the southwesterly line of said Venable Parcel One, Tract I and the northeasterly line of said Johnson 7.000 acre tract, a distance of 989.37 feet to the northwest corner of said Venable Parcel One, Tract I, the southwest corner of said Venable Parcel One, Tract II, 0.228 acre tract, the northeast corner of said Johnson 7.000 acre tract, and the southeast corner of a called 0.110 acre tract of land conveyed to Ronald G. Johnson et ux, Hester L. Johnson, by deed recorded in Volume 1197, Page 860, D.R.D.C.T.;

THENCE North 04°02'10" West, along the west line of said Venable Parcel One, Tract II and the east line of said 0.110 acre tract, a distance of 104.40 feet to the northwest corner of said Venable Parcel One, Tract II and the northeast corner of said 0.110 acre tract, said point being in the approximate centerline of McKinney Bridge Road;

THENCE with the approximate centerline of said McKinney Bridge Road, and along the northwesterly line of said Venable Parcel One, Tract II the following courses and distances:

North 39°51'20" East, a distance of 56.10 feet to a point for corner;

North 20°28'10" East, a distance of 132.92 feet to the northeast corner of said Venable Parcel One, Tract II, said corner being in the west line of a called 103.4117 acre tract of land conveyed to E E Ranches of Texas, Inc., by deed recorded in Volume 2256, Page 840, R.P.R.D.C.T.;

THENCE South $00^{\circ}18'17''$ East, along the east line of said Venable Parcel One, Tract II and the west line of said 103.4117 acre tract, a distance of 266.23 feet to the southeast corner of said Venable Parcel One, Tract II and the most westerly southwest corner of said 103.4117 acre tract, said point being in the north line of said Venable Parcel One, Tract I;

THENCE North $85^{\circ}40'16''$ East, along the north line of said Venable Parcel One, Tract I and a south line of said 103.4117 acre tract, a distance of 774.60 feet to a concrete monument found for the northeast corner of said Venable Parcel One, Tract I and an ell corner of said 103.4117 acre tract;

THENCE South $00^{\circ}41'49''$ East, along the east line of said Venable Parcel One, Tract I and a west line of said 103.4117 acre tract, a distance of 427.62 feet to the northwest corner of said Venable Exhibit "A-7" First Tract and the most southerly southwest corner of said 103.4117 acre tract;

THENCE North $89^{\circ}37'44''$ East, along the north line of said Venable Exhibit "A-7" First Tract and the south line of said 103.4117 acre tract, passing at a distance of 25.00 a concrete monument found, and continuing for a total distance of 1995.90 feet to a concrete monument found for the northeast corner of said Venable Exhibit "A-7" First Tract and the southeast corner of said 103.4117 acre tract, said corner being in the west line of said Venable Exhibit "A-7" Second Tract;

THENCE North $00^{\circ}17'05''$ East, along the west line of said Venable Exhibit "A-7" Second Tract and the east line of said 103.4117 acre tract, a distance of 788.98 feet to a wood corner post found for the northwest corner of said Venable Exhibit "A-7" Second Tract and an ell corner of said 103.4117 acre tract;

THENCE South $89^{\circ}29'26''$ East, along the north line of said Venable Exhibit "A-7" Second Tract and a south line of said 103.4117 acre tract, passing at a distance of 99.73 feet a wood corner post found for the most easterly southeast corner of said 103.4117 acre tract and the southwest corner of a called 51.9010 acre tract of land conveyed to Helen K. McGraw, by deed recorded in County Clerk's File No. 94-R0085683, D.R.D.C.T., and continuing along said north line and the south line of said 51.9010 acre tract, for a total distance of 1357.89 feet to a 1/2 inch iron rod found for the northeast corner of said Venable Exhibit "A-7" Second Tract, the northwest corner of said Venable Exhibit "A-1" Ninth Tract, the southeast corner of said 51.9010 acre tract, and the southwest corner of Lot 28 of Yellow Rose Estates Subdivision, an addition to Denton County, Texas according to the plat recorded in Cabinet L, Page 177, M.R.D.C.T.;

THENCE South $88^{\circ}46'23''$ East, along the north line of said Venable Exhibit "A-1" Ninth Tract and the south line of said Yellow Rose Estates Subdivision, a distance of 1323.42 feet to a 1/2 inch iron rod found for the northeast corner of said Venable Exhibit "A-1" Ninth Tract and the northwest corner of Lot 10 of St. John's Place, an addition to Denton County, Texas according to the plat recorded in Cabinet L, Page 119, M.R.D.C.T.;

THENCE South $00^{\circ}48'05''$ West, along the east line of said Venable Exhibit "A-1" Ninth Tract and the west line of said St. John's Place, a distance of 1315.38 feet to a 1/2 inch iron rod found for the southeast corner of said Venable Exhibit "A-1" Ninth

Tract, the northeast corner of said Venable Exhibit "A-1" Tenth Tract, the northwest corner of said Venable Exhibit "A-1" Twenty-Fifth Tract, and the southwest corner of Lot 9 of said St. John's Place;

THENCE South $88^{\circ}50'34''$ East, along the north line of said Venable Exhibit "A-1" Twenty-Fifth Tract and the south line of said St. John's Place, a distance of 978.68 feet to metal corner post found for the southeast corner of Lot 8 of said St. John's Place, and the southwest corner of a called 129.223 acre tract of land conveyed to Texas Motor Speedway, Inc. d/b/a Texas International Raceways, by deed recorded in County Clerk's File No. 96-R0079309, D.R.D.C.T.;

THENCE South $88^{\circ}46'04''$ East, along the north lines of said Venable Exhibit "A-1" Twenty-Fifth Tract and Twenty-Sixth Tract and the south line of said 129.223 acre tract, a distance of 1653.96 feet to a metal corner post found for the northeast corner of said Venable Exhibit "A-1" Twenty-Sixth Tract and the southeast corner of said 129.223 acre tract, said corner being in the west line of a called 71.114 acre tract of land, File No. F0072.00, conveyed to The Rudman Partnership, by deed recorded in Volume 2844, Page 42, R.P.R.D.C.T.;

THENCE South $01^{\circ}46'53''$ West, along the east line of said Venable Exhibit "A-1" Twenty-Sixth Tract and the west line of said 71.114 acre tract, passing at a distance of 789.91 feet a 1/2 inch iron rod found for the southwest corner of said 71.114 acre tract and the northwest corner of a called 61.36 acre tract of land conveyed to Michelle Lynette Roberts, by deed recorded in Instrument No. 2008-40245, O.R.D.C.T., and continuing along said east line and the west line of said 61.36 acre tract, for a total distance of 1296.74 feet to a wood corner post found for the southeast corner of said Venable Exhibit "A-1" Twenty-Sixth Tract and the most westerly southwest corner of said 61.36 acre tract, said corner being in the north line of said Venable Exhibit "A-2" Third Tract;

THENCE along the north line of said Venable Exhibit "A-2" Third Tract and the south line of said 61.36 acre tract, the following courses and distances:

North $89^{\circ}02'25''$ East, a distance of 1193.53 feet to a wood corner post found for corner;

South $03^{\circ}32'32''$ West, a distance of 565.50 feet to a wood corner post found for corner;

South $85^{\circ}40'05''$ East, passing at a distance of 1460.68 feet a wood corner post found for the most northerly northeast corner of said Venable Exhibit "A-2" Third Tract, the northwest corner of said Venable Exhibit "A-3", 24 acre tract, the most southerly southeast corner of said 61.36 acre tract, and the most westerly southwest corner of a called 18.78 acre tract of land conveyed to Zandra Bean, by deed recorded in Volume 4229, Page 2901, R.P.R.D.C.T., and continuing along the south line of said 18.78 acre tract for a total distance of 1552.99 feet to a wood corner post found for and ell corner of said 18.78 acre tract;

THENCE South $02^{\circ}38'27''$ West, along a west line of said 18.78 acre tract, a distance of 210.21 feet to a wood corner post found for the most southerly southwest corner of said 18.78 acre tract;

THENCE South $87^{\circ}34'17''$ East, along the south line of said 18.78 acre tract, a distance of 925.13 feet to a 5/8 inch iron rod found for the southeast corner of said 18.78 acre tract, said corner being in the west line of said Venable 10.69 acre tract, and being in the approximate centerline of Massey Road;

THENCE North $04^{\circ}51'52''$ East, with the approximate centerline of said Massey Road, and along the west line of said Venable 10.69 acre tract and east line of said 18.78 acre tract, a distance of 228.51 feet to the northwest corner of said Venable 10.69 acre tract, from which a 1/2 inch iron rod found bears North $87^{\circ}55'27''$ West a distance of 6.38 feet;

THENCE South $87^{\circ}55'27''$ East, along the north line of said Venable 10.69 acre tract, passing at a distance of 24.76 feet a 1/2 inch iron rod found in the east line of said Massey Road, and continuing for a total distance of 526.66 feet to the POINT OF BEGINNING and containing 2521.094 acres or 109,818,863 square feet of land, more or less.

SAVE AND EXCEPT THE FOLLOWING TRACTS A, B, and C:

TRACT A

Being a tract of land situated in the J. Moses Survey, Abstract No. 894 and the N. McMillan Survey, Abstract No. 841, Denton County, Texas, and consisting of the following; those tracts of land conveyed to Patricia Ann Harmon Brockett, a 105 foot by 210 foot tract, called Tract 1, a called 27.20 acre tract, called Tract 2, and a called 26.23 acre tract, called Tract 3, by deed recorded in Instrument No. 2011-9037, O.R.D.C.T.; a called 27.20 acre tract of land conveyed to Willie Pearlene Harmon Johnson by deed recorded in Volume 5033, Page 3166, R.P.R.D.C.T.; a called 0.5 acre tract of land conveyed to J. R. Johnson and wife, Pearlene Johnson by deed recorded in Volume 400, Page 32, D.R.D.C.T.; a called 1.000 acre tract of land conveyed to Pearlene Johnson, et ux by deed recorded in Volume 794, Page 219, D.R.D.C.T.; a called 1.001 acre tract of land conveyed in deed to J.S. Dubose and/or Lee J. Brookshire, Jr., Trustees, by deed recorded in Volume 2015, Page 147, R.P.R.D.C.T.; a called 3.046 acre tract of land conveyed to Tracy Glenn Henderson and Linda Gail Henderson by deed recorded in Volume 4897, Page 3357, R.P.R.D.C.T.; a called 1.001 acre tract of land conveyed to Michael J. Behrend by deed recorded in Volume 3016, Page 596, R.P.R.D.C.T.; a called 5.061 acre tract of land conveyed to Michael Jon Behrend by deed recorded in County Clerk's File No. 94-R0003414, D.R.D.C.T.; a called 1.000 acre tract of land conveyed to Brad Hines and Margaret Hines by deed recorded in Volume 4991, Page 695, R.P.R.D.C.T.; the remainder of a called 29.553 acre tract of land conveyed to L.Z. Harmon, Sr., by deed recorded in Volume 5033, Page 3143, R.P.R.D.C.T.; a called 2.116 acre tract of land conveyed to Wade Franklin Lewis and Harry Lou Lewis, husband and wife, by deed recorded in County Clerk's File No. 94-R008814, D.R.D.C.T.; a called 1.000 acre tract of land, called Tract 1 and a called 1.00 acre tract of land, called Tract 2, conveyed to Brad Hines and Wife, Margaret Hines, by deed recorded in Volume 4401, Page 1042, R.P.R.D.C.T.; a called 1.000 acre tract of land conveyed to Hugo E. Richter, Jr. and Wife, Jolene J., by deed recorded in Volume 733, Page 574, D.R.D.C.T.; a called 1.01 acre tract of land conveyed to Carol Puckett by deed recorded in Instrument No. 2007-96075, R.P.R.D.C.T.; a called 0.724 acre tract of land conveyed to Marcus Wayne Pierce, et ux, by deed recorded in Instrument No. 2004-104661, O.R.D.C.T.; a tract of land

conveyed to Kenneth W. Wilson and Wife, Carolyn Wilson by deed recorded in Volume 4873, Page 2682, R.P.R.D.C.T.; a called 3.00 acre tract of land conveyed to George Wayne Pierce and Wife, Sue Pierce by deed recorded in Volume 719, Page 602, D.R.D.C.T.; a called 1.269 acre tract of land conveyed to Kenneth W. Wilson and Wife, Carolyn Wilson by deed recorded in Document No. 2011-95837, O.R.D.C.T.; and a called 0.254 acre tract of land conveyed to Black Rock Water Supply Corporation by deed recorded in Volume 1788, Page 989, R.P.R.D.C.T., and being more particularly described as follows:

BEGINNING at a 1/2 inch iron rod with yellow plastic cap stamped "H & N 1849" found for the northwest corner of said 27.20 acre Patricia Ann Harmon Brockett tract, called Tract 2, and the southwest corner of the above mentioned 27.20 acre tract of land conveyed to Venable Roalyty, Ltd., by deed recorded in Volume 5076, Page 822, R.P.R.D.C.T. and to Venable Estate, Ltd., by deed recorded in Instrument No. 2004-101157, O.R.D.C.T., said corner being in the east line of the above mentioned Venable Exhibit "A-1" Twenty-First Tract;

THENCE North 89°20'09" East, a distance of 1045.44 feet to a 1/2 inch iron rod with yellow plastic cap stamped "H & N 1849" found for the southeast corner of said Venable 27.20 acre tract, said corner being in the west line of said 26.23 acre Patricia Ann Harmon Brockett tract, called Tract 3;

THENCE North 0°38'15" West, along the east line of said Venable 27.20 acre tract and the west line of said 26.23 acre tract, a distance of 1112.40 feet to the northeast corner of said Venable 27.20 acre tract and northwest corner of said 26.23 acre tract, said corner being in the south line of the above mentioned Venable Exhibit "A-8", 54.089 acre tract, being the same as the above mentioned Venable 54.08 acre tract recorded in Volume 4867, Page 3255, R.P.R.D.C.T.;

THENCE South 88°18'52" East, along the south line of said Venable Exhibit "A-8", 54.089 acre tract and the north line of said 26.23 acre tract, a distance of 907.17 feet to the southeast corner of said Venable Exhibit "A-8", 54.089 acre tract and the northeast corner of said 26.23 acre tract, said corner being in the west line of the above mentioned Venable Exhibit "A-2" Second Tract;

THENCE South 0°33'39" West, along the west line of said Venable Exhibit "A-2" Second Tract and the east line of said 26.23 acre tract, a distance of 1151.30 feet to a wood corner post found for the southwest corner of said Venable Exhibit "A-2" Second Tract and the northwest corner of said Harmon 29.553 acre tract;

THENCE South 88°23'05" East, along the south line of said Venable Exhibit "A-2" Second Tract and the north line of said 29.553 acre tract, a distance of 555.23 feet to a 1/2 inch iron rod found for the most westerly northeast corner of said 29.553 acre tract and the northwest corner of said Pierce 3.00 acre tract;

THENCE South 88°18'08" East, continuing along the south line of said Venable Exhibit "A-2" Second Tract and the north line of said Pierce 3.00 acre tract, a distance of 626.29 feet to a 1/2 inch iron rod found for the northeast corner of said Pierce 3.00 acre tract and the northwest corner of said Wilson 1.269 acre tract;

THENCE South 88°04'56" East, continuing along the south line of said Venable Exhibit "A-2" Second Tract and the north lines of said Wilson 1.269 acre tract and said Black Rock Water Supply Corporation 0.254 acre tract, a distance of 365.79 feet

to a wood corner post found for the northeast corner of said Black Rock Water Supply Corporation 0.254 acre tract and the northwest corner of the above mentioned Venable Exhibit "A-6" 70 acre tract;

THENCE South $01^{\circ}20'17''$ West, along the west line of said Venable Exhibit "A-6" 70 acre tract and the east lines of said Black Rock Water Supply Corporation 0.254 acre tract, said Harmon 29.553 acre tract, and said Pierce 0.724 acre tract, passing at a distance of 1388.97 feet a 1/2 inch iron rod found in the north line of Richter Road for the southeast corner of said Pierce 0.724 acre tract, and continuing along said west line for a total distance of 1413.97 feet to the southwest corner of said Venable Exhibit "A-6" 70 acre tract, said corner being in the north line of the above mentioned Venable Exhibit "A-1" Twenty-Fourth Tract;

THENCE North $88^{\circ}16'47''$ West, along the north line of said Venable Exhibit "A-1" Twenty-Fourth Tract, a distance of 1403.72 feet to the most southerly southeast corner of said Lewis 2.116 acre tract, from which a 1/2 inch iron rod found in the north line of Richter Road bears North $00^{\circ}28'03''$ East a distance of 25.01 feet;

THENCE North $88^{\circ}01'16''$ West, continuing along the north line of said Venable Exhibit "A-1" Twenty-Fourth Tract and the south lines of said Lewis 2.116 acre tract, said Johnson 0.5 acre tract, and said Johnson 27.20 acre tract, a distance of 2024.03 feet to a wood corner post found for the southwest corner of said Johnson 27.20 acre tract, the northwest corner of said Venable Exhibit "A-1" Twenty-Fourth Tract, the northeast corner of the above mentioned Venable Exhibit "A-1" Eighth Tract, and the southeast corner of said Venable Exhibit "A-1" Twenty-First Tract;

THENCE North $00^{\circ}39'41''$ West, along the east line of said Venable Exhibit "A-1" Twenty-First Tract and the west lines of said Johnson 27.20 acre tract and said 27.20 acre Patricia Ann Harmon Brockett tract, a distance of 1401.57 feet to the POINT OF BEGINNING and containing 135.931 acres or 5,921,167 square feet of land, more or less.

TRACT B

Being a tract of land situated in the George Smith Survey, Abstract No. 1219, Denton County, Texas, and being described as a 210 foot by 210 foot tract of land conveyed to Faith Assembly Church by deed recorded in Instrument No. 2004-26872, O.R.D.C.T., and being more particularly described as follows:

BEGINNING at the northeast corner of said Church tract, from which a wood corner post found bears South $89^{\circ}52'15''$ East a distance of 130.00 feet;

THENCE South $00^{\circ}07'45''$ West, along the east line of said Church tract, passing at a distance of 203.40 feet a wood corner post found in the north line of Black Jack Road, and continuing along said east line for a total distance of 210.00 feet to the southeast corner of said Church tract;

THENCE North $89^{\circ}52'15''$ West, along the south line of said Church tract, a distance of 210.00 feet to the southwest corner of said Church tract, said corner being in the approximate centerline of Harmon Road;

THENCE North $00^{\circ}07'45''$ East, with the approximate centerline of Harmon Road and along the west line of said Church tract, a distance of 210.00 feet to the northwest corner of said Church tract;

THENCE South 89°52'15" East, along the north line of said Church tract, a distance of 210.00 feet to the POINT OF BEGINNING and containing 1.012 acres or 44,100 square feet of land, more or less.

TRACT C

Being a tract of land situated in the J. Moses Survey, Abstract No. 894, Denton County, Texas, and being all of a called 2 acre tract of land, conveyed to Trustees of Wilson Cemetery by deed recorded in Volume 57, Page 402, D.R.D.C.T., and being more particularly described as follows:

BEGINNING at a chain link fence corner post found for the northwest corner of said Cemetery tract and the southwest corner of the above mentioned Venable Exhibit "A-1" Twenty-Second Tract, said corner being in the east line of the above mentioned Venable Exhibit "A-1" Fourteenth Tract;

THENCE North 89°39'39" East, along the north line of said Cemetery tract and the south line of said Venable Exhibit "A-1" Twenty-Second Tract; passing at a distance of 288.86 feet a chain link fence corner post found and continuing for a total distance of 305.55 feet to the northeast corner of said Cemetery tract, the southwest corner of the above mentioned Venable Exhibit "A-1" Twenty-First Tract, and the northwest corner of the above mentioned Exhibit "A-1" Eighth Tract;

THENCE South 00°20'21" East, along the east line of said Cemetery tract and the west line of said Venable Exhibit "A-1" Eighth Tract, a distance of 285.28 feet to the southeast corner of said Cemetery tract and the most easterly northeast corner of said Venable Exhibit "A-1" Fourteenth Tract;

THENCE South 89°39'39" West, along the south line of said Cemetery tract and a north line of said Venable Exhibit "A-1" Fourteenth Tract; a distance of 305.55 feet to the southwest corner of said Cemetery tract and an ell corner of said Venable Exhibit "A-1" Fourteenth Tract, from which a chain link fence corner post found bears North 30°04'24" East a distance of 9.80 feet;

THENCE North 00°20'21" West, along the west line of said Cemetery tract and the east line of said Venable Exhibit "A-1" Fourteenth Tract, a distance of 285.28 feet to the POINT OF BEGINNING and containing 2.001 acres or 87,168 square feet of land, more or less.

VENABLE PROPERTY DESCRIPTION

TRACT 2

Being a tract of land situated in the T. Chambers Survey, Abstract No. 223, Denton County, Texas, and being all the following tracts of land conveyed to Venable Royalty, Ltd.; a called 4.37 acre tract of land by deed recorded in Instrument No. 2003-193459 of the Official Records of Denton County, Texas, and all of a called 4.35 acre tract of land by deed recorded in Volume 4952, Page 1406 of the Real Property Records of Denton County, Texas, and being more particularly described as follows:

BEGINNING at a wood corner post found for the northwest corner of said 4.35 acre tract and the southwest corner of a called 2.726 acre tract of land conveyed to Dennard's Farm Supply Incorporated by deed recorded in Instrument No. 2009-52074 of the Official Records of Denton County, Texas, said corner being in the east line of the Texas and Pacific Railway Company right-of-way (80 foot wide right-of-way); THENCE South $87^{\circ}59'39''$ East, along the north line of said 4.35 acre tract and the south line of said 2.726 acre tract, a distance of 307.30 feet to the northeast corner of said 4.35 acre tract and the southeast corner of said 2.726 acre tract, said corner being in the west right-of-way line of State Highway 377 (a 120 foot wide right-of-way), from which a metal corner post found bears North $87^{\circ}59'39''$ West a distance of 1.44 feet, said point also being at the beginning of a non-tangent curve to the right; THENCE along the west right-of-way line of State Highway 377, the following courses and distances:

Southwesterly, along said non-tangent curve to the right having a central angle of $02^{\circ}03'24''$, a radius of 5669.58 feet, a chord bearing of South $03^{\circ}44'56''$ West, a chord distance of 203.52 feet, passing at an arc length of 203.12 feet a wood highway marker found for the southeast corner of said 4.35 acre tract and being at the intersection of the west right-of-way line of State Highway 377 with the northwesterly right-of-way line of Farm to Market 3524 (a 80 foot wide right-of-way), and continuing for a total an arc length of 203.53 feet to the end of said curve;

South $04^{\circ}46'38''$ West, passing at a distance of 570.19 feet the northeast corner of said 4.37 acre tract, from which a 60d nail found bears South $85^{\circ}13'22''$ East a distance of 1.33 feet, and continuing for a total distance of 1120.24 feet to the southeast corner of said 4.37 acre tract, from which a 1/2 inch iron rod found bears North $88^{\circ}16'01''$ West a distance of 1.06 feet;

THENCE North $88^{\circ}16'01''$ West, along the south line of said 4.37 acre tract, a distance of 387.22 feet to the southwest corner of said 4.37 acre tract, said corner being in the east line of said Texas and Pacific Railway Company right-of-way, from which a 1/2 inch iron rod found bears North $88^{\circ}16'01''$ West a distance of 1.30 feet, said point also being at the beginning of a non-tangent curve to the left;

THENCE along the west lines of said 4.35 acre tract and said 4.37 acre tract and the east line of said Texas and Pacific Railway Company right-of-way, the following courses and distances:

Northeasterly along said non-tangent curve to the left having a central angle of $03^{\circ}06'33''$, a radius of 5779.58 feet, a chord bearing of North $09^{\circ}14'29''$ East, a chord distance of 313.59 feet, and an arc length of 313.63 feet to the end of said curve;

North $07^{\circ}41'12''$ East, passing at a distance of 91.78 feet the northwest corner of said 4.37 acre tract in the southeasterly line of said Farm to Market 3524, and passing at a distance of 204.92 feet a 1/2 inch iron rod with red plastic cap stamped "ALLIANCE" found for the most southerly corner of said 4.35 acre tract in the northwesterly right-of-way line of said Farm to Market 3524, and continuing for a total distance of 1018.10 feet to the POINT OF BEGINNING and containing 10.487 acres or 456,819 square feet of land, more or less.

This document was prepared under 22 TAC §663.21, does not reflect the results of an on the ground survey, and is not to be used to convey or establish interests in real property except those rights and interests implied or established by the creation or reconfiguration of the boundary of the political subdivision for which it was prepared.

SECTION _____. (a) If this Act does not receive a two-thirds vote of all the members elected to each house, Subchapter C, Chapter 8469, Special District Local Laws Code, as added by Section __ of this Act, is amended by adding Section 8469.109 to read as follows:

Sec. 8469.109. NO EMINENT DOMAIN POWER. The district may not exercise the power of eminent domain.

(b) This section is not intended to be an expression of a legislative interpretation of the requirements of Subsection (c), Section 17, Article I, Texas Constitution.

(2) Renumber cross-references in the added SECTIONS accordingly.

The amendment to **CSHB 3914** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 1 except as follows:

Absent-excused: Williams.

On motion of Senator Estes and by unanimous consent, the caption was amended to conform to the body of the bill as amended.

CSHB 3914 as amended was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading except as follows:

Absent-excused: Williams.

COMMITTEE SUBSTITUTE HOUSE BILL 3914 ON THIRD READING

Senator Estes moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **CSHB 3914** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 30, Nays 0.

Absent-excused: Williams.

The bill was read third time and was passed by the following vote: Yeas 30, Nays 0. (Same as previous roll call)

HOUSE BILL 1712 ON SECOND READING

Senator Zaffirini moved to suspend the regular order of business to take up for consideration **HB 1712** at this time on its second reading:

HB 1712, Relating to an exemption from ad valorem and sales and use taxes for property used in connection with an offshore spill response containment system.

The motion prevailed.

Senator Schwertner asked to be recorded as voting "Nay" on suspension of the regular order of business.

The bill was read second time and was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading except as follows:

Nays: Schwertner.

Absent-excused: Williams.

HOUSE BILL 1712 ON THIRD READING

Senator Zaffirini moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HB 1712** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 29, Nays 1.

Nays: Schwertner.

Absent-excused: Williams.

The bill was read third time and was passed by the following vote: Yeas 29, Nays 1. (Same as previous roll call)

COMMITTEE SUBSTITUTE HOUSE BILL 3459 ON SECOND READING

Senator Taylor moved to suspend the regular order of business to take up for consideration **CSHB 3459** at this time on its second reading:

CSHB 3459, Relating to the determination of the boundaries of, and the enforcement of the law governing access to, public beaches.

The motion prevailed.

Senators Birdwell, Estes, Patrick, and Paxton asked to be recorded as voting "Nay" on suspension of the regular order of business.

The bill was read second time and was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading except as follows:

Nays: Birdwell, Estes, Hegar, Patrick, Paxton.

Absent-excused: Williams.

COMMITTEE SUBSTITUTE HOUSE BILL 3459 ON THIRD READING

Senator Taylor moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **CSHB 3459** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 25, Nays 5.

Yeas: Campbell, Carona, Davis, Deuell, Duncan, Ellis, Eltife, Fraser, Garcia, Hancock, Hinojosa, Huffman, Lucio, Nelson, Nichols, Rodríguez, Schwertner, Seliger, Taylor, Uresti, Van de Putte, Watson, West, Whitmire, Zaffirini.

Nays: Birdwell, Estes, Hegar, Patrick, Paxton.

Absent-excused: Williams.

The bill was read third time and was passed by the following vote: Yeas 25, Nays 5. (Same as previous roll call)

**COMMITTEE SUBSTITUTE
HOUSE BILL 3838 ON SECOND READING**

On motion of Senator Hancock and by unanimous consent, the regular order of business was suspended to take up for consideration **CSHB 3838** at this time on its second reading:

CSHB 3838, Relating to motorcycle equipment and training and the license requirements for a three-wheeled motorcycle; creating an offense.

The bill was read second time and was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading except as follows:

Absent-excused: Williams.

**COMMITTEE SUBSTITUTE
HOUSE BILL 3838 ON THIRD READING**

Senator Hancock moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **CSHB 3838** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 30, Nays 0.

Absent-excused: Williams.

The bill was read third time and was passed by the following vote: Yeas 30, Nays 0. (Same as previous roll call)

(President in Chair)

HOUSE BILL 3233 ON SECOND READING

On motion of Senator Fraser and by unanimous consent, the regular order of business was suspended to take up for consideration **HB 3233** at this time on its second reading:

HB 3233, Relating to interbasin transfers of state water.

The bill was read second time and was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading except as follows:

Absent-excused: Williams.

HOUSE BILL 3233 ON THIRD READING

Senator Fraser moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HB 3233** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 30, Nays 0.

Absent-excused: Williams.

The bill was read third time and was passed by the following vote: Yeas 30, Nays 0. (Same as previous roll call)

**COMMITTEE SUBSTITUTE
HOUSE BILL 3536 ON SECOND READING**

Senator Hinojosa moved to suspend the regular order of business to take up for consideration **CSHB 3536** at this time on its second reading:

CSHB 3536, Relating to imposing a fee on the sale of cigarettes and cigarette tobacco products manufactured by certain companies; providing penalties.

The motion prevailed by the following vote: Yeas 23, Nays 7.

Yeas: Campbell, Carona, Davis, Deuell, Duncan, Ellis, Eltife, Fraser, Garcia, Hegar, Hinojosa, Huffman, Lucio, Nelson, Paxton, Rodríguez, Seliger, Taylor, Uresti, Van de Putte, Watson, West, Whitmire.

Nays: Birdwell, Estes, Hancock, Nichols, Patrick, Schwertner, Zaffirini.

Absent-excused: Williams.

The bill was read second time.

Senator Hinojosa offered the following amendment to the bill:

Floor Amendment No. 1

Amend **CSHB 3536** (senate committee report) in SECTION 1 of the bill, in added Section 161.614, Health and Safety Code (page 6, line 1), by striking "and attorney general".

The amendment to **CSHB 3536** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 1 except as follows:

Absent-excused: Williams.

On motion of Senator Hinojosa and by unanimous consent, the caption was amended to conform to the body of the bill as amended.

CSHB 3536 as amended was passed to third reading by the following vote: Yeas 23, Nays 7.

Yeas: Campbell, Carona, Davis, Deuell, Duncan, Ellis, Eltife, Fraser, Garcia, Hegar, Hinojosa, Huffman, Lucio, Nelson, Rodríguez, Seliger, Taylor, Uresti, Van de Putte, Watson, West, Whitmire, Zaffirini.

Nays: Birdwell, Estes, Hancock, Nichols, Patrick, Paxton, Schwertner.

Absent-excused: Williams.

SENATOR ANNOUNCED PRESENT

Senator Williams, who had previously been recorded as "Absent-excused," was announced "Present."

**COMMITTEE SUBSTITUTE
HOUSE BILL 3536 ON THIRD READING**

Senator Hinojosa moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **CSHB 3536** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 26, Nays 5.

Yeas: Campbell, Carona, Davis, Deuell, Duncan, Ellis, Eltife, Fraser, Garcia, Hegar, Hinojosa, Huffman, Lucio, Nelson, Paxton, Rodríguez, Schwertner, Seliger, Taylor, Uresti, Van de Putte, Watson, West, Whitmire, Williams, Zaffirini.

Nays: Birdwell, Estes, Hancock, Nichols, Patrick.

The bill was read third time and was passed by the following vote: Yeas 24, Nays 7.

Yeas: Campbell, Carona, Davis, Deuell, Duncan, Ellis, Eltife, Fraser, Garcia, Hegar, Hinojosa, Huffman, Lucio, Nelson, Rodríguez, Seliger, Taylor, Uresti, Van de Putte, Watson, West, Whitmire, Williams, Zaffirini.

Nays: Birdwell, Estes, Hancock, Nichols, Patrick, Paxton, Schwertner.

HOUSE BILL 1843 ON SECOND READING

Senator Seliger moved to suspend the regular order of business to take up for consideration **HB 1843** at this time on its second reading:

HB 1843, Relating to limitations on the automatic admission of undergraduate students to general academic teaching institutions.

The motion prevailed.

Senators Nelson, Paxton, and Williams asked to be recorded as voting "Nay" on suspension of the regular order of business.

The bill was read second time.

Senator Williams offered the following amendment to the bill:

Floor Amendment No. 1

Amend **HB 1843** (senate committee printing) by striking all below the enacting clause and substituting the following:

SECTION 1. The heading to Section 51.805, Education Code, is amended to read as follows:

Sec. 51.805. ELIGIBILITY TO APPLY FOR ADMISSION; FACTORS CONSIDERED IN [OTHER] ADMISSIONS.

SECTION 2. Section 51.805, Education Code, is amended by amending Subsections (a) and (b) and adding Subsections (a-1) and (a-2) to read as follows:

(a) A graduating high school student ~~[who does not qualify for admission under Section 51.803 or 51.804]~~ may apply to any general academic teaching institution if:

(1) the student [satisfies the requirements of]:

(A) successfully completed:

(i) at a public high school, the curriculum requirements established under Section 28.025 for the recommended or advanced high school program; or

(ii) at a high school to which Section 28.025 does not apply, including a high school outside this state, a curriculum that is equivalent in content and rigor to the recommended or advanced high school program; or

(B) satisfied the ACT College Readiness Benchmarks on the ACT assessment applicable to the student or earned on the SAT assessment a score of at least 1,500 out of 2,400 or the equivalent; and

(2) the student provides a high school transcript or diploma that satisfies the requirements of Subsection (a-2) [(1) Section 51.803(a)(2)(A) or 51.803(b), as applicable to the student, or Section 51.803(a)(2)(B); and

[(2) Sections 51.803(e)(2) and 51.803(d)].

(a-1) A student who does not satisfy the curriculum requirements prescribed by Subsection (a)(1)(A)(i) or (ii) is considered to have satisfied those requirements if the student completed the portion of the recommended or advanced curriculum or of the curriculum equivalent in content and rigor, as applicable, that was available to the student but was unable to complete the remainder of the curriculum solely because courses necessary to complete the remainder were unavailable to the student at the appropriate times in the student's high school career as a result of course scheduling, lack of enrollment capacity, or another cause not within the student's control.

(a-2) For purposes of Subsection (a)(1)(A), a student's official transcript or diploma must, not later than the end of the student's junior year, indicate:

(1) whether the student has satisfied or is on schedule to satisfy the requirements of Subsection (a)(1)(A)(i) or (ii), as applicable; or

(2) if Subsection (a-1) applies to the student, whether the student has completed the portion of the recommended or advanced curriculum or of the curriculum equivalent in content and rigor, as applicable, that was available to the student.

(b) [The general academic teaching institution, after admitting students under Sections 51.803 and 51.804, shall admit other applicants for admission as undergraduate students.] It is the intent of the legislature that all institutions of higher education pursue academic excellence by considering students' academic achievements in decisions related to admissions. Because of changing demographic trends, diversity, and population increases in the state, each general academic teaching institution shall also consider all of, any of, or a combination of the following socioeconomic indicators or factors in making first-time freshman admissions decisions:

(1) the applicant's academic record;

(2) the socioeconomic background of the applicant, including the percentage by which the applicant's family is above or below any recognized measure of poverty, the applicant's household income, and the applicant's parents' level of education;

- (3) whether the applicant would be the first generation of the applicant's family to attend or graduate from an institution of higher education;
- (4) whether the applicant has bilingual proficiency;
- (5) the financial status of the applicant's school district;
- (6) the performance level of the applicant's school as determined by the school accountability criteria used by the Texas Education Agency;
- (7) the applicant's responsibilities while attending school, including whether the applicant has been employed, whether the applicant has helped to raise children, or other similar factors;
- (8) the applicant's region of residence;
- (9) whether the applicant is a resident of a rural or urban area or a resident of a central city or suburban area in the state;
- (10) the applicant's performance on standardized tests;
- (11) the applicant's performance on standardized tests in comparison with that of other students from similar socioeconomic backgrounds;
- (12) whether the applicant attended any school while the school was under a court-ordered desegregation plan;
- (13) the applicant's involvement in community activities;
- (14) the applicant's extracurricular activities;
- (15) the applicant's commitment to a particular field of study;
- (16) the applicant's personal interview;
- (17) the applicant's admission to a comparable accredited out-of-state institution; and
- (18) any other consideration the institution considers necessary to accomplish the institution's stated mission.

SECTION 3. Section 29.911(b), Education Code, is amended to read as follows:

(b) During the designated week, each middle school, junior high school, and high school shall provide students with comprehensive grade-appropriate information regarding the pursuit of higher education. The information provided must include information regarding:

- (1) higher education options available to students;
- (2) standard admission requirements for institutions of higher education, including:
- (A) overall high school grade point average;
- (B) required curriculum;
- (C) college readiness standards and expectations as determined under Section 28.008; and
- (D) scores necessary on generally recognized tests or assessment instruments used in admissions determinations, including the Scholastic Assessment Test and the American College Test; and
- (3) ~~automatic admission of certain students to general academic teaching institutions as provided by Section 51.803; and~~

~~[(4)]~~ financial aid availability and requirements, including the financial aid information provided by counselors under Section 33.007(b).

SECTION 4. Section 33.007(b), Education Code, is amended to read as follows:

(b) During the first school year a student is enrolled in a high school or at the high school level in an open-enrollment charter school, and again during a student's senior year, a counselor shall provide information about higher education to the student and the student's parent or guardian. The information must include information regarding:

- (1) the importance of higher education;
- (2) the advantages of completing the recommended or advanced high school program adopted under Section 28.025(a);
- (3) the disadvantages of taking courses to prepare for a high school equivalency examination relative to the benefits of taking courses leading to a high school diploma;
- (4) financial aid eligibility;
- (5) instruction on how to apply for federal financial aid;
- (6) the center for financial aid information established under Section 61.0776;
- (7) ~~the automatic admission of certain students to general academic teaching institutions as provided by Section 51.803;~~
- ~~[(8)]~~ the eligibility and academic performance requirements for the TEXAS Grant as provided by Subchapter M, Chapter 56; and
- ~~[(9)]~~ (8) the availability of programs in the district under which a student may earn college credit, including advanced placement programs, dual credit programs, joint high school and college credit programs, and international baccalaureate programs.

SECTION 5. Section 51.4032, Education Code, is amended to read as follows:

Sec. 51.4032. ANNUAL REPORT OF PARTICIPATION IN HIGHER EDUCATION. Not later than December 1 of each year and in the form prescribed by the coordinating board, each general academic teaching institution and medical and dental unit as defined in Section 61.003 shall provide to the Texas Higher Education Coordinating Board and shall publish on the institution's website a report describing the composition of the institution's entering class of students. The report must include a demographic breakdown of the class, including a breakdown by race, ethnicity, economic status, and high school class standing. A report submitted by a general academic teaching institution or medical and dental unit as defined in Section 61.003 must include ~~[separate demographic breakdowns of the students admitted under Sections 51.803, 51.804, and 51.805 and]~~ a description of any plans, policies, or programs developed or implemented by the institution to recruit and retain students from underrepresented groups such as racial or ethnic minority groups.

SECTION 6. Section 51.842(a), Education Code, is amended to read as follows:

(a) A graduate or professional program of a general academic teaching institution or medical or dental unit may consider the following factors in making an admissions or scholarship decision for admissions into or competitive scholarships for the graduate or professional program:

(1) an applicant's academic record as a high school student and undergraduate student;

(2) the socioeconomic background of the applicant while the applicant attended elementary and secondary school and was an undergraduate student, including any change in that background;

(3) whether the applicant would be the first generation of the applicant's family to attend or graduate from an undergraduate program or from a graduate or professional program;

(4) whether the applicant has multilingual proficiency;

(5) the applicant's responsibilities while attending elementary and secondary school and as an undergraduate student, including whether the applicant was employed, whether the applicant helped to raise children, and other similar factors;

(6) to achieve geographic diversity, the applicant's region of residence at the time of application and, if the applicant graduated from a public high school in this state within the preceding 20 years, the region in which the applicant's school district is located;

(7) the applicant's involvement in community activities;

(8) the applicant's demonstrated commitment to a particular field of study;

(9) for admission into a professional program, the current comparative availability of members of that profession in the applicant's region of residence while the applicant attended elementary and secondary school; and

(10) ~~whether the applicant was automatically admitted to a general academic teaching institution as an undergraduate student under Section 51.803; and~~

~~(11)~~ the applicant's personal interview.

SECTION 7. The following provisions of the Education Code are repealed:

(1) Sections 28.026, 33.007(c), 51.803, 51.8035, 51.804, and 51.8045; and

(2) Subchapter R, Chapter 56.

SECTION 8. The changes in law made by this Act to Subchapter U, Chapter 51, Education Code, apply beginning with admissions to an institution of higher education for the 2014-2015 academic year. Admissions to an institution of higher education for an academic year before that academic year are governed by the law in effect immediately before the effective date of this Act, and the former law is continued in effect for that purpose.

SECTION 9. The repeal by this Act of Subchapter R, Chapter 56, Education Code, does not affect a student initially awarded a scholarship under that subchapter for a semester or other academic term before the effective date of this Act. A student who initially receives a scholarship for a semester or other academic term before that date may continue to receive a scholarship under Subchapter R, Chapter 56, Education Code, as that subchapter existed immediately before the effective date of this Act, to the extent funds are available for that purpose, as long as the student

remains eligible for a scholarship under the former law. The Texas Higher Education Coordinating Board shall adopt rules to administer this section and shall notify each student who receives a scholarship in the 2013-2014 academic year of the provisions of this section.

SECTION 10. This Act takes effect January 1, 2014.

WILLIAMS	HANCOCK	PATRICK
BIRDWELL	HEGAR	PAXTON
CAMPBELL	HUFFMAN	TAYLOR
ESTES	NELSON	

The amendment to **HB 1843** was read.

On motion of Senator Seliger, Floor Amendment No. 1 was tabled by the following vote: Yeas 19, Nays 11.

Yeas: Davis, Deuell, Duncan, Ellis, Eltife, Fraser, Garcia, Hinojosa, Lucio, Nichols, Rodríguez, Schwertner, Seliger, Uresti, Van de Putte, Watson, West, Whitmire, Zaffirini.

Nays: Birdwell, Campbell, Estes, Hancock, Hegar, Huffman, Nelson, Patrick, Paxton, Taylor, Williams.

Absent: Carona.

HB 1843 was passed to third reading by the following vote: Yeas 28, Nays 3.

Yeas: Birdwell, Campbell, Carona, Davis, Deuell, Duncan, Ellis, Eltife, Estes, Fraser, Garcia, Hancock, Hegar, Hinojosa, Huffman, Lucio, Nichols, Patrick, Rodríguez, Schwertner, Seliger, Taylor, Uresti, Van de Putte, Watson, West, Whitmire, Zaffirini.

Nays: Nelson, Paxton, Williams.

HOUSE BILL 1843 ON THIRD READING

Senator Seliger moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HB 1843** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 30, Nays 1.

Nays: Nelson.

The bill was read third time and was passed by the following vote: Yeas 28, Nays 3.

Yeas: Birdwell, Campbell, Carona, Davis, Deuell, Duncan, Ellis, Eltife, Estes, Fraser, Garcia, Hancock, Hegar, Hinojosa, Huffman, Lucio, Nichols, Patrick, Rodríguez, Schwertner, Seliger, Taylor, Uresti, Van de Putte, Watson, West, Whitmire, Zaffirini.

Nays: Nelson, Paxton, Williams.

HOUSE BILL 3116 ON SECOND READING

On motion of Senator Schwertner and by unanimous consent, the regular order of business was suspended to take up for consideration **HB 3116** at this time on its second reading:

HB 3116, Relating to the recovery of uniform statewide accounting project costs from state agencies and vendors.

The bill was read second time and was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading.

HOUSE BILL 3116 ON THIRD READING

Senator Schwertner moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HB 3116** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 31, Nays 0.

The bill was read third time and was passed by the following vote: Yeas 31, Nays 0.

**SENATE RULE 11.10(a) SUSPENDED
(Public Notice of Committee Meetings)**

On motion of Senator Hegar and by unanimous consent, Senate Rule 11.10(a) was suspended in order that the Committee on Nominations might meet today.

RECESS

On motion of Senator Whitmire, the Senate at 12:37 p.m. recessed until 1:15 p.m. today.

AFTER RECESS

The Senate met at 1:51 p.m. and was called to order by Senator Eltife.

HOUSE BILL 3105 ON SECOND READING

Senator Deuell moved to suspend the regular order of business to take up for consideration **HB 3105** at this time on its second reading:

HB 3105, Relating to availability of certain benefits under individual accident and health insurance policies.

The motion prevailed.

Senators Birdwell, Hancock, Nichols, and Patrick asked to be recorded as voting "Nay" on suspension of the regular order of business.

The bill was read second time and was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading except as follows:

Nays: Birdwell, Hancock, Nichols, Patrick.

HOUSE BILL 3105 ON THIRD READING

Senator Deuell moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HB 3105** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 27, Nays 4.

Yeas: Campbell, Carona, Davis, Deuell, Duncan, Ellis, Eltife, Estes, Fraser, Garcia, Hegar, Hinojosa, Huffman, Lucio, Nelson, Paxton, Rodríguez, Schwertner, Seliger, Taylor, Uresti, Van de Putte, Watson, West, Whitmire, Williams, Zaffirini.

Nays: Birdwell, Hancock, Nichols, Patrick.

The bill was read third time and was passed by the following vote: Yeas 27, Nays 4. (Same as previous roll call)

**COMMITTEE SUBSTITUTE
HOUSE BILL 1129 ON SECOND READING**

On motion of Senator Van de Putte and by unanimous consent, the regular order of business was suspended to take up for consideration **CSHB 1129** at this time on its second reading:

CSHB 1129, Relating to a program allowing certain military voters on active duty overseas to cast a ballot electronically.

The bill was read second time and was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading.

**COMMITTEE SUBSTITUTE
HOUSE BILL 1129 ON THIRD READING**

Senator Van de Putte moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **CSHB 1129** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 31, Nays 0.

The bill was read third time and was passed by the following vote: Yeas 31, Nays 0.

HOUSE BILL 3169 ON SECOND READING

On motion of Senator Lucio and by unanimous consent, the regular order of business was suspended to take up for consideration **HB 3169** at this time on its second reading:

HB 3169, Relating to the imposition of the sales and use tax on taxable items sold or provided under certain contracts.

The bill was read second time.

Senator Lucio offered the following amendment to the bill:

Floor Amendment No. 1

Amend **HB 3169** (senate committee printing) as follows:

(1) Strike page 1, lines 33 through 34, and substitute the following:
 following services ~~[when provided under a qualified destination management services contract]:~~

(2) Strike page 1, line 58, and substitute the following:
of a combination of at least six destination management services;

(3) Strike page 2, lines 2 through 4, and substitute the following:
 (F) during the preceding tax year, had [has] at least 80 percent of the entity's client contracts for:

(i) clients from [described by Subdivision (3)(A) located] outside this state who were determined by a contracting entity outside this state; or

(ii) clients from outside this state who were program attendees staying in a hotel in this state;

The amendment to **HB 3169** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 1.

Senator Deuell offered the following amendment to the bill:

Floor Amendment No. 2

Amend **HB 3169** (senate committee report) by adding the following appropriately numbered SECTION and renumbering subsequent SECTIONS accordingly:

SECTION _____. Section 151.313, Tax Code, is amended by amending Subsection (a) and adding Subsections (e) and (f) to read as follows:

(a) The following items are exempted from the taxes imposed by this chapter:

(1) a drug or medicine, other than insulin, if prescribed or dispensed for a human or animal by a licensed practitioner of the healing arts;

(2) insulin;

(3) a drug or medicine that is required to be labeled with a "Drug Facts" panel in accordance with regulations of the federal Food and Drug Administration, without regard to whether it is prescribed or dispensed by a licensed practitioner of the healing arts;

(4) a hypodermic syringe or needle;

(5) a brace; hearing aid or audio loop; orthopedic, dental, or prosthetic device; ileostomy, colostomy, or ileal bladder appliance; or supplies or replacement parts for the listed items;

(6) a therapeutic appliance, device, and any related supplies specifically designed for those products, if dispensed or prescribed by a licensed practitioner of the healing arts, when those items are purchased and used by an individual for whom the items listed in this subdivision were dispensed or prescribed;

(7) corrective lens and necessary and related supplies, if dispensed or prescribed by an ophthalmologist or optometrist;

(8) specialized printing or signalling equipment used by the deaf for the purpose of enabling the deaf to communicate through the use of an ordinary telephone and all materials, paper, and printing ribbons used in that equipment;

(9) a braille wristwatch, braille writer, braille paper and braille electronic equipment that connects to computer equipment, and the necessary adaptive devices and adaptive computer software;

(10) each of the following items if purchased for use by the blind to enable them to function more independently: a slate and stylus, print enlarger, light probe, magnifier, white cane, talking clock, large print terminal, talking terminal, or harness for guide dog;

(11) hospital beds;

(12) blood glucose monitoring test strips;

(13) an adjustable eating utensil used to facilitate independent eating if purchased for use by a person, including a person who is elderly or physically disabled, has had a stroke, or is a burn victim, who does not have full use or control of the person's hands or arms;

(14) subject to Subsection (d), a dietary supplement; and

(15) intravenous systems, supplies, and replacement parts designed or intended to be used in the diagnosis or treatment of humans.

(e) A product is an intravenous system for purposes of this section if, regardless of whether the product is designed or intended to be inserted subcutaneously into any part of the body, the product is designed or intended to be used to administer fluids, electrolytes, blood and blood products, or drugs to patients, or to withdraw tissue samples, blood, or fluids from patients. The term includes access ports, adapters, bags and bottles, cannulae, cassettes, catheters, clamps, connectors, drip chambers, extension sets, filters, in-line ports, luer locks, needles, poles, pumps and batteries, spikes, tubing, valves, volumetric chambers, and items designed or intended to connect qualifying products to one another or secure qualifying products to a patient.

(f) A product is a hospital bed for purposes of this section if it is a bed purchased, sold, leased, or rented, regardless of the terms of the contract, not including a stretcher, gurney, or delivery table, that is specially designed for the comfort and well-being of patients and the convenience of health care workers, with special features that may include wheels, adjustable height, adjustable side rails, and electronic buttons to operate both the bed and other nearby devices. The term includes:

(1) a mattress for the bed;

(2) any devices built into the bed or designed for use with the bed;

(3) infant warmers;

(4) incubators;

(5) other beds for neonatal and pediatric patients; and

(6) beds specifically designed and marketed for use in the rest, recuperation, and treatment of obese patients, obstetric patients, and burn patients.

The amendment to **HB 3169** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 2.

On motion of Senator Lucio and by unanimous consent, the caption was amended to conform to the body of the bill as amended.

HB 3169 as amended was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading.

HOUSE BILL 3805 ON SECOND READING

Senator Schwertner moved to suspend the regular order of business to take up for consideration **HB 3805** at this time on its second reading:

HB 3805, Relating to the discharge of an officer or employee of the Department of Public Safety of the State of Texas.

The motion prevailed.

Senators Davis, Ellis, Garcia, Lucio, Rodríguez, Van de Putte, Watson, West, and Zaffirini asked to be recorded as voting "Nay" on suspension of the regular order of business.

The bill was read second time and was passed to third reading by the following vote: Yeas 22, Nays 9.

Yeas: Birdwell, Campbell, Carona, Deuell, Duncan, Eltife, Estes, Fraser, Hancock, Hegar, Hinojosa, Huffman, Nelson, Nichols, Patrick, Paxton, Schwertner, Seliger, Taylor, Uresti, Whitmire, Williams.

Nays: Davis, Ellis, Garcia, Lucio, Rodríguez, Van de Putte, Watson, West, Zaffirini.

HOUSE BILL 3805 ON THIRD READING

Senator Schwertner moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HB 3805** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 25, Nays 6.

Yeas: Birdwell, Campbell, Carona, Davis, Deuell, Duncan, Eltife, Estes, Fraser, Hancock, Hegar, Hinojosa, Huffman, Nelson, Nichols, Patrick, Paxton, Schwertner, Seliger, Taylor, Uresti, Van de Putte, Watson, Whitmire, Williams.

Nays: Ellis, Garcia, Lucio, Rodríguez, West, Zaffirini.

The bill was read third time and was passed by the following vote: Yeas 22, Nays 9.

Yeas: Birdwell, Campbell, Carona, Deuell, Duncan, Eltife, Estes, Fraser, Hancock, Hegar, Hinojosa, Huffman, Nelson, Nichols, Patrick, Paxton, Schwertner, Seliger, Taylor, Uresti, Whitmire, Williams.

Nays: Davis, Ellis, Garcia, Lucio, Rodríguez, Van de Putte, Watson, West, Zaffirini.

HOUSE JOINT RESOLUTION 87 ON SECOND READING

On motion of Senator Hinojosa and by unanimous consent, the regular order of business was suspended to take up for consideration **HJR 87** at this time on its second reading:

HJR 87, Proposing a constitutional amendment authorizing a home-rule municipality to provide in its charter the procedure to fill a vacancy on its governing body for which the unexpired term is 12 months or less.

The resolution was read second time and was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading.

HOUSE JOINT RESOLUTION 87 ON THIRD READING

Senator Hinojosa moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HJR 87** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 31, Nays 0.

The resolution was read third time and was passed by the following vote: Yeas 31, Nays 0.

COMMITTEE SUBSTITUTE HOUSE BILL 462 ON SECOND READING

Senator Patrick moved to suspend the regular order of business to take up for consideration **CSHB 462** at this time on its second reading:

CSHB 462, Relating to state control of teacher appraisal criteria, curriculum standards, and assessment instruments.

The motion prevailed.

Senators Garcia, Rodríguez, Van de Putte, Watson, Whitmire, and Zaffirini asked to be recorded as voting "Nay" on suspension of the regular order of business.

The bill was read second time and was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading except as follows:

Nays: Garcia, Rodríguez, Van de Putte, Watson, Whitmire, Zaffirini.

COMMITTEE SUBSTITUTE HOUSE BILL 462 ON THIRD READING

Senator Patrick moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **CSHB 462** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 25, Nays 6.

Yeas: Birdwell, Campbell, Carona, Davis, Deuell, Duncan, Ellis, Eltife, Estes, Fraser, Hancock, Hegar, Hinojosa, Huffman, Lucio, Nelson, Nichols, Patrick, Paxton, Schwertner, Seliger, Taylor, Uresti, West, Williams.

Nays: Garcia, Rodríguez, Van de Putte, Watson, Whitmire, Zaffirini.

The bill was read third time and was passed by the following vote: Yeas 25, Nays 6. (Same as previous roll call)

HOUSE BILL 2824 ON SECOND READING

On motion of Senator Paxton and by unanimous consent, the regular order of business was suspended to take up for consideration **HB 2824** at this time on its second reading:

HB 2824, Relating to the Texas High Performance Schools Consortium.

The bill was read second time and was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading.

HOUSE BILL 2824 ON THIRD READING

Senator Paxton moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HB 2824** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 31, Nays 0.

The bill was read third time and was passed by the following vote: Yeas 31, Nays 0.

**COMMITTEE SUBSTITUTE
HOUSE BILL 3648 ON SECOND READING**

On motion of Senator Paxton and by unanimous consent, the regular order of business was suspended to take up for consideration **CSHB 3648** at this time on its second reading:

CSHB 3648, Relating to the award and performance of certain state contracts.

The bill was read second time.

Senator Davis offered the following amendment to the bill:

Floor Amendment No. 1

Amend **CSHB 3648** by adding the following appropriately numbered SECTION and renumbering subsequent SECTIONS accordingly:

SECTION _____. Subchapter B, Chapter 223, Transportation Code, is amended by adding Section 223.050 to read as follows:

Sec. 223.050. PREFERENCE FOR CERTAIN PROVIDERS. (a) Except as provided by Subsection (d), in awarding a contract to a private sector provider, the department shall give preference to a private sector provider if:

(1) the preference serves to create a positive economic impact on job growth and job retention in this state;

(2) the transportation project for which the contract is being awarded is funded entirely from:

(A) state funds;

(B) local funds; or

(C) a combination of state and local funds; and

(3) the amount of the bid or proposal of the provider does not exceed an amount equal to 105 percent of the lowest bid or proposal received by the department for the transportation project.

(b) The department, in determining whether the preference under Subsection (a) serves to create a positive economic impact on job growth and job retention in this state, may consider a private sector provider's employment presence and business establishments in this state.

(c) This section does not apply to the procurement of professional services under Subchapter A, Chapter 2254, Government Code.

(d) The department must give equal preference to a private sector provider under Subsection (a) and a private sector provider whose principal place of business is located in a state that:

(1) borders this state; and

(2) does not award preferential treatment to private sector providers in a manner similar to this section.

The amendment to **CSHB 3648** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 1 except as follows:

Nays: Fraser, Nelson, Nichols.

On motion of Senator Paxton and by unanimous consent, the caption was amended to conform to the body of the bill as amended.

CSHB 3648 as amended was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading.

COMMITTEE SUBSTITUTE HOUSE BILL 3648 ON THIRD READING

Senator Paxton moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **CSHB 3648** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 31, Nays 0.

The bill was read third time and was passed by the following vote: Yeas 31, Nays 0.

HOUSE BILL 3660 ON SECOND READING

On motion of Senator Hegar and by unanimous consent, the regular order of business was suspended to take up for consideration **HB 3660** at this time on its second reading:

HB 3660, Relating to requiring the Texas Commission on Fire Protection to conduct a study and prepare a report on administrative attachment.

The bill was read second time.

Senator Hegar offered the following amendment to the bill:

Floor Amendment No. 1

Amend **HB 3660** by adding the following appropriately numbered SECTIONS to the bill and renumbering subsequent SECTIONS of the bill accordingly:

SECTION _____. Subchapter Z, Chapter 419, Government Code, is amended by adding Section 419.910 to read as follows:

Sec. 419.910. CERTAIN REGULATION PROHIBITED. (a) In this section:

(1) "State agency" has the meaning assigned by Section 2103.001.

(2) "Volunteer firefighter" means a member of a volunteer fire department who is not a full-time paid employee.

(b) A state agency may not:

(1) require a volunteer firefighter to obtain a license or certification in order to be a volunteer firefighter; or

(2) require a member of an industrial emergency response team to obtain a license or certification in order to be a member of an industrial emergency response team.

The amendment to **HB 3660** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 1.

On motion of Senator Hegar and by unanimous consent, the caption was amended to conform to the body of the bill as amended.

HB 3660 as amended was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading.

HOUSE BILL 3660 ON THIRD READING

Senator Hegar moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HB 3660** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 31, Nays 0.

The bill was read third time and was passed by the following vote: Yeas 31, Nays 0.

GUESTS PRESENTED

Senator Ellis was recognized and introduced to the Senate students and staff of Edgar Allan Poe Elementary School.

The Senate welcomed its guests.

SENATE RULE 5.14(a) SUSPENDED

(Intent Calendar)

(Motion In Writing)

Senator Whitmire submitted the following Motion In Writing:

Mr. President:

I move suspension of Senate Rule 5.14 so that we may move the Intent Calendar deadline to 7:00 p.m. today.

WHITMIRE

The Motion In Writing prevailed without objection.

**COMMITTEE SUBSTITUTE
HOUSE BILL 2099 ON SECOND READING**

On motion of Senator Hinojosa and by unanimous consent, the regular order of business was suspended to take up for consideration **CSHB 2099** at this time on its second reading:

CSHB 2099, Relating to improving access to nursing education programs.

The bill was read second time and was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading.

**COMMITTEE SUBSTITUTE
HOUSE BILL 2099 ON THIRD READING**

Senator Hinojosa moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **CSHB 2099** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 31, Nays 0.

The bill was read third time and was passed by the following vote: Yeas 31, Nays 0.

**COMMITTEE SUBSTITUTE
HOUSE BILL 29 ON SECOND READING**

Senator Seliger moved to suspend the regular order of business to take up for consideration **CSHB 29** at this time on its second reading:

CSHB 29, Relating to the governance of public institutions of higher education in this state.

The motion prevailed.

Senator Birdwell asked to be recorded as voting "Nay" on suspension of the regular order of business.

The bill was read second time.

Senator Seliger offered the following amendment to the bill:

Floor Amendment No. 1

Amend **CSHB 29** (senate committee printing) as follows:

(1) Strike the introductory clause to SECTION 1 of the bill (page 1, lines 22-24) and substitute the following:

Section 51.352, Education Code, is amended by amending Subsections (a), (b), (d), and (e) and adding Subsections (a-1), (a-2), (a-3), (a-4), and (a-5) to read as follows:

(2) In SECTION 1 of the bill, in added Section 51.352(a-2), Education Code (page 1, line 59), strike "employment, or personal or familial financial" and substitute "employment, personal financial, or familial financial".

(3) In SECTION 1 of the bill, strike added Section 51.352(a-4), Education Code (page 2, lines 9-19), and substitute the following:

(a-4) A member of the governing board of an institution of higher education is prohibited from voting on a budgetary or personnel matter related to system administration or institutions of higher education until the member attends a training program that provides instruction in ethics, conflict-of-interest law, and the role of a governing board in a higher education institution or system and that is conducted by the Texas Higher Education Coordinating Board, by the system office of a university system, or by the office of a governing board that does not govern a university system. A governing board is responsible for maintaining records of each board member's attendance of a training program described by this subsection.

(4) In SECTION 1 of the bill, strike added Section 51.352(a-6), Education Code (page 2, lines 25-33).

(5) In SECTION 1 of the bill, in amended Section 51.352(d)(1), Education Code (page 2, line 42), between "and" and "consulting", insert "if applicable the chancellor of the university system and after".

(6) Add the following appropriately numbered SECTIONS to the bill and renumber the other SECTIONS of the bill accordingly:

SECTION _____. (a) Section 103.03, Education Code, is amended to read as follows:

Sec. 103.03. BOARD MEMBERS: APPOINTMENT, TERMS, OATH. Members of the board shall be appointed by the governor and confirmed by the senate. Members hold office for staggered terms of six years, with the terms of three members expiring on February 1 of each odd-numbered year. Any vacancy that occurs on the board shall be filled for the unexpired term by appointment of the governor. Each member of the board shall take the constitutional oath of office.

(b) The change in law made by this section does not apply to a member of the board of regents of Midwestern State University who serves all or part of a full term of office if that full term begins before September 1, 2013. To implement the change in law made by this section to Section 103.03, Education Code, the terms of office of members of the board that begin in 2014 expire on February 1, 2019, the terms of office of members of the board that begin in 2016 expire on February 1, 2021, and the terms of office of members of the board that begin in 2018 expire on February 1, 2023.

SECTION _____. (a) Section 105.052, Education Code, is amended to read as follows:

Sec. 105.052. TERM OF OFFICE; REMOVAL; VACANCY. The term of office of each regent is six years, with the terms of three regents expiring on February 1 of each odd-numbered year ~~[every two years]~~. Members of the board may be removed from office for inefficiency or malfeasance of office. Any vacancy that occurs on the board shall be filled by the governor for the unexpired term.

(b) The change in law made by this section does not apply to a member of the board of regents of the University of North Texas System who serves all or part of a full term of office if that full term begins before September 1, 2013. To implement the change in law made by this section to Section 105.052, Education Code, the terms of office of members of the board that begin in 2015 expire on February 1, 2021, the

terms of office of members of the board that begin in 2017 expire on February 1, 2023, and the terms of office of members of the board that begin in 2019 expire on February 1, 2025.

SECTION _____. (a) Section 111.12, Education Code, is amended to read as follows:

Sec. 111.12. APPOINTMENTS TO BOARD; TERMS. Members of the board are appointed by the governor with the advice and consent of the senate. The term of office of each regent shall be six years, with the terms of three regents expiring on February 1 of each odd-numbered year [~~except that in making the first appointments the governor shall appoint three members for six years, three members for four years, and three members for two years~~]. Any vacancy that occurs on the board shall be filled for the unexpired term by appointment of the governor.

(b) The change in law made by this section does not apply to a member of the board of regents of the University of Houston System who serves all or part of a full term of office if that full term begins before August 26, 2013. To implement the change in law made by this section to Section 111.12, Education Code, the terms of office of members of the board that begin in 2013 expire on February 1, 2019, the terms of office of members of the board that begin in 2015 expire on February 1, 2021, and the terms of office of members of the board that begin in 2017 expire on February 1, 2023.

(7) In SECTION 7 of the bill, in the language providing the effective date (page 4, line 38), strike "September 1, 2013" and substitute "August 26, 2013".

The amendment to **CSHB 29** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 1.

Senator Duncan offered the following amendment to the bill:

Floor Amendment No. 2

Amend **CSHB 29** (senate committee report) by adding the following appropriately numbered SECTIONS to the bill and renumbering subsequent SECTIONS of the bill accordingly:

SECTION _____. The heading to Subchapter A, Chapter 109, Education Code, is amended to read as follows:

SUBCHAPTER A. GENERAL AND ADMINISTRATIVE PROVISIONS

SECTION _____. Section 109.001, Education Code, is amended by adding Subsection (d) to read as follows:

(d) The board may accept, retain in depositories of its choosing, and administer, on terms and conditions acceptable to the board, gifts, grants, or donations of any kind, from any source, for use by the system or any of the component institutions of the system.

SECTION _____. Sections 109.21, 109.22, and 109.23, Education Code, are transferred to Subchapter A, Chapter 109, Education Code, redesignated as Sections 109.002, 109.003, and 109.004, Education Code, and amended to read as follows:

Sec. 109.002 [~~109.21~~]. BOARD OF REGENTS. The government, control, and direction of the policies of the university system and the component institutions are vested in a board of nine regents, who shall be appointed by the governor with the advice and consent of the senate.

Sec. 109.003 [~~109.22~~]. BOARD MEMBERS: TERMS, VACANCIES. Members of the board will [~~Except for the initial appointees, members~~] hold office for staggered [~~of~~] terms of six years, with the terms of three members expiring on January 31 of odd-numbered years. [~~In making the initial appointments, the governor shall designate three for terms expiring in 1971, three for terms expiring in 1973, and three for terms expiring in 1975.~~] Any vacancy shall be filled for the unexpired portion of the term by appointment by the governor with the advice and consent of the senate.

Sec. 109.004 [~~109.23~~]. CHIEF EXECUTIVE OFFICER: SELECTION, DUTIES. The board shall appoint [~~provide~~] a chief executive officer, who shall devote the officer's [~~his~~] attention to the executive management of the university system and who shall be directly accountable to the board for the conduct of the university system. The board, when required by law to be the governing body of any other state educational institution or facility, shall also direct the chief executive officer to be directly responsible for the executive management of that other institution or facility.

SECTION _____. The heading to Subchapter B, Chapter 109, Education Code, is amended to read as follows:

SUBCHAPTER B. POWERS AND DUTIES [~~ADMINISTRATIVE PROVISIONS~~]

SECTION _____. Sections 109.41, 109.42, 109.48, and 109.54, Education Code, are transferred to Subchapter B, Chapter 109, Education Code, redesignated as Sections 109.051, 109.052, 109.053, and 109.054, Education Code, and amended to read as follows:

Sec. 109.051 [~~109.41~~]. EMINENT DOMAIN. The board of regents has the power of eminent domain to acquire land and improvements needed to carry out the purposes of the university system and the component institutions.

Sec. 109.052 [~~109.42~~]. RESIDENCES FOR CHANCELLOR AND PRESIDENTS [~~RESIDENCE FOR PRESIDENT~~]. The board may purchase a house or may purchase land and construct a house suitable for the residence of the chancellor of the university system or a president of a component [~~the~~] university.

Sec. 109.053 [~~109.48~~]. UTILITIES EASEMENTS. On terms, conditions, stipulations, and compensation as determined by the board, the board may convey, dedicate, or use any other appropriate method of conveyance to grant, convey, or dedicate rights, title, rights-of-way, or easements involving or in connection with the furnishing or providing of electricity, water, sewage disposal, natural gas, telephone, telegraph, or other utility service on, over, or through the campuses [~~campus~~] of the Texas Tech University System and the component institutions [~~in Lubbock County~~]. The chairman of the board may execute and deliver conveyances or dedications on behalf of the university system and the component institutions [~~Texas Tech University~~].

Sec. 109.054 [~~109.54~~]. MANAGEMENT OF LANDS. The board has the sole and exclusive management and control of lands set aside and appropriated to or acquired by the institutions under its governance. The board may lease, sell,

exchange, acquire, dispose of, and otherwise manage, control, and use the lands in any manner and at prices and under terms and conditions the board deems best for the interest of the institutions. However, the board may not sell any of the original main campus of Texas Tech University located in Lubbock, Lubbock County, unless the sale is approved by act of the legislature. No grazing lease shall be made for a period of more than five years.

SECTION _____. The heading to Subchapter C, Chapter 109, Education Code, is amended to read as follows:

SUBCHAPTER C. TEXAS TECH UNIVERSITY [~~POWERS AND DUTIES~~]

SECTION _____. Section 109.01, Education Code, is transferred to Subchapter C, Chapter 109, Education Code, and redesignated as Section 109.101, Education Code, to read as follows:

Sec. 109.101 [~~109.01~~]. TEXAS TECH UNIVERSITY. Texas Tech University is a coeducational institution of higher education located in the city of Lubbock.

SECTION _____. Sections 109.43, 109.45, and 109.52, Education Code, are redesignated as Sections 109.102, 109.103, and 109.104, Education Code, and amended to read as follows:

Sec. 109.102 [~~109.43~~]. DORMITORIES: RULES AND REGULATIONS. The board may adopt rules and regulations it deems advisable requiring any class or classes of students to reside in university dormitories or other buildings.

Sec. 109.103 [~~109.45~~]. [~~CITY~~] MUSEUM. (a) The board may establish [~~rent, lease, or convey, for a sum of money to be determined by the board, a part of the campus, not to exceed four acres, to the city of Lubbock for the sole purpose of building, with bonds or current city taxes, and maintaining with city tax money,~~] a history, science, and art museum.

(b) The board may provide [~~rent or lease~~] a building or any part of a building [~~on the parcel of land to the city of Lubbock~~] for the sole purpose of maintaining a history, science, and art museum [~~for a sum of money to be determined by the board~~].

[(c) The board may dedicate for public use a street or streets leading to and connecting the parcel of land and building and to provide ingress and egress to and from a public highway and to and from adjacent parking lots.

[(d) The board, at its discretion, may contract with the city of Lubbock for the staffing, operation, and maintenance of a history and art museum with funds provided by the city of Lubbock.

[(e) The board may enter into contracts and agreements which are necessary and proper for carrying out the provisions of this section, provided that no expenditure of money by the board shall be made except as may be appropriated by the legislature.]

Sec. 109.104 [~~109.52~~]. DONATIONS, GIFTS, GRANTS, AND ENDOWMENTS. The board may accept donations, gifts, grants, and endowments for Texas Tech University to be held for the benefit of the institution [~~in trust~~] and administered by the board.

SECTION _____. Subchapter D, Chapter 109, Education Code, is amended to read as follows:

SUBCHAPTER D. MINERAL DEVELOPMENT IN UNIVERSITY LAND

Sec. 109.151 ~~[109.61]~~. MINERAL LEASES; DISPOSITION OF PROCEEDS.

(a) The board may lease for oil, gas, sulphur, or other mineral development to the highest bidder at public auction all or part of the lands under the exclusive control of the board owned by the State of Texas and acquired for the use of Texas Tech University and its divisions.

(b) Any money received by virtue of this section shall be deposited in a special fund managed by the board to be known as the Texas Tech University special mineral fund. Money in the fund is considered to be institutional funds, as defined by Section 51.009, of the university and is to be used exclusively for the university ~~[and its branches and divisions]~~. All deposits in and investments of the fund shall be made in accordance with Section 51.0031. Section 34.017, Natural Resources Code, does not apply to the fund.

Sec. 109.152 ~~[109.62]~~. MAJORITY OF BOARD TO ACT. A majority of the board has power to act in all cases under this subchapter except as otherwise provided in this subchapter.

Sec. 109.153 ~~[109.63]~~. SUBDIVISION OF LAND; TITLES. (a) The board may have the lands surveyed or subdivided into tracts, lots, or blocks which, in its ~~[their]~~ judgment, will be most conducive and convenient to an advantageous sale or lease of oil, gas, sulphur, or other minerals in and under and that may be produced from the lands; and the board may make maps and plats which it deems necessary to carry out the purposes of this subchapter.

(b) The board may obtain authentic abstracts of title to the lands from time to time as it deems necessary and may take necessary steps to perfect a merchantable title to the lands.

Sec. 109.154 ~~[109.64]~~. SALE OF LEASES; ADVERTISEMENTS; PAYMENTS. (a) Whenever in the opinion of the board there is a demand for the purchase of oil, gas, sulphur, or other mineral leases on any tract or part of any tract of land which can be ~~[will]~~ reasonably expected to result in ~~[insure]~~ an advantageous sale, the board shall place the oil, gas, sulphur, or other mineral leases on the land on the market in a tract or tracts, or any part of a tract, which the board may designate.

(b) The board shall have advertised a brief description of the land from which the oil, gas, sulphur, or other minerals is proposed to be leased. The advertisement shall be made by publishing ~~[inserting]~~ in two or more papers of general circulation in this state, and in addition, the board may, in its discretion, cause the advertisement to be placed in an oil and gas journal published in and out of the state. The board may also mail copies of the proposals to the county judge of the county where the lands are located and to other persons the board believes would be interested. The board may specify that publication of the offer by electronic means, including an Internet posting, satisfies the requirement for publication of the advertisement in at least two papers of general circulation in this state.

(c) The board may sell the lease or leases to the highest bidder at public auction ~~[at the university in Lubbock at any hour between 10 a. m. and 5 p. m.]~~.

(d) The highest bidder shall pay to the board on the day of the sale 25 percent of the bonus bid, and the balance of the bid shall be paid within 24 hours after the bidder is notified that the bid has been accepted. Payments shall be made in cash, certified

check, ~~or~~ cashier's check, or electronic payment, as the board directs. The failure of the bidder to pay the balance of the amount bid will forfeit to the board the 25 percent of the bonus bid paid.

Sec. 109.155 ~~[109.65]~~. SEPARATE BIDS; MINIMUM ROYALTY; DELAY RENTAL. (a) A separate bid shall be made for each tract or subdivision of a tract.

(b) No bid shall be accepted which offers a royalty of less than one-eighth of the gross production of oil, gas, sulphur, and other minerals in the land bid upon. The board may increase ~~[, and]~~ this minimum royalty ~~[may be increased]~~ at the discretion of the board.

(c) Every bid shall carry the obligation to pay an amount not less than \$5 ~~[\$1]~~ per acre for delay in drilling or development. The amount shall be fixed by the board in advance of the advertisement. The delay rental ~~[amount fixed]~~ shall be paid every year for five years unless in the meantime production in paying quantities is had upon the land or the land is released by the lessee.

Sec. 109.156 ~~[109.66]~~. REJECTION OF BIDS; WITHDRAWAL OF LAND. The board may reject any and all bids and may withdraw any land advertised for lease.

Sec. 109.157 ~~[109.67]~~. ACCEPTANCE; CONDITIONS AND PROVISIONS OF LEASE. (a) If, in the opinion of the board, ~~[any one of]~~ the highest bidder ~~[bidders]~~ has offered a reasonable and proper price for any tract, which is not less than the price set by the board, the lands advertised may be leased for oil, gas, sulphur, and other mineral purposes under the terms of this section and subject to regulations prescribed by the board which are not inconsistent with the provisions of this section. In the event no bid is accepted by the board at public auction, any subsequent procedure for the sale of the leases shall be in the manner prescribed in the preceding sections.

(b) No lease shall be made by the board which will permit the drilling or mining for oil, gas, sulphur, or other minerals within 500 ~~[300]~~ feet of any building or structure on the land without the consent of the board. In making any lease on any experimental station or farm, the lease shall provide that the operations for oil, gas, and other minerals shall not in any way interfere with use of the land for university purposes and shall not cause the abandonment of the property or its use for experimental farm purposes. The lease shall also provide that the lessee operating the property shall drill and carry on the lessee's ~~[his]~~ operations in such a way as not to interfere with uses ~~[cause the abandonment]~~ of the property for university purposes, and the leased property shall be subject to the use by the state for all university purposes~~[, and the board shall continue to operate the university]~~.

Sec. 109.158 ~~[109.68]~~. ACCEPTANCE AND FILING OF BIDS; ~~[YEARLY PAYMENTS;]~~ TERMINATION OF LEASE. (a) If the board determines that a satisfactory bid has been received for the oil, gas, sulphur, or other mineral lands, it shall accept the bid and reject all others and shall file the accepted bid in the general land office.

(b) ~~[Whenever the royalties shall amount to as much as the yearly payments fixed by the board, the yearly payments may be discontinued.]~~

~~(e)~~ If before the expiration of five years oil, gas, sulphur, or other minerals have not been produced in paying quantities, the lease shall terminate unless extended as provided in Sections 109.160 ~~[109.70]~~ and 109.161 ~~[109.71 of this code]~~.

Sec. 109.159 ~~[109.69]~~. AWARD AND FILING OF LEASE. If the board determines that a satisfactory bid has been received for the oil, gas, sulphur, or other minerals, it shall make an award to the bidder offering the highest price, and a lease shall be filed in the general land office.

Sec. 109.160 ~~[109.70]~~. EXPLORATORY TERM OF LEASE; EXTENSION; OTHER PROVISIONS. (a) The exploratory term of a lease as determined by the board prior to the promulgation of the advertisement shall not exceed five years, and each lease shall provide that the lease will terminate at the expiration of its exploratory term unless by unanimous vote of the board the lease is extended for a period not to exceed ~~[of]~~ three years.

(b) ~~[The lease may be extended if the board finds that there is a likelihood of oil, gas, sulphur, or other minerals being discovered by the lessees, and that the lessees have proceeded with diligence to protect the interest of the state.]~~ If oil, gas, sulphur, or other minerals are being produced in paying quantities from the premises, the lease shall continue in force and effect as long as the oil, gas, sulphur, or other minerals are being so produced. No extension may be made by the board until the last 30 days of the original term of the lease.

(c) The lease shall include additional provisions and regulations prescribed by the board to preserve the interest of the state, not inconsistent with the provisions of this subchapter.

Sec. 109.161 ~~[109.71]~~. EXTENSION OF LEASES. When in the discretion of the board it is deemed for the best interest of the state to extend a lease issued by the board, the board may by unanimous vote extend the lease for a period not to exceed three years, on the condition that the lessee shall continue to pay yearly rental as provided in the lease and shall comply with any additional terms ~~[which]~~ the board requires ~~[may see fit and proper to demand]~~. The board may extend the lease and execute an extension agreement.

Sec. 109.162 ~~[109.72]~~. CONTROL OF DRILLING AND PRODUCTION. The drilling for and the production of oil, gas, and other minerals from the lands shall be governed and controlled by the Railroad Commission of Texas and other applicable regulatory bodies which govern and control other fields in this state.

Sec. 109.163 ~~[109.73]~~. DRILLING OPERATIONS: SUSPENSION OF RENT; CONTINUANCE OF LEASE; DUTY TO PREVENT DRAINAGE. (a) If during the term of a lease issued under the provisions of this subchapter the lessee is engaged in actual drilling operations for the discovery of oil, gas, sulphur, or other minerals, no rentals shall be payable as to the tract on which the operations are being conducted as long as the operations are proceeding in a good and workmanlike manner in a good faith attempt to produce oil, gas, sulphur, or other minerals from the well ~~[faith]~~.

(b) In the event oil, gas, sulphur, or other minerals are discovered in paying quantities on any tract of land covered by a lease, then the lease as to that tract shall remain in force as long as oil, gas, sulphur, or other minerals are produced in paying quantities from the tract.

(c) In the event of the discovery of oil, gas, sulphur, or other minerals on any tract covered by a lease or on any land adjoining the tract, the lessee shall conduct such operations as may be necessary to prevent drainage from the tract covered by the lease to properly develop the same to the extent that a reasonably prudent individual ~~man~~ would do under the same and similar circumstances.

Sec. 109.164 ~~[109.74]~~. TITLE TO RIGHTS PURCHASED; ASSIGNMENT; RELINQUISHMENT. (a) Title to all rights purchased may be held by the lessee ~~[owners]~~ as long as the area produces oil, gas, sulphur, or other minerals in paying quantities.

(b) All rights purchased may be assigned. All assignments shall be filed in the general land office as prescribed by rule, accompanied by 10 cents per acre for each acre assigned and the filing fee as prescribed by rule. An assignment shall not be effective unless filed as required by rule.

(c) All rights to all or any part of a leased tract may be released to the state at any time by recording a release instrument in the county or counties in which the tract is located. Releases shall also be filed with the chairman of the board and the general land office, accompanied by the filing fee prescribed by rule. A release shall not relieve the lessee ~~[owner]~~ of any obligations or liabilities incurred prior to the release.

(d) The board shall authorize any required infrastructure, including ~~[the laying of pipeline and telephone line and]~~ the opening of roads deemed reasonably necessary in carrying out the purposes of this subchapter.

Sec. 109.165 ~~[109.75]~~. PAYMENT OF ROYALTIES; RECORDS; REPORT OF RECEIPTS. (a) If oil, gas, or other minerals are developed on any of the lands leased by the board, the royalty as stipulated in the sale shall be paid to the general land office in Austin on or before the last day of each month for the preceding month during the life of the rights purchased. The royalty payments shall be set aside as specified in Section 109.151 ~~[109.61]~~ and used as provided in that section.

(b) The royalty paid to the general land office shall be accompanied by the sworn statement of the lessee ~~[owner]~~, manager, or other authorized agent showing the gross amount of oil, gas, sulphur, or other minerals produced and sold off the premises and the market value of the minerals, together with a copy of all daily gauges, or vats, tanks, gas meter readings, pipeline receipts, gas line receipts, and other checks and memoranda of the amounts produced and put into pipelines, vats, tanks, or pool and gas lines or gas storage. The books and accounts, receipts and discharges of all wells, tanks, vats, pools, meters, and pipelines, and all contracts and other records pertaining to the production, transportation, sale, and marketing of the oil, gas, sulphur, or other minerals shall at all times be subject to inspection and examination by any member of the board or any duly authorized representative of the board.

(c) The commissioner of the general land office shall tender to the board on or before the 10th day of each month a report of all receipts that are collected from the lease or sale of oil, gas, sulphur, or other minerals and that are deposited in the special fund as provided by Section 109.151 ~~[109.61]~~ during the preceding month.

Sec. 109.166 ~~[109.76]~~. PROTECTION FROM DRAINAGE; FORFEITURE OF RIGHTS. (a) In every case where the area in which oil, gas, sulphur, or other minerals sold is contiguous or adjacent to lands which are not lands belonging to and

held by the university, the acceptance of the bid and the sale made thereby shall constitute an obligation of the lessee [owner] to adequately protect the land leased from drainage from the adjacent lands to the extent that a reasonably prudent operator would do under the same and similar circumstances.

(b) In cases where the area in which the oil, gas, sulphur, or other minerals sold is contiguous to other lands belonging to and held by the university which have been leased or sold at a lesser royalty, the lessee [owner] shall protect the land from drainage from the lands leased or sold for a lesser royalty.

(c) On failure to protect the land from drainage as provided in this section, the sale and all rights acquired may be forfeited by the board in the manner provided in Section 109.167 [~~109.77 of this code~~] for forfeitures.

Sec. 109.167 [~~109.77~~]. FORFEITURE AND OTHER REMEDIES; LIENS. (a) Leases granted under the provisions of this chapter are subject to forfeiture by the board by an order entered in the minutes of the board reciting the acts or omissions constituting a default and declaring a forfeiture.

(b) Any of the following acts or omissions constitutes a default:

(1) the failure or refusal by the lessee [owner] of the rights acquired under this chapter to make a payment of a sum due, either as rental or royalty on production, within 30 days after the payment becomes due;

(2) the making of a false return or false report concerning production, royalty, drilling, or mining by the lessee [owner] or the lessee's [his] authorized agent;

(3) the failure or refusal of the lessee [owner] or the lessee's [his] agent to drill an offset well or wells in good faith, as required by the lease;

(4) the refusal of the lessee [owner] or the lessee's [his] agent to allow the proper authorities access to the records and other data pertaining to the operations authorized in this subchapter;

(5) the failure or refusal of the lessee [owner] or the lessee's [his] authorized agent to give correct information to the proper authorities, or to furnish the log of any well within 30 days after production is found in paying quantities; or

(6) the violation by the lessee [owner] of any material term of the lease.

(c) The board may, if it so desires, have suit for forfeiture instituted through the attorney general.

(d) On proper showing by the forfeiting lessee [owner] within 30 days after the declaration of forfeiture, the lease may be reinstated at the discretion of the board and upon terms prescribed by the board.

(e) In case of violation by the lessee [owner] of the lease contract, the remedy of forfeiture shall not be the exclusive remedy, and the state may institute suit for damages or specific performance or both.

(f) The state shall have a first lien on oil, gas, sulphur, or other minerals produced or that may be produced in the leased area, and on all rigs, tanks, vats, pipelines, telephone lines, and machinery and appliances used in the production and handling of oil, gas, sulphur, or other minerals produced, to secure the amount due from the lessee [owner of the lease].

Sec. 109.168 ~~[109.78]~~. FILING OF DOCUMENTS AND PAYMENT OF ROYALTIES, FEES, AND RENTALS. (a) All surveys, files, copies of sale and lease contracts, and other records pertaining to the sales and leases authorized in this subchapter shall be filed in the general land office and shall constitute archives.

(b) Payment of all royalties, lease fees, rentals for delay in drilling or mining, filing fees for assignments and relinquishments, and all other payments shall be made to the commissioner of the general land office at Austin. The commissioner shall transmit all payments received to the board for deposit to the credit of the Texas Tech University special mineral fund as provided by Section 109.151 ~~[109.61]~~.

Sec. 109.169 ~~[109.79]~~. FORMS, REGULATIONS, RULES, AND CONTRACTS. The board shall adopt proper forms, regulations, rules, and contracts which, in its judgment, will protect the income from lands leased pursuant to this subchapter.

Sec. 109.170 ~~[109.80]~~. MANAGEMENT OF SURFACE AND MINERAL ESTATES. (a) The board may lease for oil, gas, sulphur, ore, water, and other mineral development all land under its exclusive control for the use of the university. The board may make and enter into pooling agreements, division orders, or other contracts necessary in the management and development of its land.

(b) All leases, pooling agreements, division orders, or other contracts entered into by the board shall be on terms that the board considers in the best interest of the university. The board may not sell a lease for less than the royalty and rental terms demanded at that time by the General Land Office in connection with the sale of oil, gas, and other mineral leases of the public lands of this state.

(c) All money received under the leases and contracts executed for the management and development of the land, except revenue pledged to the payment of revenue bonds or notes, shall be deposited to the credit of a special fund created by the board. The board shall designate a depository for the special fund and protect the money deposited in it by the pledging of assets of the depository in the same manner as is required for the protection of public funds. Money deposited in the special fund may be used by the board for the administration of the university, for payment of principal of and interest on revenue bonds or notes issued by the board, and for any other purpose that in the judgment of the board may be for the good of the university.

SECTION _____. Sections 110.01, 110.02, and 110.11, Education Code, are amended to read as follows:

Sec. 110.01. SEPARATE INSTITUTION. Texas Tech University Health Sciences Center is a separate institution and not a department, school, or branch of Texas Tech University but is under the direction, management, and control of the Texas Tech University System Board of Regents. The center is composed of a medical school and other components assigned by law or by the coordinating board.

Sec. 110.02. CONCURRENT AND SEPARATE POWERS. The board of regents has the same powers of governance, control, jurisdiction, and management ~~[direction, management, and control]~~ over the Health Sciences Center as it exercises ~~[they exercise]~~ over Texas Tech University System and its components. However, the board shall act separately and independently on all matters affecting the Health Sciences Center as a separate institution.

Sec. 110.11. MEDICAL SCHOOL ADMISSION POLICIES. The board of regents [~~Board of Regents~~] shall promulgate appropriate rules and regulations pertaining to the admission of students to the medical school [~~which will provide for admission of those students to its entering class each year who are equally or as well qualified as all other students and who have entered a contract with or received a commitment for a stipend, grant, loan or scholarship from the State Rural Medical Education Board. The State Rural Medical Education Board may contract with medical students providing for such students to engage in a general or family practice of medicine for not less than four years after licensing and a period of medical residency, as determined by the rules and regulations established by the State Rural Medical Education Board, in cities of Texas which have a population of less than 5,000 or in rural areas, as that term may be defined by the State Rural Medical Education Board, and said Board is hereby given the authority to define and from time to time redefine the term rural area, at the time the medical practice is commenced. This contract shall provide for a monthly stipend of at least \$100 to be granted by the State Rural Medical Education Board to each person under contract with the State while enrolled as a medical school student~~].

SECTION _____. The following provisions of the Education Code are repealed:

- (1) Section 109.44;
- (2) Section 109.46;
- (3) Section 109.47;
- (4) Section 109.49;
- (5) Section 110.04; and
- (6) Section 110.14.

The amendment to **CSHB 29** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 2.

On motion of Senator Seliger and by unanimous consent, the caption was amended to conform to the body of the bill as amended.

CSHB 29 as amended was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading except as follows:

Nays: Birdwell.

COMMITTEE SUBSTITUTE HOUSE BILL 29 ON THIRD READING

Senator Seliger moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **CSHB 29** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 30, Nays 1.

Nays: Birdwell.

The bill was read third time and was passed by the following vote: Yeas 30, Nays 1. (Same as previous roll call)

HOUSE BILL 3903 ON SECOND READING

On motion of Senator Campbell and by unanimous consent, the regular order of business was suspended to take up for consideration **HB 3903** at this time on its second reading:

HB 3903, Relating to the Hays Trinity Groundwater Conservation District; providing authority to increase certain fees; authorizing a fee.

The bill was read second time.

Senator Fraser offered the following amendment to the bill:

Floor Amendment No. 1

Amend **HB 3903** (senate committee printing) as follows:

(1) Add the following appropriately numbered SECTIONS to the bill:

SECTION _____. (a) The West Travis County Public Utility Agency is converted to a conservation and reclamation district to be known as the Hill Country Regional Water Authority located in Hays and Travis Counties.

(b) The Hill Country Regional Water Authority is not required to hold an election to confirm the creation of the authority.

SECTION _____. It is the intent and finding of the legislature that:

(1) the residents and customers served by the West Travis County Public Utility Agency before the effective date of this Act will be provided by the creation of the Hill Country Regional Water Authority under this Act with the means to obtain services authorized by Sections 8601.101 and 8601.102, Special District Local Laws Code, as added by this Act, in the most effective and efficient manner without the impairment of any existing contracts or obligations of the West Travis County Public Utility Agency; and

(2) the creation of the Hill Country Regional Water Authority under this Act will further important public policy objectives by:

(A) supporting public ownership of important water and wastewater utility infrastructure in an environmentally sensitive area; and

(B) protecting the interests of current ratepayers.

SECTION _____. The heading to Subtitle G, Title 6, Special District Local Laws Code, is amended to read as follows:

SUBTITLE G. RIVER AUTHORITIES AND OTHER SPECIAL WATER AUTHORITIES

SECTION 4. Subtitle G, Title 6, Special District Local Laws Code, is amended by adding Chapter 8601 to read as follows:

CHAPTER 8601. HILL COUNTRY REGIONAL WATER AUTHORITY

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 8601.001. DEFINITIONS. In this chapter:

(1) "Authority" means the Hill Country Regional Water Authority.

(2) "Board" means the board of directors of the authority.

(3) "Director" means a member of the board.

(4) "Member entity" means:

(A) Hays County;

(B) the City of Bee Cave; or

(C) West Travis County Municipal Utility District No. 5.

Sec. 8601.002. NATURE OF AUTHORITY. The authority is a conservation and reclamation district in Hays and Travis Counties created under and essential to accomplish the purposes of Section 59, Article XVI, Texas Constitution.

Sec. 8601.003. FINDINGS OF PUBLIC PURPOSE AND BENEFIT. (a) The authority is created to serve a public use and benefit.

(b) All land and other property included in the territory of the authority will benefit from the works and projects to be accomplished by the authority under powers conferred by Section 59, Article XVI, Texas Constitution, and powers granted under this chapter.

(c) The authority is created to accomplish the control, storage, conservation, preservation, distribution, and use of water for domestic, industrial, municipal, and all other useful purposes, including the protection, preservation, and restoration of the purity and sanitary condition of water within this state, as provided by Section 59, Article XVI, Texas Constitution.

Sec. 8601.004. AUTHORITY BOUNDARIES. (a) The authority's boundaries are coextensive with the boundaries of the territory described by Certificate of Public Convenience and Necessity No. 13207, as those boundaries exist on the effective date of the Act enacting this chapter and as they may be amended in accordance with applicable law.

(b) Notwithstanding Subsection (a), any territory within the boundaries described by Subsection (a) that is also located within a municipality or within the extraterritorial jurisdiction of a municipality that has not given its written consent to the authority's creation on or before the effective date of the Act enacting this chapter is excluded from the authority's boundaries until the municipality gives its written consent to the authority's creation.

Sec. 8601.005. APPLICABILITY OF OTHER LAW. (a) Except as otherwise provided by this chapter, Chapter 49, Water Code, applies to the authority. For the purposes of Chapter 49, Water Code, the authority is a special water authority.

(b) The following subchapters of Chapter 49, Water Code, do not apply to the authority:

- (1) Subchapter J;
- (2) Subchapter L;
- (3) Subchapter M; and
- (4) Subchapter N.

SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 8601.051. DIRECTORS; TERMS. (a) The authority is governed by a board of five appointed directors.

(b) Except for a director serving on the initial board, directors serve staggered four-year terms that expire September 30 of even-numbered years.

(c) A director may serve consecutive terms of office.

Sec. 8601.0515. INITIAL BOARD. (a) The initial board consists of:

- Position 1—Larry Fox;
- Position 2—Ray Whisenant;
- Position 3—Michael Murphy;
- Position 4—Scott Roberts; and

Position 5—Bill Goodwin.

(b) Directors Fox, Whisenant, and Murphy serve initial terms expiring September 30, 2016. Directors Roberts and Goodwin serve initial terms expiring September 30, 2014.

(c) A vacancy in a position on the initial board shall be filled in the manner provided by Section 8601.053 for making an appointment to the same position, except that an appointment to fill a vacancy in position 4 or 5 does not require that both positions be seated simultaneously.

(d) This section expires September 30, 2016.

Sec. 8601.052. ELIGIBILITY TO SERVE AS A DIRECTOR. (a) To be eligible to serve as a director, an individual must be at least 18 years of age.

(b) To be eligible to serve as a director:

(1) in position 1, 2, or 3, an individual must reside in Hays or Travis County;

(2) in position 4, an individual must reside in Hays County; or

(3) in position 5, an individual must reside in Travis County.

Sec. 8601.053. METHOD OF APPOINTING DIRECTORS. (a) Directors are appointed or recommended for appointment to the five numbered positions on the board by the governing body of each member entity as follows:

(1) West Travis County Municipal Utility District No. 5 shall appoint the director who serves in position 1;

(2) Hays County shall appoint the director who serves in position 2;

(3) the City of Bee Cave shall appoint the director who serves in position 3;

(4) Hays County shall appoint the director who serves in position 4, subject to approval by the member entities as provided by Subsection (b); and

(5) the City of Bee Cave shall appoint the director who serves in position 5, subject to approval by the member entities as provided by Subsection (b).

(b) The governing bodies of all member entities must approve the appointments of directors for positions 4 and 5 before the persons begin to serve as directors. Upon approval, directors appointed to serve in those positions shall be seated simultaneously.

(c) Except to fill a vacancy, the appointment of a director must be made during September of the year in which that position's term begins.

Sec. 8601.054. VACANCY. (a) A vacancy in a position on the board shall be filled in the same manner as an appointment to the board for that position, except that a vacancy in position 4 or 5 does not require that positions 4 and 5 be seated simultaneously.

(b) A person appointed to fill a vacancy serves for the remainder of the vacated term.

(c) Section 49.105, Water Code, does not apply to the authority.

Sec. 8601.055. SERVICE ON BOARD BY EMPLOYEE OR OFFICER OF OTHER PUBLIC ENTITY. (a) The common law doctrine of incompatibility does not disqualify an employee or official of a public entity from serving as a director.

(b) An employee, officer, or member of the governing body of a public entity may serve as a director but may not have a personal interest in a contract executed by the authority other than as an employee, officer, or member of the governing body of

the public entity. If a director has a personal interest in a contract executed by the authority, the director must abstain from any participation in the matter. A director is not required to abstain from further participation in the matter if a majority of the members of the board of directors have similar interests in the same official action.

Sec. 8601.056. COMPENSATION; EXPENSES. (a) A director serves without compensation but, subject to board approval, may be reimbursed for travel or other expenses incurred on behalf of the authority if the director presents the board with a verified statement of the expenses.

(b) Section 49.060, Water Code, does not apply to the authority.

Sec. 8601.057. QUORUM. A majority of the membership of the board constitutes a quorum for any meeting, and a concurrence of a majority of the entire membership of the board is sufficient for transacting any business of the authority.

Sec. 8601.058. OFFICERS. (a) Every two years on the appointment or reappointment of directors, the board shall meet and elect a president, a vice president, a secretary, and any other officers or assistant officers the board considers necessary.

(b) The president is the chief executive officer of the authority, presides at all meetings of the board, and shall execute all documents on behalf of the authority unless the board authorizes the general manager or other representative of the authority to execute a document or documents on behalf of the authority.

(c) The vice president shall act as president in case of the absence or disability of the president.

(d) The secretary is responsible for seeing that all records and books of the authority are properly kept and may attest the president's signature on documents.

(e) The board may appoint another director, the general manager, or any employee as assistant or deputy secretary to assist the secretary, and any such person shall be entitled to certify as to the authenticity of any record of the authority, including all proceedings relating to bonds, contracts, or indebtedness of the authority.

Sec. 8601.059. REMOVAL FROM OFFICE. A director may be removed from office at any time, with or without cause, by the member entity that appointed the director.

Sec. 8601.060. EX OFFICIO BOARD MEMBERS. (a) This section applies only to a person who is not an appointed director.

(b) Any of the following persons, or any of those persons' designees, is entitled to serve as an ex officio, nonvoting member of the board:

(1) the Hays County judge;

(2) the City of Bee Cave city administrator; or

(3) the president of the West Travis County Municipal Utility District No. 5

Board of Directors.

(c) A person designated as an ex officio member of the board is entitled to receive notice of and to attend the authority's board meetings.

(d) A person designated as an ex officio member of the board is not counted for purposes of determining a quorum under Section 8601.057.

SUBCHAPTER C. POWERS AND DUTIES

Sec. 8601.101. GENERAL POWERS AND DUTIES. (a) The authority has all the rights, powers, privileges, functions, and duties necessary and convenient to accomplish the purposes of this chapter.

(b) Except as provided by this chapter, the authority has the powers and duties provided by the general law of this state applicable to a special water authority under Chapter 49, Water Code.

(c) The authority retains all the rights, powers, privileges, functions, obligations, and duties of the West Travis County Public Utility Agency as in effect before the effective date of the Act enacting this chapter.

Sec. 8601.102. WATER AND WASTE POWERS. (a) The authority may supply water for municipal uses, domestic uses, power, and commercial purposes, and all other beneficial uses or controls.

(b) The authority may not use groundwater from the Barton Springs Segment of the Edwards Aquifer as a source of the authority's water supply. This section shall not be interpreted to prohibit an aquifer storage and recovery project or a recharge improvement project that enhances water supply in the Barton Springs Segment of the Edwards Aquifer.

(c) The authority may collect, transport, process, dispose of, and control all domestic, industrial, or communal wastes whether in fluid, solid, or composite state.

Sec. 8601.103. AUTHORITY POLICIES, RULES, AND BYLAWS. The authority may adopt and enforce policies, rules, and bylaws reasonably required to implement this chapter, including rules governing procedures before the board and rules regarding implementation, enforcement, and any other matters related to the exercise of the rights, powers, privileges, and functions conferred on the authority by this chapter for the provision of water and wastewater service.

Sec. 8601.104. EXTENSION OF SERVICES. (a) In this section, "commission" means the Texas Commission on Environmental Quality.

(b) Except as provided by this section, the authority may extend service to customers located inside or outside the authority's boundaries.

(c) The authority may not extend wastewater service to new customers in Hays County that are located inside the extraterritorial jurisdiction or municipal limits of a municipality or to new customers located inside the extraterritorial jurisdiction or municipal limits of the City of Austin unless the authority sends the applicable municipality written notice of its intent to provide the service and the municipality does not object in writing to the extension of service on or before the 60th day after the date of receiving notice.

(d) In accordance with the provisions of Section 8601.003(c) related to the protection, preservation, and restoration of the purity and sanitary condition of water in this state, except as provided by this subsection, the authority may not extend service to new customers in an area served by the authority that is located in the contributing and recharge zone of the Barton Springs Segment of the Edwards Aquifer. Before the authority approves an extension of authority service under this subsection, the applicant requesting the service must certify to the authority that:

(1) the applicant has submitted any required applications, notifications, or plans to the commission; and

(2) a draft permit has been issued by the executive director of the commission or by any other governmental entity with the requisite jurisdiction for the purpose of managing stormwater and all domestic, industrial, or communal wastes in

a manner sufficient to maintain and support the Texas Surface Water Quality Standards, 30 T.A.C. Chapter 307, including the anti-degradation policy adopted under those standards.

(e) The authority shall hold a public hearing and provide an opportunity for public comment before extending authority service to new customers not located in the service area identified in the 10-year capital improvement plan that:

(1) has been adopted from time to time in compliance with Chapter 395, Local Government Code; and

(2) is in effect when an application for service is received.

Sec. 8601.105. ACQUISITION, CONSTRUCTION, MAINTENANCE, AND OPERATION OF SYSTEMS. (a) The authority may purchase, construct, acquire, own, operate, maintain, repair, improve, or extend inside or outside its boundaries any works, improvements, facilities, plants, equipment, or appliances necessary to accomplish authority purposes under this chapter, including all works, improvements, facilities, plants, equipment, and appliances incident, helpful, or necessary to provide services inside or outside the authority's boundaries.

(b) Any new construction or extension of authority facilities in the jurisdiction of a municipality must comply with the municipality's:

(1) ordinances governing subdivision platting and site development; and

(2) design criteria for fire flow.

Sec. 8601.106. WATER CONSERVATION OR DROUGHT CONTINGENCY PLANS. The authority by rule may develop, prepare, revise, adopt, implement, enforce, and manage comprehensive water conservation or drought contingency plans for the authority or any portion of the authority.

Sec. 8601.107. CONTRACTS AND INSTRUMENTS. The authority may, as necessary or convenient to the exercise of the rights, powers, privileges, and functions conferred on the authority by this chapter:

(1) enter into a contract, including an interlocal contract under Chapter 791, Government Code; or

(2) execute an instrument.

Sec. 8601.108. MEMBER ENTITY CONVEYANCES AND ACQUISITIONS. (a) In this section, "utility system" has the meaning assigned by Section 1502.001, Government Code.

(b) A member entity may convey a utility system facility or asset or its interest in a utility system facility or asset to the authority without holding an election to approve the conveyance.

(c) A member entity is exempt from the provisions of Chapter 1502, Government Code, regarding the conveyance, sale, or acquisition of a utility system, or any related works, improvements, facilities, plants, equipment, or appliances.

SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

Sec. 8601.151. FEES, RATES, AND OTHER CHARGES. The board shall establish, charge, and collect tolls, fees, user fees, rates, and other charges for the sale or use of water, water connections, wastewater service, wastewater connections, or other services sold, furnished, or supplied by the authority inside and outside the authority's boundaries. The tolls, fees, user fees, rates, and other charges must be reasonable and nondiscriminatory and sufficient to produce revenue adequate to:

(1) pay all expenses necessary to the operation and maintenance of the properties and facilities of the authority;

(2) pay the interest on and principal of all bonds, notes, or other obligations assumed, issued, or incurred by the authority;

(3) pay the principal of and interest on and any other amounts owed under any legal debt created or assumed by the authority;

(4) pay all sinking fund and reserve fund payments agreed to be made with respect to bonds, notes, or other obligations and payable out of those revenues, as the payments become due and payable; and

(5) fulfill the terms of any agreements made with the bondholders, other counterparties or creditors, or with any person on their behalf.

Sec. 8601.152. IMPACT FEES. The authority may assess and collect impact fees under Chapter 395, Local Government Code, inside and outside the authority's boundaries.

Sec. 8601.153. LATE OR PARTIAL PAYMENTS: INTEREST AND PENALTIES. (a) The board may require the payment of interest on any late or unpaid tolls, fees, user fees, impact fees, rates, or other charges due the authority. The interest rate may not exceed the interest rate permitted by Section 2251.025, Government Code.

(b) The board may impose penalties for the failure to make a complete or timely payment to the authority.

Sec. 8601.154. ADMINISTRATIVE PENALTY. A person who violates a rule or order of the authority is subject to an administrative penalty of not more than \$5,000, as determined by the board, for each violation or each day of a continuing violation. The person shall pay the penalty to the authority.

Sec. 8601.155. DISBURSEMENTS. (a) The authority may disburse authority money by check, draft, order, federal reserve wire system, or other instrument or authorization.

(b) Except as provided by Subsection (c), disbursements of the authority must be signed by at least a majority of the directors.

(c) The board by resolution may allow the general manager, treasurer, bookkeeper, or other employee or representative of the authority to sign disbursements.

Sec. 8601.156. NO AD VALOREM TAXATION OR SPECIAL ASSESSMENTS. The authority may not impose an ad valorem tax or a special assessment.

Sec. 8601.157. FISCAL YEAR. The authority's fiscal year begins on October 1 and ends on September 30.

Sec. 8601.158. FRANCHISE FEES. The authority may not assess or collect a franchise fee for the use of its real property. The authority may pay a franchise fee to another governmental entity.

SUBCHAPTER E. BONDS AND NOTES

Sec. 8601.201. REVENUE BONDS AND NOTES. (a) To accomplish the purposes of the authority, the authority may issue bonds or notes payable solely from and secured by all or part of any funds or any revenue from any source or sources, including:

(1) tolls, fees, user fees, impact fees, rates, and other charges the authority imposes or collects;

(2) the sale of water, water services, water rights or capacity, water transmission rights or services, water pumping, sewer services, or any other service or product of the authority provided inside or outside the boundaries of the authority;

(3) grants or gifts;

(4) the ownership or operation of all or a designated part of the authority's works, improvements, facilities, plants, or equipment; and

(5) contracts between the authority and a member entity, customer, or any other person.

(b) Bonds or notes issued by the authority may be first or subordinate lien obligations at the board's discretion.

(c) In connection with any bonds or notes of the authority, the authority may exercise any power of an issuer under Chapter 1371, Government Code.

(d) The authority may conduct a public, private, or negotiated sale of the bonds or notes.

(e) The authority may enter into one or more indentures of trust to further secure its bonds or notes.

(f) The authority may issue bonds or notes in more than one series as necessary to carry out the purposes of this chapter. In issuing bonds or notes secured by revenue of the authority, the authority may reserve the right to issue additional bonds or notes secured by the authority's revenue that are on parity with or are senior or subordinate to the bonds or notes issued earlier.

(g) A resolution of the board or a trust indenture securing the bonds or notes may specify additional provisions that constitute a contract between the authority and its bondholders or noteholders.

(h) Bonds and notes may be additionally secured by deed of trust or mortgage on any or all of the authority's facilities.

(i) Bonds and notes issued by the authority are not subject to approval by the Texas Commission on Environmental Quality, and commission rules regarding bonds or notes do not apply to bonds or notes issued by the authority.

Sec. 8601.202. ELECTION NOT REQUIRED. The authority is not required to hold an election to approve the issuance of revenue bonds or notes or other obligations under this subchapter.

Sec. 8601.203. USE OF REVENUE AND GROWTH PROJECTIONS. For the purposes of attorney general review and approval and in lieu of any other manner of demonstrating the ability to pay debt service and satisfy any other pecuniary obligations relating to bonds, notes, or other obligations, the authority may demonstrate its ability to satisfy the debt service and those obligations using accumulated funds of the authority and revenue and growth projections prepared by a professional utility rate consultant at the direction of the authority. If the resolution authorizing the issuance of the bonds, notes, or other obligations provides that the authority intends to increase rates to the extent necessary to pay debt service and satisfy any other pecuniary obligations arising under the bonds, notes, or other

obligations, the revenue projections prepared by a professional utility rate consultant may include forecast rate increases and accumulated and available fund balances as determined by the authority.

SECTION _____. On the effective date of this Act:

(1) the Hill Country Regional Water Authority shall assume all assets, liabilities, and obligations of the West Travis County Public Utility Agency;

(2) all contracts and written agreements of the West Travis County Public Utility Agency are assigned to and assumed by the Hill Country Regional Water Authority; and

(3) the Utilities Installment Purchase Agreement entered January 17, 2012, between the Lower Colorado River Authority and the West Travis County Public Utility Agency, as amended, is assigned to and assumed by the Hill Country Regional Water Authority created by this Act and is valid and enforceable by its terms. Governmental immunity from liability or suit is waived for the parties to enforce that Utilities Installment Purchase Agreement to the extent provided by Subchapter I, Chapter 271, Local Government Code.

SECTION _____. (a) The board of directors of the Hill Country Regional Water Authority shall initiate a public process involving district stakeholders and other interested persons to develop a plan to address the future governance of the authority, including consideration of:

(1) the election of member positions by ratepayers;

(2) retail and wholesale customer representation; and

(3) the allocation of representatives from Hays and Travis Counties.

(b) Not later than January 1, 2015, the board of directors of the Hill Country Regional Water Authority shall present the plan developed under Subsection (a) of this section as a proposal for legislation to the committees of the 84th Legislature having primary jurisdiction over water districts and to each of the state representatives and state senators in whose district the territory of the Hill Country Regional Water Authority is located.

SECTION _____. (a) The legal notice of the intention to introduce this Act, setting forth the general substance of this Act, has been published as provided by law, and the notice and a copy of this Act have been furnished to all persons, agencies, officials, or entities to which they are required to be furnished under Section 59, Article XVI, Texas Constitution, and Chapter 313, Government Code.

(b) The governor, one of the required recipients, has submitted the notice and Act to the Texas Commission on Environmental Quality.

(c) The Texas Commission on Environmental Quality has filed its recommendations relating to this Act with the governor, the lieutenant governor, and the speaker of the house of representatives within the required time.

(d) All requirements of the constitution and laws of this state and the rules and procedures of the legislature with respect to the notice, introduction, and passage of this Act are fulfilled and accomplished.

SECTION _____. (a) Any eminent domain powers granted by general law that apply to the Hill Country Regional Water Authority, as created by this Act, take effect only if this Act receives a two-thirds vote of all the members elected to each house.

(b) If this Act does not receive a two-thirds vote of all the members elected to each house, Subchapter C, Chapter 8601, Special District Local Laws Code, as added by this Act, is amended by adding Section 8601.109 to read as follows:

Sec. 8601.109. NO EMINENT DOMAIN POWER. The district may not exercise the power of eminent domain.

(c) This section is not intended to be an expression of a legislative interpretation of the requirements of Section 17(c), Article I, Texas Constitution.

(2) Renumber the SECTIONS of the bill appropriately.

The amendment to **HB 3903** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 1.

On motion of Senator Campbell and by unanimous consent, the caption was amended to conform to the body of the bill as amended.

HB 3903 as amended was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading.

HOUSE BILL 3903 ON THIRD READING

Senator Campbell moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HB 3903** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 31, Nays 0.

The bill was read third time and was passed by the following vote: Yeas 31, Nays 0.

COMMITTEE SUBSTITUTE HOUSE BILL 1573 ON SECOND READING

Senator Van de Putte moved to suspend the regular order of business to take up for consideration **CSHB 1573** at this time on its second reading:

CSHB 1573, Relating to authorizing an optional county fee on vehicle registration in certain counties.

The motion prevailed.

Senators Birdwell, Deuell, Fraser, Hancock, Hegar, Huffman, Nelson, Patrick, and Schwertner asked to be recorded as voting "Nay" on suspension of the regular order of business.

The bill was read second time and was passed to third reading by the following vote: Yeas 22, Nays 9.

Yeas: Campbell, Carona, Davis, Duncan, Ellis, Eltife, Estes, Garcia, Hinojosa, Lucio, Nichols, Paxton, Rodríguez, Seliger, Taylor, Uresti, Van de Putte, Watson, West, Whitmire, Williams, Zaffirini.

Nays: Birdwell, Deuell, Fraser, Hancock, Hegar, Huffman, Nelson, Patrick, Schwertner.

HOUSE BILL 1133 ON SECOND READING

On motion of Senator Estes and by unanimous consent, the regular order of business was suspended to take up for consideration **HB 1133** at this time on its second reading:

HB 1133, Relating to a sales and use tax refund for tangible personal property used to provide cable television service, Internet access service, or telecommunications services and to the exclusion of that property in certain economic development agreements.

The bill was read second time and was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading.

HOUSE BILL 1133 ON THIRD READING

Senator Estes moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HB 1133** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 31, Nays 0.

The bill was read third time and was passed by the following vote: Yeas 31, Nays 0.

COMMITTEE SUBSTITUTE HOUSE BILL 8 ON SECOND READING

On motion of Senator Van de Putte and by unanimous consent, the regular order of business was suspended to take up for consideration **CSHB 8** at this time on its second reading:

CSHB 8, Relating to the prosecution and punishment of offenses related to trafficking of persons and to certain protections for victims of trafficking of persons.

The bill was read second time.

Senator Patrick offered the following amendment to the bill:

Floor Amendment No. 1

Amend **CSHB 8** (committee printing) by adding the following appropriately numbered SECTIONS to the bill and renumbering subsequent SECTIONS of the bill accordingly:

SECTION ____ . Sections 43.26(a) and (h), Penal Code, are amended to read as follows:

(a) A person commits an offense if:

(1) the person knowingly or intentionally possesses, or knowingly or intentionally accesses with intent to view, visual material that visually depicts a child younger than 18 years of age at the time the image of the child was made who is engaging in sexual conduct, including a child who engages in sexual conduct as a victim of an offense under Section 20A.02(a)(5), (6), (7), or (8); and

(2) the person knows that the material depicts the child as described by Subdivision (1).

(h) It is a defense to prosecution under Subsection (a) or (e) that the actor is a law enforcement officer or a school administrator who:

(1) possessed or accessed the visual material in good faith solely as a result of an allegation of a violation of Section 43.261;

(2) allowed other law enforcement or school administrative personnel to possess or access the material only as appropriate based on the allegation described by Subdivision (1); and

(3) took reasonable steps to destroy the material within an appropriate period following the allegation described by Subdivision (1).

SECTION ____. The change in law made by this Act to Section 43.26, Penal Code, applies only to an offense committed on or after the effective date of this Act. An offense committed before the effective date of this Act is governed by the law in effect on the date the offense was committed, and the former law is continued in effect for that purpose. For purposes of this section, an offense was committed before the effective date of this Act if any element of the offense occurred before that date.

The amendment to **CSHB 8** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 1.

On motion of Senator Van de Putte and by unanimous consent, the caption was amended to conform to the body of the bill as amended.

CSHB 8 as amended was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading.

COMMITTEE SUBSTITUTE HOUSE BILL 8 ON THIRD READING

Senator Van de Putte moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **CSHB 8** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 31, Nays 0.

The bill was read third time and was passed by the following vote: Yeas 31, Nays 0.

HOUSE BILL 3941 ON SECOND READING

On motion of Senator Campbell and by unanimous consent, the regular order of business was suspended to take up for consideration **HB 3941** at this time on its second reading:

HB 3941, Relating to the creation of the Comal County Water Improvement District No. 3; granting a limited power of eminent domain; providing authority to issue bonds; providing authority to impose assessments, fees, or taxes.

The bill was read second time and was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading.

HOUSE BILL 3941 ON THIRD READING

Senator Campbell moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HB 3941** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 31, Nays 0.

The bill was read third time and was passed by the following vote: Yeas 31, Nays 0.

**COMMITTEE SUBSTITUTE
HOUSE BILL 3605 ON SECOND READING**

Senator Hegar moved to suspend the regular order of business to take up for consideration **CSHB 3605** at this time on its second reading:

CSHB 3605, Relating to the evaluation by the Texas Water Development Board of applications for financial assistance for certain retail public utilities.

The motion prevailed.

Senator Schwertner asked to be recorded as voting "Nay" on suspension of the regular order of business.

The bill was read second time.

Senator Hegar offered the following amendment to the bill:

Floor Amendment No. 1

Amend **CSHB 3605** by adding the following appropriately numbered SECTIONS to the bill and renumbering subsequent SECTIONS of the bill accordingly:

SECTION _____. Subchapter D, Chapter 17, Water Code, is amended by adding Section 17.1245 to read as follows:

Sec. 17.1245. EVALUATION. (a) In passing on an application for financial assistance from a retail public utility that provides potable water service to 3,300 or more connections, the board shall:

(1) evaluate for compliance with the board's best management practices the utility's water conservation plan required under Section 13.146; and

(2) issue a report to a utility detailing the results of the evaluation conducted under Subdivision (1).

(b) Not later than January 1 of each odd-numbered year, the board shall submit to the legislature a written summary of the results of evaluations conducted under Subsection (a)(1).

SECTION _____. Section 17.1245, Water Code, as added by this Act, applies only to an application for financial assistance submitted on or after the effective date of this Act. An application for financial assistance submitted before the effective date of this Act is governed by the law in effect on the date the application was submitted, and the former law is continued in effect for that purpose.

The amendment to **CSHB 3605** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 1.

Senator Hegar offered the following amendment to the bill:

Floor Amendment No. 2

Amend **CSHB 3605** by adding the following appropriately numbered SECTIONS to the bill and renumbering subsequent SECTIONS of the bill accordingly:

SECTION _____. Section 17.183, Water Code, is amended to read as follows:

Sec. 17.183. CONSTRUCTION CONTRACT REQUIREMENTS. (a) The governing body of each political subdivision receiving financial assistance from the board shall require in all contracts for the construction of a project:

(1) that each bidder furnish a bid guarantee equivalent to five percent of the bid price;

(2) that each contractor awarded a construction contract furnish performance and payment bonds:

(A) the performance bond shall include without limitation guarantees that work done under the contract will be completed and performed according to approved plans and specifications and in accordance with sound construction principles and practices; and

(B) the performance and payment bonds shall be in a penal sum of not less than 100 percent of the contract price and remain in effect for one year beyond the date of approval by the engineer of the political subdivision; ~~and~~

(3) that payment be made in partial payments as the work progresses;

(4) that each partial payment shall not exceed 95 percent of the amount due at the time of the payment as shown by the engineer of the project, but, if the project is substantially complete, a partial release of the five percent retainage may be made by the political subdivision with approval of the executive administrator;

(5) that payment of the retainage remaining due upon completion of the contract shall be made only after:

(A) approval by the engineer for the political subdivision as required under the bond proceedings;

(B) approval by the governing body of the political subdivision by a resolution or other formal action; and

(C) certification by the executive administrator in accordance with the rules of the board that the work to be done under the contract has been completed and performed in a satisfactory manner and in accordance with approved plans and specifications ~~[sound engineering principles and practices]~~;

(6) that no valid approval may be granted unless the work done under the contract has been completed and performed in a satisfactory manner according to approved plans and specifications; and

(7) that, if a political subdivision receiving financial assistance under Subchapter K of this chapter, labor from inside the political subdivision be used to the extent possible.

(b) Plans and specifications submitted to the board in connection with an application for financial assistance must include a seal by a licensed engineer affirming that the plans and specifications are consistent with and conform to current industry design and construction standards.

The amendment to **CSHB 3605** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 2.

On motion of Senator Hegar and by unanimous consent, the caption was amended to conform to the body of the bill as amended.

CSHB 3605 as amended was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading except as follows:

Nays: Schwertner.

COMMITTEE SUBSTITUTE HOUSE BILL 3605 ON THIRD READING

Senator Hegar moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **CSHB 3605** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 30, Nays 1.

Nays: Schwertner.

The bill was read third time and was passed by the following vote: Yeas 30, Nays 1. (Same as previous roll call)

HOUSE BILL 2766 ON SECOND READING

On motion of Senator Whitmire and by unanimous consent, the regular order of business was suspended to take up for consideration **HB 2766** at this time on its second reading:

HB 2766, Relating to the exclusion of certain flow-through funds in determining total revenue for purposes of the franchise tax.

The bill was read second time and was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading.

HOUSE BILL 2766 ON THIRD READING

Senator Whitmire moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HB 2766** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 31, Nays 0.

The bill was read third time and was passed by the following vote: Yeas 31, Nays 0.

HOUSE JOINT RESOLUTION 62 ON SECOND READING

On motion of Senator Van de Putte and by unanimous consent, the regular order of business was suspended to take up for consideration **HJR 62** at this time on its second reading:

HJR 62, Proposing a constitutional amendment authorizing the legislature to provide for an exemption from ad valorem taxation of all or part of the market value of the residence homestead of the surviving spouse of a member of the armed services of the United States who is killed in action.

The resolution was read second time and was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading.

HOUSE JOINT RESOLUTION 62 ON THIRD READING

Senator Van de Putte moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HJR 62** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 31, Nays 0.

The resolution was read third time and was passed by the following vote: Yeas 31, Nays 0.

HOUSE BILL 789 ON SECOND READING

On motion of Senator Rodríguez and by unanimous consent, the regular order of business was suspended to take up for consideration **HB 789** at this time on its second reading:

HB 789, Relating to the allowance in lieu of exempt property in the administration of a decedent's estate.

The bill was read second time and was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading.

HOUSE BILL 789 ON THIRD READING

Senator Rodríguez moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HB 789** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 31, Nays 0.

The bill was read third time and was passed by the following vote: Yeas 31, Nays 0.

HOUSE BILL 3126 ON SECOND READING

Senator Lucio moved to suspend the regular order of business to take up for consideration **HB 3126** at this time on its second reading:

HB 3126, Relating to the authorization by referendum election of an increase in optional fees imposed on vehicles registered in certain counties to fund transportation projects.

The motion prevailed by the following vote: Yeas 25, Nays 6.

Yeas: Campbell, Carona, Davis, Deuell, Duncan, Ellis, Eltife, Estes, Garcia, Hegar, Hinojosa, Lucio, Nichols, Paxton, Rodríguez, Schwertner, Seliger, Taylor, Uresti, Van de Putte, Watson, West, Whitmire, Williams, Zaffirini.

Nays: Birdwell, Fraser, Hancock, Huffman, Nelson, Patrick.

The bill was read second time and was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading except as follows:

Nays: Birdwell, Fraser, Hancock, Huffman, Nelson, Patrick, Paxton.

HOUSE BILL 3126 ON THIRD READING

Senator Lucio moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HB 3126** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 25, Nays 6.

Yeas: Campbell, Carona, Davis, Deuell, Duncan, Ellis, Eltife, Estes, Garcia, Hegar, Hinojosa, Lucio, Nichols, Paxton, Rodríguez, Schwertner, Seliger, Taylor, Uresti, Van de Putte, Watson, West, Whitmire, Williams, Zaffirini.

Nays: Birdwell, Fraser, Hancock, Huffman, Nelson, Patrick.

The bill was read third time and was passed by the following vote: Yeas 24, Nays 7.

Yeas: Campbell, Carona, Davis, Deuell, Duncan, Ellis, Eltife, Estes, Garcia, Hegar, Hinojosa, Lucio, Nichols, Rodríguez, Schwertner, Seliger, Taylor, Uresti, Van de Putte, Watson, West, Whitmire, Williams, Zaffirini.

Nays: Birdwell, Fraser, Hancock, Huffman, Nelson, Patrick, Paxton.

HOUSE BILL 3447 ON SECOND READING

Senator Uresti moved to suspend the regular order of business to take up for consideration **HB 3447** at this time on its second reading:

HB 3447, Relating to the establishment and functions of certain urban land bank demonstration programs.

The motion prevailed.

Senators Birdwell, Hancock, Patrick, and Schwertner asked to be recorded as voting "Nay" on suspension of the regular order of business.

The bill was read second time.

Senator Van de Putte offered the following amendment to the bill:

Floor Amendment No. 1

Amend **HB 3447** by adding the following appropriately numbered SECTIONS to the bill and renumbering subsequent SECTIONS of the bill accordingly:

SECTION _____. Section 253.001, Local Government Code, is amended by adding Subsections (m), (n), and (o) to read as follows:

(m) Subsection (b) does not apply to the sale of a public square or park if:

(1) the land was part of the site of a world exposition recognized by the Bureau International des Expositions; and

(2) the remainder of the world exposition site includes dedicated public squares or parks that have a total area of 18 acres or more.

(n) The area dedicated under Subsection (m)(2) may include an area for which the municipality commits to demolishing any non-park improvements within 48 months after the date of the dedication.

(o) A petition for judicial review of a sale under Subsection (m) must be filed on or before the 60th day after the date the ordinance or resolution authorizing the sale is adopted. A petition filed after that date is barred.

SECTION _____. Chapter 253, Local Government Code, is amended by adding Section 253.0011 to read as follows:

Sec. 253.0011. SALE OR LEASE OF LAND USED FOR WORLD EXPOSITION RESTRICTED. If a municipality sells or leases a public square or park as authorized by Section 253.001(m), the aggregate square footage of hotel improvements to be constructed on any property sold or leased by the municipality that was part of the site of a world exposition recognized by the Bureau International des Expositions may not exceed 20 percent of the aggregate square footage of any improvements other than a convention center that:

(1) are located on property sold or leased by the municipality on that site;
and

(2) are constructed after June 1, 2013.

The amendment to **HB 3447** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 1.

On motion of Senator Uresti and by unanimous consent, the caption was amended to conform to the body of the bill as amended.

HB 3447 as amended was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading except as follows:

Nays: Birdwell, Hancock, Patrick, Schwertner.

HOUSE BILL 3447 ON THIRD READING

Senator Uresti moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HB 3447** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 26, Nays 5.

Yeas: Carona, Davis, Deuell, Duncan, Ellis, Eltife, Estes, Fraser, Garcia, Hegar, Hinojosa, Huffman, Lucio, Nelson, Nichols, Paxton, Rodríguez, Seliger, Taylor, Uresti, Van de Putte, Watson, West, Whitmire, Williams, Zaffirini.

Nays: Birdwell, Campbell, Hancock, Patrick, Schwertner.

The bill was read third time and was passed by the following vote: Yeas 26, Nays 5. (Same as previous roll call)

HOUSE BILL 3169 ON THIRD READING

Senator Lucio moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HB 3169** be placed on its third reading and final passage:

HB 3169, Relating to the imposition of the sales and use tax on taxable items sold or provided under certain contracts.

The motion prevailed by the following vote: Yeas 31, Nays 0.

The bill was read third time.

Senator Carona offered the following amendment to the bill:

Floor Amendment No. 1 on Third Reading

Amend **HB 3169** (Senate committee printing) on third reading by adding the following appropriately numbered SECTION to the bill and renumbering subsequent SECTIONS of the bill accordingly:

SECTION _____. Section 151.319(f), Tax Code, is amended to read as follows:

(f) In this section, "newspaper" means a publication that is printed on newsprint, the average sales price of which for each copy over a 30-day period does not exceed \$3 [~~\$1.50~~], and that is printed and distributed at a daily, weekly, or other short interval for the dissemination of news of a general character and of a general interest. "Newspaper" does not include a magazine, handbill, circular, flyer, sales catalog, or similar printed item unless the printed item is printed for distribution as a part of a newspaper and is actually distributed as a part of a newspaper. For the purposes of this section, an advertisement is news of a general character and of a general interest. Notwithstanding any other provision of this subsection, "newspaper" includes:

(1) a publication containing articles and essays of general interest by various writers and advertisements that is produced for the operator of a licensed and certified carrier of persons and distributed by the operator to its customers during their travel on the carrier; and

(2) a publication for the dissemination of news of a general character and of a general interest that is printed on newsprint and distributed to the general public free of charge at a daily, weekly, or other short interval.

The amendment to **HB 3169** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 1 on Third Reading.

On motion of Senator Lucio and by unanimous consent, the caption was again amended to conform to the body of the bill as amended.

HB 3169 as again amended was finally passed by the following vote: Yeas 31, Nays 0.

HOUSE BILL 2100 ON SECOND READING

On motion of Senator Williams and by unanimous consent, the regular order of business was suspended to take up for consideration **HB 2100** at this time on its second reading:

HB 2100, Relating to the salary for certain employees of the Department of Public Safety of the State of Texas.

The bill was read second time.

Senator Williams offered the following amendment to the bill:

Floor Amendment No. 1

Amend **HB 2100** (senate committee printing) by striking all below the enacting clause and substituting the following:

SECTION 1. Subchapter A, Chapter 411, Government Code, is amended by adding Section 411.0162 to read as follows:

Sec. 411.0162. SALARIES FOR CERTAIN TROOPERS. (a) Notwithstanding any other provision of law and subject to the availability of money appropriated for that purpose, the department may pay its employees classified as Trooper Trainee, Probationary Trooper, and Trooper I at rates that exceed the maximum rates designated in Salary Schedule C of the position classification schedule prescribed by the General Appropriations Act for the state fiscal biennium ending August 31, 2013, for that position by up to 10 percent.

(b) Notwithstanding Subsection (a) or any other provision of law and subject to the availability of money appropriated for that purpose, in the state fiscal year beginning September 1, 2013, the department may pay its employees classified as Trooper Trainee, Probationary Trooper, and Trooper I at rates that exceed the maximum rates designated in Salary Schedule C of the position classification schedule prescribed by the General Appropriations Act for the state fiscal biennium ending August 31, 2013, for that position by up to five percent. This subsection expires September 1, 2014.

SECTION 2. This Act takes effect September 1, 2013.

The amendment to **HB 2100** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 1.

On motion of Senator Williams and by unanimous consent, the caption was amended to conform to the body of the bill as amended.

HB 2100 as amended was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading.

HOUSE BILL 2100 ON THIRD READING

Senator Williams moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HB 2100** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 31, Nays 0.

The bill was read third time and was passed by the following vote: Yeas 31, Nays 0.

**COMMITTEE SUBSTITUTE
HOUSE BILL 3572 ON SECOND READING**

On motion of Senator Williams and by unanimous consent, the regular order of business was suspended to take up for consideration **CSHB 3572** at this time on its second reading:

CSHB 3572, Relating to the administration, collection, and enforcement of taxes on mixed beverages; imposing a tax on sales of mixed beverages; decreasing the rate of the current tax on mixed beverages.

The bill was read second time.

Senator Hinojosa offered the following amendment to the bill:

Floor Amendment No. 1

Amend **CSHB 3572** (Senate committee printing) by adding the following appropriately numbered SECTION to the bill and renumbering subsequent SECTIONS accordingly:

SECTION __. Section 106.14, Alcoholic Beverage Code, is amended by adding Subsection (b-1) to read as follows:

(b-1) The commission may not deny the approval of a seller training program on the ground that the program presents the information using only an audiovisual recording.

The amendment to **CSHB 3572** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 1.

On motion of Senator Williams and by unanimous consent, the caption was amended to conform to the body of the bill as amended.

CSHB 3572 as amended was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading.

**COMMITTEE SUBSTITUTE
HOUSE BILL 3572 ON THIRD READING**

Senator Williams moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **CSHB 3572** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 31, Nays 0.

The bill was read third time and was passed by the following vote: Yeas 31, Nays 0.

**COMMITTEE SUBSTITUTE
HOUSE BILL 2383 ON SECOND READING**

Senator Duncan moved to suspend the regular order of business to take up for consideration **CSHB 2383** at this time on its second reading:

CSHB 2383, Relating to life settlement contracts for the payment of long-term care services and support and the consideration of a life insurance policy in determining eligibility for medical assistance.

The motion prevailed.

Senators Hancock, Nichols, Patrick, Taylor, and Williams asked to be recorded as voting "Nay" on suspension of the regular order of business.

The bill was read second time and was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading except as follows:

Nays: Hancock, Hegar, Nichols, Patrick, Taylor, Williams.

**COMMITTEE SUBSTITUTE
HOUSE BILL 2383 ON THIRD READING**

Senator Duncan moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **CSHB 2383** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 26, Nays 5.

Yeas: Birdwell, Campbell, Carona, Davis, Deuell, Duncan, Ellis, Eltife, Estes, Fraser, Garcia, Hegar, Hinojosa, Huffman, Lucio, Nelson, Paxton, Rodríguez, Schwertner, Seliger, Uresti, Van de Putte, Watson, West, Whitmire, Zaffirini.

Nays: Hancock, Nichols, Patrick, Taylor, Williams.

The bill was read third time and was passed by the following vote: Yeas 25, Nays 6.

Yeas: Birdwell, Campbell, Carona, Davis, Deuell, Duncan, Ellis, Eltife, Estes, Fraser, Garcia, Hinojosa, Huffman, Lucio, Nelson, Paxton, Rodríguez, Schwertner, Seliger, Uresti, Van de Putte, Watson, West, Whitmire, Zaffirini.

Nays: Hancock, Hegar, Nichols, Patrick, Taylor, Williams.

HOUSE BILL 3276 ON SECOND READING

Senator Deuell moved to suspend the regular order of business to take up for consideration **HB 3276** at this time on its second reading:

HB 3276, Relating to the coverage by certain health benefit plans for the screening and treatment of autism spectrum disorder.

The motion prevailed.

Senators Birdwell, Campbell, Estes, Fraser, Hancock, Nichols, Patrick, and Paxton asked to be recorded as voting "Nay" on suspension of the regular order of business.

The bill was read second time and was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading except as follows:

Nays: Birdwell, Campbell, Estes, Fraser, Hancock, Hegar, Nichols, Patrick, Paxton.

HOUSE BILL 3276 ON THIRD READING

Senator Deuell moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HB 3276** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 25, Nays 6.

Yeas: Carona, Davis, Deuell, Duncan, Ellis, Eltife, Garcia, Hancock, Hegar, Hinojosa, Huffman, Lucio, Nelson, Paxton, Rodríguez, Schwertner, Seliger, Taylor, Uresti, Van de Putte, Watson, West, Whitmire, Williams, Zaffirini.

Nays: Birdwell, Campbell, Estes, Fraser, Nichols, Patrick.

The bill was read third time and was passed by the following vote: Yeas 22, Nays 9.

Yeas: Carona, Davis, Deuell, Duncan, Ellis, Eltife, Garcia, Hinojosa, Huffman, Lucio, Nelson, Rodríguez, Schwertner, Seliger, Taylor, Uresti, Van de Putte, Watson, West, Whitmire, Williams, Zaffirini.

Nays: Birdwell, Campbell, Estes, Fraser, Hancock, Hegar, Nichols, Patrick, Paxton.

COMMITTEE SUBSTITUTE HOUSE BILL 3153 ON SECOND READING

Senator West moved to suspend the regular order of business to take up for consideration **CSHB 3153** at this time on its second reading:

CSHB 3153, Relating to the operation and administration of, and practice in courts in, the judicial branch of state government and the composition of certain juvenile boards; imposing a fee.

The motion prevailed.

Senator Patrick asked to be recorded as voting "Nay" on suspension of the regular order of business.

The bill was read second time.

Senator Uresti offered the following amendment to the bill:

Floor Amendment No. 1

Amend **CSHB 3153** (senate committee printing) as follows:

(1) In SECTION 1.03(b) of ARTICLE 1 of the bill, in the heading to amended Section 24.377, Government Code (page 2, lines 64-65), strike "AND [EDWARDS,]" and substitute "EDWARDS, AND".

(2) In SECTION 1.03(b) of ARTICLE 1 of the bill, in amended Section 24.377(a), Government Code (page 2, lines 66-67), strike "and [Edwards,]" and substitute "Edwards, and".

(3) In SECTION 1.03(c) of ARTICLE 1 of the bill, in the heading to added Section 24.596, Government Code (page 3, line 24), strike "(EDWARDS, KIMBLE," and substitute "(KIMBLE,".

(4) In SECTION 1.03(c) of ARTICLE 1 of the bill, in added Section 24.596(a), Government Code (page 3, line 26), strike "Edwards,".

(5) In SECTION 1.03(h) of ARTICLE 1 of the bill, on page 3, line 68, strike "Edwards,".

The amendment to **CSHB 3153** was read and failed of adoption by the following vote: Yeas 14, Nays 16.

Yeas: Davis, Ellis, Garcia, Hegar, Hinojosa, Huffman, Lucio, Rodríguez, Uresti, Van de Putte, Watson, West, Whitmire, Zaffirini.

Nays: Campbell, Carona, Deuell, Duncan, Eltife, Estes, Fraser, Hancock, Nelson, Nichols, Patrick, Paxton, Schwertner, Seliger, Taylor, Williams.

Absent: Birdwell.

CSHB 3153 was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading except as follows:

Nays: Patrick.

COMMITTEE SUBSTITUTE HOUSE BILL 3153 ON THIRD READING

Senator West moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **CSHB 3153** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 30, Nays 1.

Nays: Patrick.

The bill was read third time and was passed by the following vote: Yeas 30, Nays 1. (Same as previous roll call)

GUESTS PRESENTED

Senator West was recognized and introduced to the Senate a delegation from St. Anthony Charter School.

The Senate welcomed its guests.

HOUSE BILL 1931 ON SECOND READING

On motion of Senator Estes and by unanimous consent, the regular order of business was suspended to take up for consideration **HB 1931** at this time on its second reading:

HB 1931, Relating to compensation of property owners whose property is damaged as a result of a pursuit involving a law enforcement agency.

The bill was read second time and was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading.

HOUSE BILL 1931 ON THIRD READING

Senator Estes moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HB 1931** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 31, Nays 0.

The bill was read third time and was passed by the following vote: Yeas 31, Nays 0.

HOUSE BILL 3643 ON SECOND READING

Senator Carona moved to suspend the regular order of business to take up for consideration **HB 3643** at this time on its second reading:

HB 3643, Relating to the allocation of revenue from the municipal hotel occupancy tax by certain municipalities.

The motion prevailed.

Senator Patrick asked to be recorded as voting "Nay" on suspension of the regular order of business.

The bill was read second time and was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading except as follows:

Nays: Patrick.

HOUSE BILL 3643 ON THIRD READING

Senator Carona moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HB 3643** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 30, Nays 1.

Nays: Patrick.

The bill was read third time and was passed by the following vote: Yeas 30, Nays 1. (Same as previous roll call)

**COMMITTEE SUBSTITUTE
HOUSE BILL 3370 ON SECOND READING**

On motion of Senator Patrick and by unanimous consent, the regular order of business was suspended to take up for consideration **CSHB 3370** at this time on its second reading:

CSHB 3370, Relating to the authority of certain retired peace officers and former reserve law enforcement officers to carry certain firearms.

The bill was read second time and was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading.

**COMMITTEE SUBSTITUTE
HOUSE BILL 3370 ON THIRD READING**

Senator Patrick moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **CSHB 3370** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 31, Nays 0.

The bill was read third time and was passed by the following vote: Yeas 31, Nays 0.

HOUSE BILL 3309 ON SECOND READING

On motion of Senator Estes and by unanimous consent, the regular order of business was suspended to take up for consideration **HB 3309** at this time on its second reading:

HB 3309, Relating to the composition and use of money in the oil and gas regulation and cleanup fund.

The bill was read second time.

Senator Estes offered the following amendment to the bill:

Floor Amendment No. 1

Amend **HB 3309** (senate committee printing) as follows:

(1) On page 1, line 24, strike "Section 81.067(c), Natural Resources Code, is" and substitute "Sections 81.067(b) and (c), Natural Resources Code, are".

(2) On page 1, between lines 25 and 26, insert the following:

(b) The commission shall certify to the comptroller the date on which the balance in the fund equals or exceeds \$30 [~~\$20~~] million. The oil-field cleanup regulatory fees on oil and gas shall not be collected or required to be paid on or after the first day of the second month following the certification, except that the comptroller shall resume collecting the fees on receipt of a commission certification that the fund has fallen below \$25 [~~\$10~~] million. The comptroller shall continue collecting the fees until collections are again suspended in the manner provided by this subsection.

The amendment to **HB 3309** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 1.

On motion of Senator Estes and by unanimous consent, the caption was amended to conform to the body of the bill as amended.

HB 3309 as amended was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading.

HOUSE BILL 3309 ON THIRD READING

Senator Estes moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HB 3309** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 31, Nays 0.

The bill was read third time and was passed by the following vote: Yeas 31, Nays 0.

COMMITTEE SUBSTITUTE HOUSE BILL 7 ON SECOND READING

Senator Williams moved to suspend the regular order of business to take up for consideration **CSHB 7** at this time on its second reading:

CSHB 7, Relating to the amounts, availability, and use of certain statutorily dedicated revenue and accounts; reducing or affecting the amounts or rates of certain statutorily dedicated fees and assessments; imposing certain court costs.

The motion prevailed.

Senators Ellis, Garcia, Rodríguez, Watson, West, and Zaffirini asked to be recorded as voting "Nay" on suspension of the regular order of business.

The bill was read second time.

Senator Williams offered the following amendment to the bill:

Floor Amendment No. 1

Amend **CSHB 7** (senate committee printing) as follows:

(1) In SECTION 2 of the bill, adding Section 403.0956, Government Code (page 2), strike lines 12 through 15 and substitute:
accordance with Section 51.008, Education Code;

(2) interest or earnings on deposits of federal money the diversion of which is specifically excluded by federal law;

(3) the lifetime license endowment account; or

(4) the game, fish, and water safety account.

(2) In SECTION 4 of the bill, in the last sentence of amended Section 361.014(a), Health and Safety Code (page 2, line 56), strike "must include[-including]:" and substitute "may include[-including]:".

(3) In SECTION 18 of the bill, appropriating the balance of the system benefit fund (page 7, line 58), between "fund," and "to the", insert "in an amount not to exceed \$630 million,".

(4) Add to the bill the following appropriately numbered section and renumber any subsequent sections of the bill accordingly:

SECTION _____. (a) Subchapter I, Chapter 113, Natural Resources Code, is repealed.

(b) On the effective date of this Act:

(1) the alternative fuels research and education fund is abolished;

(2) any money remaining in the alternative fuels research and education fund is transferred to the undedicated portion of the general revenue fund;

(3) any claim against the alternative fuels research and education fund is transferred to the undedicated portion of the general revenue fund; and

(4) any amount required to be deposited to the credit of the alternative fuels research and education fund shall be deposited to the credit of the undedicated portion of the general revenue fund.

(c) Any money transferred from the alternative fuels research and education fund to the undedicated portion of the general revenue fund that was deposited in the alternative fuels research and education fund as a gift, grant, or other form of assistance under former Subchapter I, Chapter 113, Natural Resources Code, and is encumbered by the specific terms of the gift, grant, or other form of assistance may be spent only in accordance with the terms of the gift, grant, or other form of assistance. Subchapter I, Chapter 113, Natural Resources Code, is continued in effect for the limited purpose of administering this subsection.

The amendment to **CSHB 7** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 1.

Senator Duncan offered the following amendment to the bill:

Floor Amendment No. 2

Amend **CSHB 7** by adding an appropriately numbered SECTION to read as follows:

SECTION _____. Effective September 1, 2015, Section 56.095(b), Education Code, is repealed.

The amendment to **CSHB 7** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 2.

On motion of Senator Williams and by unanimous consent, the caption was amended to conform to the body of the bill as amended.

CSHB 7 as amended was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading except as follows:

Nays: Ellis, Garcia, Rodríguez, Watson, West, Zaffirini.

**COMMITTEE SUBSTITUTE
HOUSE BILL 7 ON THIRD READING**

Senator Williams moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **CSHB 7** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 25, Nays 6.

Yeas: Birdwell, Campbell, Carona, Davis, Deuell, Duncan, Eltife, Estes, Fraser, Hancock, Hegar, Hinojosa, Huffman, Lucio, Nelson, Nichols, Patrick, Paxton, Schwertner, Seliger, Taylor, Uresti, Van de Putte, Whitmire, Williams.

Nays: Ellis, Garcia, Rodríguez, Watson, West, Zaffirini.

The bill was read third time and was passed by the following vote: Yeas 25, Nays 6. (Same as previous roll call)

**COMMITTEE SUBSTITUTE
HOUSE BILL 6 ON SECOND READING**

On motion of Senator Williams and by unanimous consent, the regular order of business was suspended to take up for consideration **CSHB 6** at this time on its second reading:

CSHB 6, Relating to the creation and re-creation of funds and accounts in the state treasury, the dedication and rededication of revenue, and the exemption of unappropriated money from use for general governmental purposes.

The bill was read second time.

Senator Williams offered the following amendment to the bill:

Floor Amendment No. 1

Amend **CSHB 6** (senate committee report) as follows:

(1) In SECTION 1 of the bill (page 1, line 34), between "executive branch" and "of", insert "or the judicial branch".

(2) In SECTION 2 of the bill (page 1, line 42), strike "in the state treasury".

(3) Add the following appropriately numbered SECTION to the bill:

SECTION _____. SEPARATE FUNDS IN THE TREASURY. Effective on the later of the effective date of the Act creating or re-creating the specified fund or August 31, 2013, the following funds, if created by an Act of the 83rd Legislature, Regular Session, 2013, the revenue deposited to the funds, and the revenue dedicated for deposit to the funds, are exempt from Section 2 of this Act and the funds are created in as separate funds in the state treasury:

(1) the Texas economic development fund, created as a fund in the state treasury by Senate Bill No. 1214 or similar legislation; and

(2) the permanent fund supporting military and veterans exemptions, created as a special fund in the treasury by Senate Bill No. 1158 or similar legislation.

(4) Add the following appropriately numbered SECTION to the bill:

SECTION _____. REVENUE DEDICATION. Effective on the later of the effective date of the Act dedicating or rededicating the specified revenue or August 31, 2013, the following dedications or rededications of revenue collected for a particular purpose are exempt from Section 2 of this Act, if dedicated or rededicated by an Act of the 83rd Legislature, Regular Session, 2013:

(1) the dedication of penalty revenue to the compensation to victims of crime fund as provided by House Bill No. 508 or similar legislation;

(2) the dedication of fee and penalty revenue for deposit to and revenue held in the oyster sales account in the general revenue fund provided by House Bill No. 1903 or similar legislation;

(3) the dedication of voluntary contributions for deposit to the fund for veterans' assistance provided by House Bill No. 633 or similar legislation; and

(4) the rededication of revenue held in the system benefit fund as provided by House Bill No. 7 or similar legislation.

(5) Renumber the SECTIONS of the bill appropriately.

The amendment to **CSHB 6** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 1.

Senator Williams offered the following amendment to the bill:

Floor Amendment No. 2

Amend **CSHB 6** (senate committee report) as follows:

(1) Strike the recital to SECTION 8 of the bill (page 2, lines 27 through 29) and strike from SECTION 8 of the bill amended Section 403.095(b), Government Code (page 2, lines 30-36), and substitute the following:

SECTION 8. AMENDMENT OF SECTION 403.095, GOVERNMENT CODE. (a) If S.J.R. No. 1 of the 83rd Legislature, Regular Session, 2013, is approved by both houses of the legislature, and if on or before September 1, 2013, Section 39.9039, Utilities Code, as proposed by H.B. No. 7 or similar legislation of the 83rd Legislature, Regular Session, 2013, becomes law, effective September 1, 2013, Sections 403.095(b), (d), and (e), Government Code, are amended to read as follows:

(b) Notwithstanding any law dedicating or setting aside revenue for a particular purpose or entity, dedicated revenues, in a total amount not to exceed \$4.2 billion, that [r] on August 31, 2015 [2013], are estimated to exceed the amount appropriated by the General Appropriations Act or other laws enacted by the 83rd [82nd] Legislature are available for general governmental purposes and are considered available for the purpose of certification under Section 403.121. It is the intent of the legislature that dedicated revenues that exceed the total amount that this subsection makes available for general governmental purposes and for certification must be used for the purposes for which the revenues are dedicated.

(2) In SECTION 8 of the bill, immediately following amended Section 403.095(e), Government Code (page 2, between lines 58 and 59), insert the following:

(b) If either of the conditions provided by Subsection (a) of this section is not met, Subsection (a) of this section has no effect, and, effective September 1, 2013, Sections 403.095(b), (d), and (e), Government Code, are amended to read as follows:

(b) Notwithstanding any law dedicating or setting aside revenue for a particular purpose or entity, dedicated revenues, in a total amount not to exceed \$5.0 billion, that [;] on August 31, 2015 [2013], are estimated to exceed the amount appropriated by the General Appropriations Act or other laws enacted by the 83rd [82nd] Legislature are available for general governmental purposes and are considered available for the purpose of certification under Section 403.121. It is the intent of the legislature that dedicated revenues that exceed the total amount that this subsection makes available for general governmental purposes and for certification must be used for the purposes for which the revenues are dedicated.

(d) Following certification of the General Appropriations Act and other appropriations measures enacted by the 83rd [82nd] Legislature, the comptroller shall reduce each dedicated account as directed by the legislature by an amount that may not exceed the amount by which estimated revenues and unobligated balances exceed appropriations. The reductions may be made in the amounts and at the times necessary for cash flow considerations to allow all the dedicated accounts to maintain adequate cash balances to transact routine business. The legislature may authorize, in the General Appropriations Act, the temporary delay of the excess balance reduction required under this subsection. This subsection does not apply to revenues or balances in:

- (1) funds outside the treasury;
- (2) trust funds, which for purposes of this section include funds that may or are required to be used in whole or in part for the acquisition, development, construction, or maintenance of state and local government infrastructures, recreational facilities, or natural resource conservation facilities;
- (3) funds created by the constitution or a court; or
- (4) funds for which separate accounting is required by federal law.

(e) This section expires ~~on~~ September 1, 2015 [2013].

The amendment to **CSHB 6** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 2.

Senator Watson offered the following amendment to the bill:

Floor Amendment No. 3

Amend **CSHB 6** (senate committee printing) by striking SECTION 8 of the bill, amending Section 403.095, Government Code (page 2, lines 27 through 58), and substituting the following:

SECTION 8. AMENDMENT OF SECTION 403.095, GOVERNMENT CODE. Section 403.095, Government Code, is amended by amending Subsections (b), (d), and (e) and adding Subsection (b-1) to read as follows:

(b) Notwithstanding any law dedicating or setting aside revenue for a particular purpose or entity, an amount of dedicated revenues, not to exceed \$1 billion, that[;] on August 31 of an odd-numbered year is[-, 2013, are] estimated to exceed the amount appropriated by the General Appropriations Act or other laws enacted by the legislature is [82nd Legislature are] available for general governmental purposes and is [are] considered available for the purpose of certification under Section 403.121.

(b-1) Notwithstanding the limitation provided by Subsection (b), the amount of dedicated revenues described by that subsection that on August 31 of an odd-numbered year is estimated to exceed the amount appropriated by the General Appropriations Act or other laws enacted by the legislature is considered available for general governmental purposes and for the purpose of the certification under Section 403.121 in an amount not to exceed:

- (1) \$4.2 billion for the fiscal biennium ending August 31, 2015;
- (2) \$3.4 billion for the fiscal biennium ending August 31, 2017;
- (3) \$2.6 billion for the fiscal biennium ending August 31, 2019; and
- (4) \$1.8 billion for the fiscal biennium ending August 31, 2021.

(d) Following certification of the General Appropriations Act and other appropriations measures enacted by the legislature [~~82nd Legislature~~], the comptroller shall reduce each dedicated account as directed by the legislature by an amount that may not exceed the amount by which estimated revenues and unobligated balances exceed appropriations. The reductions may be made in the amounts and at the times necessary for cash flow considerations to allow all the dedicated accounts to maintain adequate cash balances to transact routine business. The legislature may authorize, in the General Appropriations Act, the temporary delay of the excess balance reduction required under this subsection. This subsection does not apply to revenues or balances in:

- (1) funds outside the treasury;
- (2) trust funds, which for purposes of this section include funds that may or are required to be used in whole or in part for the acquisition, development, construction, or maintenance of state and local government infrastructures, recreational facilities, or natural resource conservation facilities;
- (3) funds created by the constitution or a court; or
- (4) funds for which separate accounting is required by federal law.

(e) This subsection and Subsection (b-1) expire [~~section expires on~~] September 1, 2023 [~~2013~~].

The amendment to **CSHB 6** was read.

Senator Williams moved to temporarily postpone further consideration of the bill.

The motion prevailed.

Question — Shall Floor Amendment No. 3 to **CSHB 6** be adopted?

COMMITTEE SUBSTITUTE HOUSE BILL 1675 ON SECOND READING

On motion of Senator Nichols and by unanimous consent, the regular order of business was suspended to take up for consideration **CSHB 1675** at this time on its second reading:

CSHB 1675, Relating to the sunset review process and certain governmental entities subject to that process.

The bill was read second time.

Senator Nichols offered the following amendment to the bill:

Floor Amendment No. 1

Amend **CSHB 1675** (Senate Committee Report version), by striking SECTION 5.03 of the bill (page 3, line 64 through page 4, line 4), and replacing with the following:

SECTION 5.03. Section 325.0195, Government Code, is amended by adding Subsection (c), (c-1) and (c-2) to read as follows:

(c) A state agency that provides the commission with access to a privileged or confidential communication, record, document, or file under Section 325.019 for purposes of a review under this chapter does not waive the attorney-client privilege, or any other privilege or confidentiality requirement protected or required by the Texas Constitution, common law, statutory law, or rules of evidence, procedure, or professional conduct, with respect to the communication, record, document, or file provided to the commission. For purposes of this subsection, a communication includes, but is not limited to, a discussion that occurs at a meeting or proceeding of the state agency that is closed to the public.

(c-1) The state agency may require the commission or the members of the commission's staff who view, handle or are privy to information, or who attend a meeting that is not accessible to the public, to sign a confidentiality agreement that covers the information and requires that:

(1) the information not be disclosed outside the commission for purposes other than the purpose for which it was received;

(2) the information be labeled as confidential;

(3) the information be kept securely; or

(4) the number of copies made of the information or the notes taken from the information that implicate the confidential nature of the information be controlled, with all copies or notes that are not destroyed or returned to the governmental body remaining confidential and subject to the confidentiality agreement.

(c-2) A person who obtains access to confidential information under this subsection commits an offense if the officer or employee knowingly:

(1) uses the confidential information for a purpose other than the purpose for which the information was received or for a purpose unrelated to the law that permitted the officer or employee to obtain access to the information, including solicitation of political contributions or solicitation of clients;

(2) permits inspection of the confidential information by a person who is not authorized to inspect the information; or

(3) discloses the confidential information to a person who is not authorized to receive the information.

The amendment to **CSHB 1675** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 1.

Senator Nichols offered the following amendment to the bill:

Floor Amendment No. 2

Amend **CSHB 1675** (senate committee printing) on page 3 line 64 by adding 325.019(d) Government Code which reads as follows:

(d) Subsections (b) and (c) of this section shall not apply to meetings of a state agency regulating a bank as that term is defined in Section 201.002, Finance Code, that relate to the subject of bank closings, sales, or mergers.

The amendment to **CSHB 1675** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 2.

Senator Patrick offered the following amendment to the bill:

Floor Amendment No. 3

Amend **CSHB 1675** (senate committee printing) by adding the following appropriately numbered ARTICLE to the bill and renumbering subsequent ARTICLES of the bill as appropriate:

ARTICLE __. ENTITIES GIVEN 2015 SUNSET DATE

SECTION __. __. TEXAS EDUCATION AGENCY. (a) Section 7.004, Education Code, is amended to read as follows:

Sec. 7.004. SUNSET PROVISION. The Texas Education Agency is subject to Chapter 325, Government Code (Texas Sunset Act). Unless continued in existence as provided by that chapter, the agency is abolished September 1, 2015 [~~2013~~].

(b) This section takes effect only if the 83rd Legislature, Regular Session, 2013, does not enact other legislation that becomes law and that amends Section 7.004, Education Code, to extend the sunset date of the Texas Education Agency. If the 83rd Legislature, Regular Session, 2013, enacts legislation of that kind, this section has no effect.

(c) The Sunset Advisory Commission shall limit its review of the Texas Education Agency in preparation for the work of the 84th Legislature in Regular Session to the appropriateness of recommendations made by the commission to the 83rd Legislature. In the commission's report to the 84th Legislature, the commission may include any recommendations it considers appropriate. This subsection expires September 1, 2015.

The amendment to **CSHB 1675** was read.

Senator Davis offered the following amendment to Floor Amendment No. 3:

Floor Amendment No. 4

Amend Floor Amendment No. 3 by Patrick to **CSHB 1675** (senate committee printing) in the added SECTION relating to the Texas Education Agency (page 1, after line 23) by adding the following:

(d) Subchapter B, Chapter 39, Education Code, is amended by adding Section 39.038 to read as follows:

Sec. 39.038. SUNSET REVIEW OF CONTRACTING PROCEDURES FOR ASSESSMENT INSTRUMENTS. The Sunset Advisory Commission shall evaluate the contracting procedures used by the agency to enter into a contract with a provider to develop or administer assessment instruments required by Section 39.023 and present to the 84th Legislature a report on its evaluation and recommendations in relation to the contracting procedures. This section expires September 1, 2015.

The amendment to Floor Amendment No. 3 to **CSHB 1675** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 4.

Question recurring on the adoption of Floor Amendment No. 3 to **CSHB 1675**, the amendment as amended was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 3 as amended.

Senator Patrick offered the following amendment to the bill:

Floor Amendment No. 5

Amend **CSHB 1675** (senate committee printing) by adding the following appropriately numbered ARTICLE to the bill and renumbering subsequent ARTICLES of the bill as appropriate:

ARTICLE __. ENTITIES GIVEN 2015 SUNSET DATE

SECTION __. ____. UNIVERSITY INTERSCHOLASTIC LEAGUE. Section 33.083, Education Code, is amended by adding Subsection (e) to read as follows:

(e) The University Interscholastic League is subject to review under Chapter 325, Government Code (Texas Sunset Act), but is not abolished under that chapter. The University Interscholastic League shall be reviewed during the period in which state agencies abolished in 2015 are reviewed. The University Interscholastic League shall pay the costs incurred by the Sunset Advisory Commission in performing the review under this subsection. The Sunset Advisory Commission shall determine the costs of the review performed under this subsection, and the University Interscholastic League shall pay the amount of those costs promptly on receipt of a statement from the Sunset Advisory Commission regarding those costs. This subsection expires September 1, 2015.

The amendment to **CSHB 1675** was read and was adopted by the following vote: Yeas 18, Nays 11.

Yeas: Birdwell, Campbell, Davis, Ellis, Estes, Garcia, Hancock, Hegar, Hinojosa, Huffman, Lucio, Nichols, Patrick, Paxton, Schwertner, Taylor, Uresti, Whitmire.

Nays: Deuell, Duncan, Eltife, Fraser, Nelson, Rodríguez, Van de Putte, Watson, West, Williams, Zaffirini.

Absent: Carona, Seliger.

Senator Ellis offered the following amendment to the bill:

Floor Amendment No. 6

Amend **CSHB 1675** (senate committee printing) by adding the following appropriately numbered ARTICLE to the bill and renumbering subsequent ARTICLES of the bill as appropriate:

ARTICLE __. ENTITIES GIVEN 2015 SUNSET DATE

SECTION __. STATE BOARD OF EDUCATION. Subchapter D, Chapter 7, Education Code, is amended by adding Section 7.114 to read as follows:

Sec. 7.114. SUNSET PROVISION. The State Board of Education is subject to review under Chapter 325, Government Code (Texas Sunset Act), but is not abolished under that chapter. The board shall be reviewed during the periods in which state agencies scheduled to be abolished in 2015 and every 12th year after that year are reviewed.

The amendment to **CSHB 1675** was read.

On motion of Senator Nichols, Floor Amendment No. 6 was tabled by the following vote: Yeas 20, Nays 11.

Yeas: Birdwell, Campbell, Carona, Deuell, Duncan, Eltife, Estes, Fraser, Hancock, Hegar, Huffman, Nelson, Nichols, Patrick, Paxton, Schwertner, Seliger, Taylor, Whitmire, Williams.

Nays: Davis, Ellis, Garcia, Hinojosa, Lucio, Rodríguez, Uresti, Van de Putte, Watson, West, Zaffirini.

Senator Whitmire offered the following amendment to the bill:

Floor Amendment No. 7

Amend **CSHB 1675** (senate committee printing) by adding the following appropriately numbered ARTICLE to the bill and renumbering subsequent ARTICLES of the bill as appropriate:

ARTICLE __. ENTITIES GIVEN 2015 SUNSET DATE

SECTION __. TEXAS FACILITIES COMMISSION. (a) Section 2152.002, Government Code, is amended to read as follows:

Sec. 2152.002. SUNSET PROVISION. The Texas Facilities [~~Building and Procurement~~] Commission is subject to Chapter 325 (Texas Sunset Act). Unless continued in existence as provided by that chapter, the commission is abolished and this subtitle, except for Chapter 2170 and Section 2157.121, expires September 1, 2015 [~~2013~~].

(b) The Sunset Advisory Commission shall limit its review of the Texas Facilities Commission in preparation for the work of the 84th Legislature in Regular Session to the appropriateness of recommendations made by the commission to the 83rd Legislature. In the commission's report to the 84th Legislature, the commission may include any recommendations it considers appropriate. This subsection expires September 1, 2015.

The amendment to **CSHB 1675** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 7 except as follows:

Nays: Ellis.

Senator Whitmire offered the following amendment to the bill:

Floor Amendment No. 8

Amend **CSHB 1675** (senate committee printing) by adding the following appropriately numbered ARTICLE to the bill and renumbering subsequent ARTICLES of the bill as appropriate:

ARTICLE __. ENTITIES GIVEN 2015 SUNSET DATE

SECTION __. __. PORT OF HOUSTON AUTHORITY. (a) Sections 9(a) and (d), Chapter 97, Acts of the 40th Legislature, 1st Called Session, 1927, as added by Section 1.10, Chapter 1232, Acts of the 82nd Legislature, Regular Session, 2011, are amended to read as follows:

(a) The Port of Houston Authority of Harris County, Texas, is subject to review under Chapter 325, Government Code (Texas Sunset Act), as if it were a state agency but may not be abolished under that chapter. The review shall be conducted as if the authority were scheduled to be abolished September 1, 2015 [~~2013~~].

(d) This section expires September 1, 2015 [~~2013~~].

(b) Section 9, Chapter 97, Acts of the 40th Legislature, 1st Called Session, 1927, as added by Section 22, Chapter 1027, Acts of the 82nd Legislature, Regular Session, 2011, is repealed.

(c) This section takes effect only if the 83rd Legislature, Regular Session, 2013, does not enact other legislation that becomes law and that amends or repeals Sections 9(a) and (d), Chapter 97, Acts of the 40th Legislature, 1st Called Session, 1927, as added by Section 1.10, Chapter 1232, Acts of the 82nd Legislature, Regular Session, 2011. If the 83rd Legislature, Regular Session, 2013, enacts legislation of that kind, this section has no effect.

The amendment to **CSHB 1675** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 8 except as follows:

Nays: Ellis, Garcia, Taylor.

Senator Hinojosa offered the following amendment to the bill:

Floor Amendment No. 9

Amend **CSHB 1675** (senate committee report) by adding the following appropriately numbered article to the bill and renumbering the articles of the bill accordingly:

ARTICLE __. STUDY CONCERNING SELF-DIRECTED SEMI-INDEPENDENT STATUS OF STATE AGENCIES

SECTION __.01. STUDY AND REPORT. (a) In this section, "commission" means the Sunset Advisory Commission.

(b) The commission shall conduct a study concerning the self-directed semi-independent status of state agencies.

(c) The study must address:

- (1) criteria and a process to be used in determining whether a state agency should be given self-directed semi-independent status;
- (2) criteria and a process to be used in determining whether the self-directed semi-independent status of a state agency should be revoked;
- (3) measures to ensure adequate state oversight of state agencies with self-directed semi-independent status;
- (4) reporting requirements for state agencies with self-directed semi-independent status;
- (5) procedures for a state agency with self-directed semi-independent status to contract with and to pay for services received from another state agency;
- (6) review of a state agency's self-directed semi-independent status as part of the agency's sunset review;
- (7) appropriations issues related to a state agency's transition to self-directed semi-independent status;
- (8) appropriations issues related to a state agency's transition from self-directed semi-independent status to regular state agency status; and
- (9) criteria to review complaint procedures and the disposition of complaints by a state agency with self-directed semi-independent status.

(d) In conducting the study, the commission shall consult with the Legislative Budget Board.

(e) At the commission's request, a state agency shall provide information and assistance to the commission in conducting the study under this section.

(f) Not later than December 31, 2014, the commission shall submit a report on the commission's findings and recommendations to:

- (1) the governor;
- (2) the lieutenant governor; and
- (3) each member of the legislature.

(g) This section expires September 1, 2015.

The amendment to **CSHB 1675** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 9.

Senator Estes offered the following amendment to the bill:

Floor Amendment No. 10

Amend **CSHB 1675** by adding the appropriately numbered sections:

SECTION __. SUNSET ACT. Chapter 325, Government Code, is amended by adding Section 325.025 to read as follows:

Sec. 325.025. CERTAIN RIVER AUTHORITIES AND OTHER WATER AUTHORITIES SUBJECT TO REVIEW AND ABOLISHMENT. (a) A river authority or water authority listed in Subsection (b) is subject to review under this chapter as if it were a state agency.

(b) This section applies only to the:

- (1) Brazos River Authority;
- (2) Guadalupe-Blanco River Authority; and
- (3) Lower Colorado River Authority.

(c) A river authority or water authority shall pay the cost incurred by the commission in performing a review of the authority under this section. The commission shall determine the cost, and the authority shall pay the amount promptly on receipt of a statement from the commission detailing the cost.

SECTION __. BRAZOS RIVER AUTHORITY. Chapter 8502, Special District Local Laws Code, is amended by adding Section 8502.0021 to read as follows:

Sec. 8502.0021. APPLICATION OF SUNSET ACT. The authority is subject to review for the purposes of Chapter 325, Government Code, but may not be abolished under that chapter. The review shall be conducted as if the authority were scheduled to be abolished September 1, 2015.

SECTION __. GUADALUPE-BLANCO RIVER AUTHORITY. Chapter 75, Acts of the 43rd Legislature, 1st Called Session, 1933, is amended by adding Section 1A to read as follows:

Sec. 1A. The District is subject to review for the purposes of Chapter 325, Government Code, but may not be abolished under that chapter. The review shall be conducted as if the District were scheduled to be abolished September 1, 2015.

SECTION __. LOWER COLORADO RIVER AUTHORITY. Chapter 8503, Special District Local Laws Code, is amended by adding Section 8503.0021 to read as follows:

Sec. 8503.0021. APPLICATION OF SUNSET ACT. The authority is subject to review for the purposes of Chapter 325, Government Code, but may not be abolished under that chapter. The review shall be conducted as if the authority were scheduled to be abolished September 1, 2015.

The amendment to **CSHB 1675** was read.

On motion of Senator Nichols, Floor Amendment No. 10 was tabled by the following vote: Yeas 20, Nays 11.

Yeas: Birdwell, Campbell, Carona, Deuell, Ellis, Eltife, Garcia, Hegar, Hinojosa, Huffman, Nelson, Nichols, Patrick, Rodríguez, Seliger, Uresti, Van de Putte, Watson, West, Zaffirini.

Nays: Davis, Duncan, Estes, Fraser, Hancock, Lucio, Paxton, Schwertner, Taylor, Whitmire, Williams.

On motion of Senator Nichols and by unanimous consent, the caption was amended to conform to the body of the bill as amended.

CSHB 1675 as amended was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading.

COMMITTEE SUBSTITUTE HOUSE BILL 1675 ON THIRD READING

Senator Nichols moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **CSHB 1675** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 31, Nays 0.

The bill was read third time and was passed by the following vote: Yeas 31, Nays 0.

**COMMITTEE SUBSTITUTE
HOUSE BILL 1573 ON THIRD READING**

Senator Van de Putte moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **CSHB 1573** be placed on its third reading and final passage:

CSHB 1573, Relating to authorizing an optional county fee on vehicle registration in certain counties.

The motion prevailed by the following vote: Yeas 25, Nays 6.

Yeas: Campbell, Carona, Davis, Deuell, Duncan, Ellis, Eltife, Estes, Garcia, Hegar, Hinojosa, Lucio, Nichols, Paxton, Rodríguez, Schwertner, Seliger, Taylor, Uresti, Van de Putte, Watson, West, Whitmire, Williams, Zaffirini.

Nays: Birdwell, Fraser, Hancock, Huffman, Nelson, Patrick.

The bill was read third time and was passed by the following vote: Yeas 20, Nays 11.

Yeas: Campbell, Carona, Davis, Duncan, Ellis, Eltife, Estes, Garcia, Hinojosa, Lucio, Nichols, Rodríguez, Taylor, Uresti, Van de Putte, Watson, West, Whitmire, Williams, Zaffirini.

Nays: Birdwell, Deuell, Fraser, Hancock, Hegar, Huffman, Nelson, Patrick, Paxton, Schwertner, Seliger.

**COMMITTEE SUBSTITUTE
HOUSE BILL 742 ON SECOND READING**

Senator Watson moved to suspend the regular order of business to take up for consideration **CSHB 742** at this time on its second reading:

CSHB 742, Relating to a grant program for certain school districts to provide summer instruction primarily for students who are educationally disadvantaged and summer teaching opportunities for high-performing, new, and student teachers.

The motion prevailed by the following vote: Yeas 21, Nays 10.

Yeas: Carona, Davis, Deuell, Duncan, Ellis, Eltife, Estes, Garcia, Hegar, Hinojosa, Huffman, Lucio, Patrick, Rodríguez, Seliger, Uresti, Van de Putte, Watson, West, Whitmire, Zaffirini.

Nays: Birdwell, Campbell, Fraser, Hancock, Nelson, Nichols, Paxton, Schwertner, Taylor, Williams.

The bill was read second time and was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading except as follows:

Nays: Birdwell, Campbell, Fraser, Hancock, Nelson, Nichols, Paxton, Schwertner, Taylor, Williams.

HOUSE BILL 394 ON THIRD READING

Senator Van de Putte moved to suspend the regular order of business to take up for consideration **HB 394** at this time on its third reading and final passage:

HB 394, Relating to limits on prizes for bingo games.

The motion prevailed by the following vote: Yeas 22, Nays 9.

Yeas: Carona, Davis, Duncan, Ellis, Eltife, Estes, Fraser, Garcia, Hegar, Hinojosa, Lucio, Rodríguez, Schwertner, Seliger, Taylor, Uresti, Van de Putte, Watson, West, Whitmire, Williams, Zaffirini.

Nays: Birdwell, Campbell, Deuell, Hancock, Huffman, Nelson, Nichols, Patrick, Paxton.

The bill was read third time and was passed by the following vote: Yeas 21, Nays 10.

Yeas: Carona, Davis, Duncan, Ellis, Eltife, Estes, Fraser, Garcia, Hinojosa, Lucio, Rodríguez, Schwertner, Seliger, Taylor, Uresti, Van de Putte, Watson, West, Whitmire, Williams, Zaffirini.

Nays: Birdwell, Campbell, Deuell, Hancock, Hegar, Huffman, Nelson, Nichols, Patrick, Paxton.

COMMITTEE SUBSTITUTE HOUSE BILL 870 ON SECOND READING

On motion of Senator Hegar and by unanimous consent, the regular order of business was suspended to take up for consideration **CSHB 870** at this time on its second reading:

CSHB 870, Relating to Prairie View A&M University's eligibility to participate in the research development fund.

The bill was read second time.

Senator Hegar offered the following amendment to the bill:

Floor Amendment No. 1

Amend **CSHB 870** (senate committee printing) by striking page 1, lines 39 through 51, and substituting the following:

Sec. 62.0925. ELIGIBILITY OF PRAIRIE VIEW A&M UNIVERSITY. (a) Notwithstanding Section 62.092(2), Prairie View A&M University is an eligible institution for purposes of eligibility for a distribution from the research development fund under this subchapter for a state fiscal year only if the university is not an eligible institution for that fiscal year for purposes of eligibility for an appropriation or distribution from the Texas competitive knowledge fund established under other law.

(b) Notwithstanding Section 62.092(2) or Subsection (a) of this section, for the state fiscal biennium ending August 31, 2017, Prairie View A&M University is an eligible institution for purposes of eligibility for a distribution from the research

development fund under this subchapter only if the total amount of money appropriated for that state fiscal biennium for distributions from the fund to those eligible institutions that received distributions from the fund in the preceding state fiscal biennium is not less than the total amount of money that was appropriated for distributions from the fund to those eligible institutions for that preceding state fiscal biennium, such that the distribution to Prairie View A&M University of the proportionate share of the fund to which the university is entitled under the methodology prescribed by Section 62.095 for the state fiscal biennium ending August 31, 2017, does not have the effect of reducing the amounts from the fund to which the other eligible institutions are entitled for that state fiscal biennium. This subsection expires January 1, 2018.

The amendment to **CSHB 870** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 1.

On motion of Senator Hegar and by unanimous consent, the caption was amended to conform to the body of the bill as amended.

CSHB 870 as amended was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading.

COMMITTEE SUBSTITUTE HOUSE BILL 870 ON THIRD READING

Senator Hegar moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **CSHB 870** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 31, Nays 0.

The bill was read third time and was passed by the following vote: Yeas 31, Nays 0.

HOUSE BILL 2305 ON SECOND READING

On motion of Senator Watson and by unanimous consent, the regular order of business was suspended to take up for consideration **HB 2305** at this time on its second reading:

HB 2305, Relating to motor vehicle inspection requirements for vehicles equipped with compressed natural gas containers.

The bill was read second time.

Senator West offered the following amendment to the bill:

Floor Amendment No. 1

Amend **HB 2305** (senate committee report) as follows:

(1) In the recital to SECTION 1 of the bill (line 22), strike "548.104(d)" and substitute "548.104".

(2) In SECTION 1 of the bill, strike amended Section 548.104(d), Transportation Code (lines 24-45), and substitute the following:

Sec. 548.104. EQUIPMENT-RELATED PREREQUISITES TO ISSUANCE OF PASSING VEHICLE INSPECTION REPORT [~~CERTIFICATE~~]. (a) The commission shall adopt uniform standards of safety applicable to each item required to be inspected by Section 548.051. The standards and the list of items to be inspected shall be posted in each inspection station.

(b) An inspection station or inspector may issue a passing vehicle [~~an~~] inspection report [~~certificate~~] only if the vehicle is inspected and found to be in proper and safe condition and to comply with this chapter and the rules adopted under this chapter.

(c) An inspection station or inspector may inspect only the equipment required to be inspected by Section 548.051 and may not:

(1) falsely and fraudulently represent to an applicant that equipment required to be inspected must be repaired, adjusted, or replaced before the vehicle will pass inspection; or

(2) require an applicant to have another part of the vehicle or other equipment inspected as a prerequisite for issuance of a passing vehicle [~~an~~] inspection report [~~certificate~~].

(d) An inspection station or inspector may not issue a passing vehicle [~~an~~] inspection report [~~certificate~~] for a vehicle equipped with:

(1) a carburetion device permitting the use of liquefied gas alone or interchangeably with another fuel, unless a valid liquefied gas tax decal issued by the comptroller is attached to the lower right-hand corner of the front windshield of the vehicle on the passenger side; [~~or~~]

(2) a sunscreening device prohibited by Section 547.613, except that the department by rule shall provide procedures for issuance of a passing vehicle [~~an~~] inspection report [~~certificate~~] for a vehicle exempt under Section 547.613(c); or

(3) a compressed natural gas container unless the owner demonstrates in accordance with department rules proof:

(A) that:

(i) the container has met the inspection requirements under 49 C.F.R. Section 571.304; and

(ii) the manufacturer's recommended service life for the container, as stated on the container label required by 49 C.F.R. Section 571.304, has not expired; or

(B) that the vehicle is a fleet vehicle for which the fleet operator employs a technician certified to inspect the container.

(e) The department shall adopt rules relating to inspection of and issuance of a vehicle [~~an~~] inspection report [~~certificate~~] for a moped.

(3) Strike SECTIONS 2 and 3 of the bill (lines 46-57) and substitute the following appropriately numbered SECTION:

SECTION _____. (a) Except as provided by Subsection (c) of this section, not later than March 1, 2014, the Texas Department of Motor Vehicles, the Department of Public Safety of the State of Texas, and the Texas Commission on Environmental Quality shall adopt rules necessary to implement the changes in law made by this Act.

(b) Not later than March 1, 2014, the Department of Public Safety shall create the database described by Section 548.251, Transportation Code, as amended by this Act, and require inspection stations to submit to the database the information required by Section 548.253, Transportation Code, as amended by this Act.

(c) Not later than January 1, 2014, the Department of Public Safety shall adopt rules relating to the proof required by Section 548.104(d)(3), Transportation Code, as added by this Act.

(d) Except as otherwise provided by Subsections (e) and (f) of this section, this Act takes effect March 1, 2015.

(e) Subsections (a), (b), and (c) of this section take effect September 1, 2013.

(f) The change in law made by Section 548.104(d)(3), Transportation Code, as added by this Act, takes effect September 1, 2014, and applies only to a vehicle inspected on or after that date.

(4) Add the following appropriately numbered SECTIONS to the bill and renumber subsequent SECTIONS accordingly:

SECTION _____. Article 45.003, Code of Criminal Procedure, is amended to read as follows:

Art. 45.003. DEFINITION FOR CERTAIN PROSECUTIONS. For purposes of dismissing a charge under Section 502.407 ~~[or 548.605]~~, Transportation Code, "day" does not include Saturday, Sunday, or a legal holiday.

SECTION _____. Subsection (d), Section 51.207, Education Code, is amended to read as follows:

(d) This subsection applies only to a public institution of higher education campus that is not covered by Subsection (b). The institution may not issue a permit to a student of the institution for driving or parking a motor vehicle on institutional property unless the institution provides written notice to the student that failure to register the vehicle in this state ~~[or to display a current and appropriate inspection certificate issued under Chapter 548, Transportation Code,]~~ may violate state law if the owner of the vehicle resides in this state.

SECTION _____. Section 103.0213, Government Code, is amended to read as follows:

Sec. 103.0213. ADDITIONAL FEES AND COSTS IN CRIMINAL OR CIVIL CASES: TRANSPORTATION CODE. An accused or defendant, or a party to a civil suit, as applicable, shall pay the following fees and costs under the Transportation Code if ordered by the court or otherwise required:

(1) administrative fee on dismissal of charge of driving with an expired motor vehicle registration (Sec. 502.407, Transportation Code) . . . not to exceed \$20;

(2) administrative fee on dismissal of charge of driving with an expired driver's license (Sec. 521.026, Transportation Code) . . . not to exceed \$20;

(3) ~~[administrative fee on remediation of charge of driving with an expired inspection certificate (Sec. 548.605, Transportation Code) . . . not to exceed \$20;~~

[(4)] administrative fee for failure to appear for a complaint or citation on certain offenses (Sec. 706.006, Transportation Code) . . . \$30 for each violation; and

(4) ~~[(5)]~~ administrative fee for failure to pay or satisfy certain judgments (Sec. 706.006, Transportation Code) . . . \$30.

SECTION _____. Subsection (a), Section 382.0622, Health and Safety Code, is amended to read as follows:

(a) Clean Air Act fees consist of:

(1) fees collected by the commission under Sections 382.062, 382.0621, 382.202, and 382.302 and as otherwise provided by law;

(2) \$2 of each fee ~~[advance payment]~~ collected for inspections of ~~[by the Department of Public Safety for inspection certificates for]~~ vehicles other than mopeds under Section 548.501, Transportation Code; and

(3) fees collected that are required under Section 185 of the federal Clean Air Act (42 U.S.C. Section 7511d).

SECTION _____. Subsections (d) and (l), Section 382.202, Health and Safety Code, are amended to read as follows:

(d) On adoption of a resolution by the commission and after proper notice, the Department of Public Safety of the State of Texas shall implement a system that requires, as a condition of obtaining a passing vehicle ~~[safety]~~ inspection report ~~[certificate]~~ issued under Subchapter C, Chapter 548, Transportation Code, in a county that is included in a vehicle emissions inspection and maintenance program under Subchapter F of that chapter, that the vehicle, unless the vehicle is not covered by the system, be annually or biennially inspected under the vehicle emissions inspection and maintenance program as required by the state's air quality state implementation plan. The Department of Public Safety shall implement such a system when it is required by any provision of federal or state law, including any provision of the state's air quality state implementation plan.

(l) Except as provided by this subsection, a person who sells or transfers ownership of a motor vehicle for which a passing vehicle ~~[emissions]~~ inspection report ~~[certificate]~~ has been issued is not liable for the cost of emission control system repairs that are required for the vehicle subsequently to receive a passing report ~~[an emissions inspection certificate]~~. This subsection does not apply to repairs that are required because emission control equipment or devices on the vehicle were removed or tampered with before the sale or transfer of the vehicle.

SECTION _____. Subsection (d), Section 382.205, Health and Safety Code, is amended to read as follows:

(d) The Department of Public Safety of the State of Texas by rule shall adopt:

(1) testing procedures in accordance with motor vehicle emissions testing equipment specifications; and

(2) procedures for issuing a vehicle ~~[or denying an emissions]~~ inspection report following an emissions inspection and submitting information to the inspection database described by Section 548.251, Transportation Code, following an emissions inspection ~~[certificate]~~.

SECTION _____. Subsections (b) and (d), Section 382.220, Health and Safety Code, are amended to read as follows:

(b) A program under this section must be implemented in consultation with the commission and may include a program to:

(1) expand and enhance the AirCheck Texas Repair and Replacement Assistance Program;

(2) develop and implement programs or systems that remotely determine vehicle emissions and notify the vehicle's operator;

(3) develop and implement projects to implement the commission's smoking vehicle program;

(4) develop and implement projects in consultation with the director of the Department of Public Safety for coordinating with local law enforcement officials to reduce the use of counterfeit registration insignia and vehicle inspection reports ~~[state inspection stickers]~~ by providing local law enforcement officials with funds to identify vehicles with counterfeit registration insignia and vehicle inspection reports ~~[state inspection stickers]~~ and to carry out appropriate actions;

(5) develop and implement programs to enhance transportation system improvements; or

(6) develop and implement new air control strategies designed to assist local areas in complying with state and federal air quality rules and regulations.

(d) Fees collected under Sections 382.202 and 382.302 may be used, in an amount not to exceed \$5 million per fiscal year, for projects described by Subsection (b). The fees shall be made available only to counties participating in the low-income vehicle repair assistance, retrofit, and accelerated vehicle retirement programs created under Section 382.209 and only on a matching basis, whereby the commission provides money to a county in the same amount that the county dedicates to a project authorized by Subsection (b). The commission may reduce the match requirement for a county that proposes to develop and implement independent test facility fraud detection programs, including the use of remote sensing technology for coordinating with law enforcement officials to detect, prevent, and prosecute the use of counterfeit registration insignia and vehicle inspection reports ~~[state inspection stickers]~~.

SECTION _____. Subsections (d) and (e), Section 2308.253, Occupations Code, are amended to read as follows:

(d) Except as provided by a contract described by Subsection (e), a parking facility owner may not have a vehicle removed from the parking facility merely because the vehicle does not display[~~:-~~

~~[(+)]~~ an unexpired license plate or registration insignia issued for the vehicle under Chapter 502, Transportation Code, or the vehicle registration law of another state or country[~~;- or~~

~~[(2) a valid vehicle inspection certificate issued under Chapter 548, Transportation Code, or the vehicle inspection law of another state or country].~~

(e) A contract provision providing for the removal from a parking facility of a vehicle that does not display an unexpired license plate or registration insignia ~~[or a valid inspection certificate]~~ is valid only if the provision requires the owner or operator of the vehicle to be given at least 10 days' written notice that the vehicle will be towed from the facility at the vehicle owner's or operator's expense if it is not removed from the parking facility. The notice must be:

(1) delivered in person to the owner or operator of the vehicle; or

(2) sent by certified mail, return receipt requested, to that owner or operator.

SECTION _____. Subsection (a), Section 501.030, Transportation Code, is amended to read as follows:

(a) Before a motor vehicle that was last registered or titled in another state or country may be titled in this state, ~~[the applicant must furnish]~~ the county assessor-collector shall verify that the vehicle has passed the inspections required by Chapter 548, as indicated in the Department of Public Safety's inspection database under Section 548.251 [with a verification form under Section 548.256].

SECTION _____. The heading to Section 502.0023, Transportation Code, is amended to read as follows:

Sec. 502.0023. ~~[EXTENDED]~~ REGISTRATION OF COMMERCIAL FLEET VEHICLES.

SECTION _____. Subsections (a) and (b), Section 502.0023, Transportation Code, are amended to read as follows:

(a) ~~The [Notwithstanding Section 502.044(e), the]~~ department shall develop and implement a system of registration to allow an owner of a commercial fleet to register the motor vehicles, semitrailers, and trailers in the commercial fleet ~~[for an extended registration period of not less than one year or more than eight years. The owner may select the number of years for registration under this section within that range and register the commercial fleet for that period. Payment for all registration fees for the entire registration period selected is due at the time of registration].~~

(b) A system of fleet ~~[extended]~~ registration under this section must allow the owner of a commercial fleet to register:

- (1) an entire commercial fleet in the county of the owner's residence or principal place of business; or
- (2) the motor vehicles in a commercial fleet that are operated most regularly in the same county.

SECTION _____. Section 502.047, Transportation Code, is amended to read as follows:

Sec. 502.047. REGISTRATION-BASED ENFORCEMENT OF MOTOR VEHICLE ~~[EMISSIONS]~~ INSPECTION ~~[AND MAINTENANCE]~~ REQUIREMENTS. (a) The department and the Department of Public Safety shall ensure compliance with the motor vehicle inspection requirements under Chapter 548, including compliance with the motor vehicle emissions inspection and maintenance program under Subchapter F of that chapter, through a vehicle registration-based enforcement system [inspection sticker-based enforcement system except as provided by this section or Section 548.3011. Subsections (b) (c) apply only if the United States Environmental Protection Agency determines that the state has not demonstrated, as required by 40 C.F.R. Section 51.361, that sticker based enforcement of the program is more effective than registration based enforcement and gives the Texas Commission on Environmental Quality or the governor written notification that the reregistration based enforcement of the program, as described by those subsections, will be required. If Subsections (b) (c) are made applicable as provided by this subsection, the department shall terminate reregistration based enforcement of the program under those subsections on the date the United States Environmental Protection Agency gives the Texas Commission on Environmental Quality or a person the commission designates written notification that reregistration based enforcement is not required for the state implementation plan].

(b) A motor vehicle may not be registered if the department receives from the Texas Commission on Environmental Quality or the Department of Public Safety notification that the registered owner of the vehicle has not complied with [~~Subchapter F,~~ Chapter 548.

(c) A motor vehicle may not be registered if the vehicle was denied registration under Subsection (b) unless verification is received that the registered vehicle owner is in compliance with [~~Subchapter F,~~ Chapter 548.

(d) The department and the Department of Public Safety shall enter into an agreement regarding the timely submission by the Department of Public Safety of inspection compliance information to the department.

(d-1) The department, the Texas Commission on Environmental Quality, and the Department of Public Safety shall enter an agreement regarding the responsibilities for costs associated with implementing this section.

(e) A county tax assessor-collector is not liable to any person for refusing to register a motor vehicle because of the person's failure to provide verification of the person's compliance with [~~Subchapter F,~~ Chapter 548.

SECTION _____. Subsection (c), Section 502.059, Transportation Code, is amended to read as follows:

(c) Except as provided by Subsection (f), the registration insignia for validation of a license plate shall be attached to the inside of the vehicle's windshield, if the vehicle has a windshield, in the lower left corner in a manner that will not obstruct the vision of the driver [~~within six inches of the place where the motor vehicle inspection sticker is required to be placed~~]. If the vehicle does not have a windshield, the owner, when applying for registration or renewal of registration, shall notify the department, and the department shall issue a distinctive device for attachment to the rear license plate of the vehicle.

SECTION _____. The heading to Section 521.3465, Transportation Code, is amended to read as follows:

Sec. 521.3465. AUTOMATIC SUSPENSION ON CONVICTION OF CERTAIN OFFENSES INVOLVING FICTITIOUS MOTOR VEHICLE LICENSE PLATES, REGISTRATION INSIGNIA, OR VEHICLE [~~SAFETY~~] INSPECTION REPORTS [~~CERTIFICATES~~].

SECTION _____. Subsection (a), Section 521.3465, Transportation Code, is amended to read as follows:

(a) A license is automatically suspended on final conviction of the license holder of:

- (1) an offense under Section 502.475(a)(4) [~~502.409(a)(4)~~]; or
- (2) an offense under Section 548.603(a)(1) that involves a fictitious vehicle [~~safety~~] inspection report [~~certificate~~].

SECTION _____. Subsection (a), Section 521.3466, Transportation Code, is amended to read as follows:

(a) A license is automatically revoked on final conviction of the license holder of an offense under Section 37.10, Penal Code, if the governmental record was a motor vehicle license plate or registration insignia, within the meaning of Chapter 502, or a vehicle [~~safety~~] inspection report [~~certificate~~], within the meaning of Chapter 548.

SECTION _____. Section 548.001, Transportation Code, is amended by adding Subdivision (10) to read as follows:

(10) "Vehicle inspection report" means a report issued by an inspector or an inspection station for a vehicle that indicates whether the vehicle has passed the safety and, if applicable, emissions inspections required by this chapter.

SECTION _____. Subsection (c), Section 548.004, Transportation Code, is amended to read as follows:

(c) The facility may inspect only a vehicle owned by the political subdivision or state agency. ~~[An officer, employee, or inspector of the subdivision or agency may not place an inspection certificate received from the department under this section on a vehicle not owned by the subdivision or agency.]~~

SECTION _____. Subsection (a), Section 548.053, Transportation Code, is amended to read as follows:

(a) If an inspection discloses the necessity for adjustment, correction, or repair, an inspection station or inspector may not issue a passing vehicle inspection report ~~[an inspection certificate]~~ until the adjustment, correction, or repair is made. The owner of the vehicle may have the adjustment, correction, or repair made by a qualified person of the owner's choice, subject to reinspection. The vehicle shall be reinspected once free of charge within 15 days after the date of the original inspection, not including the date the original inspection is made, at the same inspection station after the adjustment, correction, or repair is made.

SECTION _____. The heading to Subchapter C, Chapter 548, Transportation Code, is amended to read as follows:

SUBCHAPTER C. PERIODS OF INSPECTION; PREREQUISITES TO ISSUANCE OF PASSING VEHICLE INSPECTION REPORT [CERTIFICATE]

SECTION _____. Section 548.101, Transportation Code, is amended to read as follows:

Sec. 548.101. GENERAL ONE-YEAR INSPECTION PERIOD. Except as provided by Section 548.102, the department shall require an annual inspection. The department shall set the periods of inspection and may make rules with respect to those periods. The rules must provide that a vehicle owner may obtain an inspection not earlier than 90 days before the date of expiration of the vehicle's registration.

SECTION _____. Section 548.103, Transportation Code, is amended to read as follows:

Sec. 548.103. EXTENDED INSPECTION PERIOD FOR CERTAIN VEHICLES. The department may extend the time within which the resident owner of a vehicle that is not in this state when an inspection is required must obtain a vehicle ~~[an] inspection report [certificate]~~ in this state.

SECTION _____. Section 548.105, Transportation Code, is amended to read as follows:

Sec. 548.105. EVIDENCE OF FINANCIAL RESPONSIBILITY AS PREREQUISITE TO ISSUANCE OF PASSING VEHICLE INSPECTION REPORT [CERTIFICATE]. (a) An inspection station or inspector may not issue a passing vehicle ~~[an] inspection report [certificate]~~ for a vehicle unless the owner or operator furnishes evidence of financial responsibility at the time of inspection. Evidence of financial responsibility may be shown in the manner specified under Section

601.053(a). A personal automobile insurance policy used as evidence of financial responsibility must be written for a term of 30 days or more as required by Section 1952.054 [~~Article 5.06~~], Insurance Code.

(b) An inspection station is not liable to a person, including a third party, for issuing a passing vehicle [~~an~~] inspection report [~~certificate~~] in reliance on evidence of financial responsibility furnished to the station. An inspection station that is the seller of a motor vehicle may rely on an oral insurance binder.

SECTION _____. The heading to Subchapter E, Chapter 548, Transportation Code, is amended to read as follows:

SUBCHAPTER E. ISSUANCE [~~RECORDING, AND PROOF~~] OF VEHICLE INSPECTION REPORTS; SUBMISSION OF INFORMATION TO DEPARTMENT DATABASE [~~CERTIFICATES AND VERIFICATION FORMS~~]

SECTION _____. Section 548.251, Transportation Code, is amended to read as follows:

Sec. 548.251. DEPARTMENT TO MAINTAIN DATABASE [~~PROVIDE INSPECTION CERTIFICATES AND VERIFICATION FORMS~~]. The department shall maintain an electronic database to which inspection stations may electronically submit the information required by Section 548.253 [~~provide serially numbered inspection certificates and verification forms to inspection stations. The department may issue a unique inspection certificate for:~~

- (1) ~~a commercial motor vehicle inspected under Section 548.201; or~~
- (2) ~~a vehicle inspected under Subchapter F~~].

SECTION _____. Section 548.252, Transportation Code, is amended to read as follows:

Sec. 548.252. ISSUANCE [~~SAFEKEEPING AND CONTROL~~] OF VEHICLE INSPECTION REPORTS [~~CERTIFICATES AND VERIFICATION FORMS~~]. (a) The department by rule shall require an inspection station to:

(1) issue a vehicle inspection report to the owner or operator of each vehicle inspected by the station; and

(2) issue a passing vehicle inspection report to the owner or operator of each vehicle inspected by the station that passes the inspections required by this chapter.

(b) The department may adopt rules regarding the issuance of vehicle inspection reports, including rules providing for [~~On being licensed, an inspector or owner of an inspection station shall:~~

(1) ~~provide for~~ the format and safekeeping of the reports [~~inspection certificates and verification forms;~~

(2) ~~safeguard the certificates and forms against theft, loss, or damage;~~

(3) ~~control the sequence of issuance of the certificates and forms; and~~

(4) ~~ensure that the certificates and forms are issued in accordance with department rules~~].

SECTION _____. Section 548.253, Transportation Code, is amended to read as follows:

Sec. 548.253. INFORMATION TO BE SUBMITTED ~~[RECORDED]~~ ON COMPLETION ~~[ISSUANCE]~~ OF INSPECTION ~~[CERTIFICATE AND VERIFICATION FORM]~~. An inspection station or inspector, on completion of ~~[issuing]~~ an inspection ~~[certificate and verification form]~~, shall electronically submit to the department's inspection database:

(1) the vehicle identification number of the inspected vehicle and an indication of whether the vehicle passed the inspections required by this chapter ~~[make a record and report as prescribed by the department of the inspection and certificate issued]; and~~

(2) any additional ~~[include in the inspection certificate and verification form the]~~ information required by rule by the department for the type of vehicle inspected.

SECTION _____. Section 548.254, Transportation Code, is amended to read as follows:

Sec. 548.254. VALIDITY OF VEHICLE INSPECTION REPORT ~~[CERTIFICATE]~~. A vehicle ~~[An]~~ inspection report ~~[certificate]~~ is invalid after the end of the 12th month following the month in which the report ~~[certificate]~~ is issued. ~~[An unused inspection certificate representing a previous inspection period may not be issued after the beginning of the next period.]~~

SECTION _____. Section 548.256, Transportation Code, is amended to read as follows:

Sec. 548.256. PROOF OF INSPECTION ~~[VERIFICATION FORM]~~ REQUIRED TO REGISTER VEHICLE. ~~[(a)]~~ Before a vehicle ~~[that is brought into this state by a person other than a manufacturer or importer]~~ may be registered, the Texas Department of Motor Vehicles or the county assessor-collector registering the vehicle shall verify that the vehicle has passed the inspections required by this chapter, as indicated in the department's inspection database. If the database information is not available, the owner of the vehicle may present a vehicle inspection report issued for the vehicle ~~[-, the owner must have the vehicle inspected and have the inspection station record the following information on a verification form prescribed and provided by the department:~~

~~[(1) the vehicle identification number;~~

~~[(2) the number appearing on the odometer of the vehicle at the time of the inspection, if the vehicle has an odometer; and~~

~~[(3) other information the department requires].~~

~~[(b) An inspection station may not issue the verification form unless the vehicle complies with the inspection requirements of this chapter.]~~

SECTION _____. Subsection (b), Section 548.258, Transportation Code, is amended to read as follows:

(b) The department may adopt rules to require an inspection station to use the state electronic Internet portal to[-

~~[(1) purchase inspection certificates; or~~

~~[(2)] send to the department a record, report, or other information required by the department.~~

SECTION _____. Subsection (c), Section 548.301, Transportation Code, is amended to read as follows:

(c) A program established under this section must ~~[Subsection (b) or (b-1) may]~~ include registration and reregistration-based enforcement.

SECTION _____. Section 548.302, Transportation Code, is amended to read as follows:

Sec. 548.302. COMMISSION TO ADOPT STANDARDS AND REQUIREMENTS. The commission shall:

(1) adopt standards for emissions-related inspection criteria consistent with requirements of the United States and the conservation commission applicable to a county in which a program is established under this subchapter; and

(2) develop and impose requirements necessary to ensure that a passing vehicle ~~[an]~~ inspection report ~~[certificate]~~ is not issued to a vehicle subject to a program established under this subchapter and that information stating that a vehicle has passed an inspection is not submitted to the department's database unless the vehicle has passed a motor vehicle emissions inspection at a facility authorized and certified by the department.

SECTION _____. Section 548.304, Transportation Code, is amended to read as follows:

Sec. 548.304. STATIONS LICENSED TO CONDUCT EMISSIONS INSPECTIONS. ~~[(a)]~~ The department may authorize and certify inspection stations as necessary to implement the emissions-related inspection requirements of the motor vehicle emissions inspection and maintenance program established under this subchapter if the station meets the department's certification requirements.

~~[(b) The department shall provide inspection certificates for distribution and issuance at inspection stations certified by the department.]~~

SECTION _____. Section 548.401, Transportation Code, is amended to read as follows:

Sec. 548.401. CERTIFICATION GENERALLY. A person may perform an inspection, ~~[or]~~ issue a vehicle ~~[an]~~ inspection report, or submit inspection information to the department's inspection database ~~[certificate]~~ only if certified to do so by the department under rules adopted by the department.

SECTION _____. Subsection (d), Section 548.407, Transportation Code, is amended to read as follows:

(d) The department may provide that a revocation or suspension takes effect on receipt of notice under Subsection (b) if the department finds that the action is necessary to prevent or remedy a threat to public health, safety, or welfare. Violations that present a threat to public health, safety, or welfare include:

(1) issuing a passing vehicle ~~[an]~~ inspection report or submitting inspection information to the department's database ~~[certificate]~~ with knowledge that the issuance or submission is in violation of this chapter or rules adopted under this chapter;

(2) falsely or fraudulently representing to the owner or operator of a vehicle that equipment inspected or required to be inspected must be repaired, adjusted, or replaced for the vehicle to pass an inspection;

(3) issuing a vehicle ~~[an]~~ inspection report or submitting inspection information to the department's database ~~[certificate]~~:

(A) without authorization to issue the report or submit the information [~~certificate~~]; or

(B) without inspecting the vehicle;

(4) issuing a passing vehicle [~~an~~] inspection report or submitting inspection information to the department's database [~~certificate~~] for a vehicle with knowledge that the vehicle has not been repaired, adjusted, or corrected after an inspection has shown a repair, adjustment, or correction to be necessary;

(5) knowingly issuing a passing vehicle [~~an~~] inspection report or submitting inspection information to the department's database [~~certificate~~];

(A) for a vehicle without conducting an inspection of each item required to be inspected; or

(B) for a vehicle that is missing an item required to be inspected or that has an item required to be inspected that is not in compliance with state law or department rules;

(6) refusing to allow a vehicle's owner to have a qualified person of the owner's choice make a required repair, adjustment, or correction;

(7) charging for an inspection an amount greater than the authorized fee;

(8) a violation of Subchapter F;

(9) a violation of Section 548.603; or

(10) a conviction of a felony or a Class A or B misdemeanor that directly relates to or affects the duties or responsibilities of a vehicle inspection station or inspector or a conviction of a similar crime under the jurisdiction of another state or the federal government.

SECTION _____. Section 548.501, Transportation Code, is amended to read as follows:

Sec. 548.501. INSPECTION FEES GENERALLY. (a) Except as provided by Sections 548.503 and 548.504, the fee for inspection of a motor vehicle other than a moped is \$12.50. The fee for inspection of a moped is \$5.75. [~~The fee for a verification form issued as required by Section 548.256 is \$1.~~]

(b) Out of each fee for an inspection, \$5.50 shall be remitted to the state under Section 548.509. [~~An inspection station shall pay to the department \$5.50 of each fee for an inspection. The department may require the station to make an advance payment of \$5.50 for each inspection certificate provided to the station. If advance payment is made:~~

~~(1) no further payment may be required on issuance of a certificate;~~

~~(2) the inspection station may waive the fee due from the owner of an inspected vehicle who is issued a certificate to which the advance payment applies;~~

~~(3) the department shall refund to the inspection station \$5.50 for each unissued certificate that the station returns to the department in accordance with department rules; and~~

~~(4) the conservation commission shall pay to the department \$2 for each unissued certificate that the station returns to the department.]~~

SECTION _____. Section 548.502, Transportation Code, is amended to read as follows:

Sec. 548.502. INSPECTION BY POLITICAL SUBDIVISION OR STATE AGENCY. A political subdivision or state agency for which the department certifies an inspection station under Section 548.004:

(1) shall pay to the state ~~[department an advance payment of]~~ \$5.50 for each inspection under Section 548.509 ~~[certificate provided to it]~~; and

(2) may not be required to pay the remainder of the ~~[compulsory]~~ inspection fee.

SECTION _____. Section 548.503, Transportation Code, is amended to read as follows:

Sec. 548.503. INITIAL TWO-YEAR INSPECTION OF PASSENGER CAR OR LIGHT TRUCK. (a) The fee for inspection of a passenger car or light truck under Section 548.102 shall be set by the department by rule on or before September 1 of each year. A fee set by the department under this subsection must be based on the costs of ~~[producing certificates,]~~ providing inspections~~[r]~~ and administering the program, but may not be less than \$21.75.

(b) Out of each fee for an inspection under this section, \$14.75 shall be remitted to the state under Section 548.509. ~~[The department shall require an inspection station to make an advance payment of \$14.75 for a certificate to be issued under this section. Additional payment may not be required of the station for the certificate. The inspection station may waive the fee due from the owner of the vehicle inspected. A refund for an unissued certificate shall be made in the same manner as provided for other certificate refunds.]~~

SECTION _____. Subsection (b), Section 548.504, Transportation Code, is amended to read as follows:

(b) Out of each fee for inspection of a commercial motor vehicle, \$10 shall be remitted to the state under Section 548.509. ~~[The inspection station shall pay to the department \$10 of each fee for inspection of a commercial motor vehicle. The department may require the station to make an advance payment of \$10 for a certificate to be issued under this section. If advance payment is made:~~

~~[(1) no additional payment may be required of the station for the certificate; and~~

~~[(2) a refund for an unissued certificate shall be made in the same manner as provided for other certificate refunds.]~~

SECTION _____. Subsection (a), Section 548.505, Transportation Code, is amended to read as follows:

(a) The department by rule may impose an inspection fee for a vehicle inspected under Section 548.301(a) in addition to the fee provided by Section 548.501, 548.502, 548.503, or 548.504. A fee imposed under this subsection must be based on the costs of:

(1) ~~[producing certificates;~~

~~[(2)]~~ providing inspections; and

(2) ~~[(3)]~~ administering the program.

SECTION _____. Section 548.508, Transportation Code, is amended to read as follows:

Sec. 548.508. DISPOSITION OF FEES. Except as provided by Sections 382.0622 and 382.202, Health and Safety Code, and Section 548.5055, each fee remitted to the comptroller [~~collected by the department~~] under this subchapter shall be deposited to the credit of the Texas mobility fund.

SECTION _____. Subchapter H, Chapter 548, Transportation Code, is amended by adding Section 548.509 to read as follows:

Sec. 548.509. COLLECTION OF FEE DURING REGISTRATION. The Texas Department of Motor Vehicles or a county assessor-collector that registers a motor vehicle that is subject to an inspection fee under this chapter shall collect at the time of registration of the motor vehicle the portion of the inspection fee that is required to be remitted to the state. The Texas Department of Motor Vehicles or the county assessor-collector shall remit the fee to the comptroller.

SECTION _____. Subsection (a), Section 548.601, Transportation Code, is amended to read as follows:

(a) A person, including an inspector or an inspection station, commits an offense if the person:

(1) submits information to the department's inspection database or issues a vehicle inspection report [~~an inspection certificate~~] with knowledge that the submission or issuance is in violation of this chapter or rules adopted under this chapter;

(2) falsely or fraudulently represents to the owner or operator of a vehicle that equipment inspected or required to be inspected must be repaired, adjusted, or replaced for the vehicle to pass an inspection;

(3) misrepresents:

(A) material information in an application in violation of Section 548.402 or 548.403; or

(B) information filed with the department under this chapter or as required by department rule;

(4) submits information to the department's inspection database or issues a vehicle inspection report [~~an inspection certificate~~]:

(A) without authorization to issue the report or submit the information [~~certificate~~]; or

(B) without inspecting the vehicle;

(5) submits information to the department's inspection database indicating that a vehicle has passed the applicable inspections or issues a passing vehicle [~~an inspection report~~] [~~certificate~~] for a vehicle with knowledge that the vehicle has not been repaired, adjusted, or corrected after an inspection has shown a repair, adjustment, or correction to be necessary;

(6) knowingly submits information to the department's inspection database or issues a vehicle inspection report [~~an inspection certificate~~]:

(A) for a vehicle without conducting an inspection of each item required to be inspected; or

(B) for a vehicle that is missing an item required to be inspected or that has an item required to be inspected that is not in compliance with state law or department rules;

(7) refuses to allow a vehicle's owner to have a qualified person of the owner's choice make a required repair, adjustment, or correction;

(8) charges for an inspection an amount greater than the authorized fee; or

(9) performs an act prohibited by or fails to perform an act required by this chapter or a rule adopted under this chapter.

SECTION _____. Subsections (a), (b), and (c), Section 548.603, Transportation Code, are amended to read as follows:

(a) A person commits an offense if the person:

(1) presents to an official of this state or a political subdivision of this state a vehicle inspection report [~~displays or causes or permits to be displayed an inspection certificate~~] or insurance document knowing that the report [~~certificate~~] or document is counterfeit, tampered with, altered, fictitious, issued for another vehicle, issued for a vehicle failing to meet all emissions inspection requirements, or issued in violation of:

(A) this chapter, rules adopted under this chapter, or other law of this state; or

(B) a law of another state, the United States, the United Mexican States, a state of the United Mexican States, Canada, or a province of Canada;

(2) [~~transfers an inspection certificate from a windshield or location to another windshield or location;~~

~~(3)~~ with intent to circumvent the emissions inspection requirements seeks an inspection of a vehicle at a station not certified to perform an emissions inspection if the person knows that the vehicle is required to be inspected under Section 548.301; or

(3) [~~(4)~~] knowingly does not comply with an emissions inspection requirement for a vehicle[~~;~~ or

~~(5) displays on a vehicle an inspection certificate that was obtained knowing that the vehicle does not meet all emissions inspection requirements for the vehicle].~~

(b) A person commits an offense if the person:

(1) makes or possesses, with the intent to sell, circulate, or pass, a counterfeit vehicle inspection report [~~certificate~~] or insurance document; or

(2) possesses any part of a stamp, dye, plate, negative, machine, or other device that is used or designated for use in making a counterfeit vehicle inspection report [~~certificate~~] or insurance document.

(c) The owner of a vehicle commits an offense if the owner knowingly allows the vehicle to be registered using a vehicle inspection report [~~or operated while the vehicle displays an inspection certificate~~] in violation of Subsection (a).

SECTION _____. Subsection (f), Section 548.603, Transportation Code, as added by Chapter 851 (H.B. 1048), Acts of the 75th Legislature, Regular Session, 1997, is amended to read as follows:

(f) Notwithstanding Subsection (c), an offense under Subsection (a)(1) that involves a fictitious vehicle inspection report [~~certificate~~] is a Class B misdemeanor.

SECTION _____. Subsection (a), Section 548.6035, Transportation Code, is amended to read as follows:

(a) A person commits an offense if, in connection with a required emissions inspection of a motor vehicle, the person knowingly:

(1) submits information to the department's inspection database stating that a vehicle has passed the applicable inspections or issues a passing vehicle inspection report ~~[places or causes to be placed on a motor vehicle an inspection certificate]~~, if:

(A) the vehicle does not meet the emissions requirements established by the department; or

(B) the person has not inspected the vehicle;

(2) manipulates an emissions test result;

(3) uses or causes to be used emissions data from another motor vehicle as a substitute for the motor vehicle being inspected; or

(4) bypasses or circumvents a fuel cap test.

SECTION _____. Subsection (d), Section 623.011, Transportation Code, is amended to read as follows:

(d) When the department issues a permit under this section, the department shall issue a sticker to be placed on the front windshield of the vehicle ~~[above the inspection certificate issued to the vehicle]~~. The department shall design the form of the sticker to aid in the enforcement of weight limits for vehicles.

SECTION _____. Section 683.051, Transportation Code, is amended to read as follows:

Sec. 683.051. APPLICATION FOR AUTHORIZATION TO DISPOSE OF CERTAIN MOTOR VEHICLES. A person may apply to the department for authority:

(1) to sell, give away, or dispose of a motor vehicle to a motor vehicle demolisher if:

(A) the person owns the motor vehicle and the certificate of title to the vehicle is lost, destroyed, or faulty; or

(B) the vehicle is an abandoned motor vehicle and is:

(i) in the possession of the person; or

(ii) located on property owned by the person; or

(2) to dispose of a motor vehicle to a motor vehicle demolisher for demolition, wrecking, or dismantling if:

(A) the abandoned motor vehicle:

(i) is in the possession of the person;

(ii) is more than eight years old;

(iii) either has no motor or is otherwise totally inoperable or does not comply with all applicable air pollution emissions control related requirements included in: ~~[(aa) the vehicle inspection requirements under Chapter 548, as evidenced by a current inspection certificate affixed to the vehicle windshield; or (bb)]~~ the vehicle emissions inspection and maintenance requirements contained in the Public Safety Commission's motor vehicle emissions inspection and maintenance program under Subchapter F, Chapter 548, or the state's air quality state implementation plan; and

(iv) was authorized to be towed by a law enforcement agency; and

(B) the law enforcement agency approves the application.

SECTION _____. Section 683.071, Transportation Code, as amended by Chapters 720 (H.B. 787) and 753 (H.B. 1376), Acts of the 82nd Legislature, Regular Session, 2011, is reenacted and amended to read as follows:

Sec. 683.071. DEFINITION AND APPLICABILITY. (a) In this subchapter, "junked vehicle" means a vehicle that:

- (1) is self-propelled; and
- (2) is:
 - (A) wrecked, dismantled or partially dismantled, or discarded; or
 - (B) inoperable and has remained inoperable for more than:
 - (i) 72 consecutive hours, if the vehicle is on public property; or
 - (ii) 30 consecutive days, if the vehicle is on private property.

(b) For purposes of this subchapter, "junked vehicle" includes a motor vehicle, aircraft, or watercraft. This subchapter applies only to:

(1) a motor vehicle that displays an expired license plate [~~or invalid motor vehicle inspection certificate~~] or does not display a license plate [~~or motor vehicle inspection certificate~~];

(2) an aircraft that does not have lawfully printed on the aircraft an unexpired federal aircraft identification number registered under Federal Aviation Administration aircraft registration regulations in 14 C.F.R. Part 47; or

(3) a watercraft that:

(A) does not have lawfully on board an unexpired certificate of number;

and

(B) is not a watercraft described by Section 31.055, Parks and Wildlife

Code.

SECTION _____. The following statutes are repealed:

- (1) Subsection (c), Section 548.053, Transportation Code;
- (2) Section 548.255, Transportation Code;
- (3) Section 548.257, Transportation Code;
- (4) Section 548.602, Transportation Code;
- (5) Subdivision (2), Subsection (e), Section 548.603, Transportation Code;
- (6) Subsection (f), Section 548.603, Transportation Code, as added by Chapter 1069 (S.B. 1856), Acts of the 75th Legislature, Regular Session, 1997; and
- (7) Section 548.605, Transportation Code.

SECTION _____. Article 45.003, Code of Criminal Procedure, Section 103.0213, Government Code, and Sections 521.3465, 521.3466, 548.601, 548.603, and 548.6035, Transportation Code, as amended by this Act, and the repeal by this Act of Sections 548.602 and 548.605, Transportation Code, apply only to an offense committed on or after March 1, 2015. An offense committed before March 1, 2015, is governed by the law in effect on the date the offense was committed, and the former law is continued in effect for that purpose. For purposes of this section, an offense was committed before March 1, 2015, if any element of the offense occurred before that date.

SECTION _____. To the extent of any conflict, this Act prevails over another Act of the 83rd Legislature, Regular Session, 2013, relating to nonsubstantive additions to and corrections in enacted codes.

The amendment to **HB 2305** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 1.

VOTE RECONSIDERED

On motion of Senator West and by unanimous consent, the vote by which Floor Amendment No. 1 was adopted was reconsidered.

Question — Shall Floor Amendment No. 1 to **HB 2305** be adopted?

Senator West offered the following amendment to Floor Amendment No. 1:

Floor Amendment No. 2

Amend Floor Amendment No. 1 by West to **HB 2305** by striking the SECTIONS added to the bill by item (4) of the amendment that amend Section 502.0023, Transportation Code, and substituting the following:

SECTION ____ . Section 502.0023, Transportation Code, is amended by adding Subsection (j) to read as follows:

(j) A motor vehicle, semitrailer, or trailer registered under this section is subject to the inspection requirements of Chapter 548 as if the vehicle, semitrailer, or trailer were registered without extended registration. The department and the Department of Public Safety shall by rule establish a method to enforce the inspection requirements of Chapter 548 for motor vehicles, semitrailers, and trailers registered under this section. The department may assess a fee to cover the department's administrative costs of implementing this subsection.

The amendment to Floor Amendment No. 1 to **HB 2305** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 2.

Question recurring on the adoption of Floor Amendment No. 1 to **HB 2305**, the amendment as amended was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 1 as amended.

On motion of Senator Watson and by unanimous consent, the caption was amended to conform to the body of the bill as amended.

HB 2305 as amended was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading.

HOUSE BILL 2305 ON THIRD READING

Senator Watson moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HB 2305** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 31, Nays 0.

The bill was read third time and was passed by the following vote: Yeas 31, Nays 0.

MESSAGE FROM THE HOUSE

HOUSE CHAMBER

Austin, Texas

Tuesday, May 21, 2013 - 2

The Honorable President of the Senate
Senate Chamber
Austin, Texas

Mr. President:

I am directed by the house to inform the senate that the house has taken the following action:

THE HOUSE HAS CONCURRED IN THE SENATE AMENDMENTS TO THE FOLLOWING MEASURES:

HB 343 (141 Yeas, 5 Nays, 2 Present, not voting)

HB 719 (146 Yeas, 0 Nays, 2 Present, not voting)

HB 978 (139 Yeas, 9 Nays, 2 Present, not voting)

HB 1294 (139 Yeas, 3 Nays, 2 Present, not voting)

HB 1297 (146 Yeas, 0 Nays, 2 Present, not voting)

HB 1318 (143 Yeas, 0 Nays, 2 Present, not voting)

HB 1494 (120 Yeas, 27 Nays, 2 Present, not voting)

HB 1752 (96 Yeas, 49 Nays, 2 Present, not voting)

HB 2020 (135 Yeas, 10 Nays, 2 Present, not voting)

HB 2473 (112 Yeas, 34 Nays, 3 Present, not voting)

HB 2840 (81 Yeas, 64 Nays, 3 Present, not voting)

HB 3256 (146 Yeas, 2 Nays, 2 Present, not voting)

THE HOUSE HAS REFUSED TO CONCUR IN THE SENATE AMENDMENTS TO THE FOLLOWING MEASURES AND REQUESTS THE APPOINTMENT OF A CONFERENCE COMMITTEE TO ADJUST THE DIFFERENCES BETWEEN THE TWO HOUSES:

HB 912 (non-record vote)

House Conferees: Gooden - Chair/Burnam/Johnson/Moody/Stickland

THE HOUSE HAS GRANTED THE REQUEST OF THE SENATE FOR THE APPOINTMENT OF A CONFERENCE COMMITTEE ON THE FOLLOWING MEASURES:

SB 64 (non-record vote)

House Conferees: Zerwas - Chair/Davis, Sarah/Guerra/Rose/Sheffield, J. D.

SB 215 (non-record vote)

House Conferees: Anchia - Chair/Bonnen, Dennis/Branch/Clardy/Darby

SB 971 (non-record vote)

House Conferees: Deshotel - Chair/Collier/Eiland/Hunter/Ritter

THE HOUSE HAS ADOPTED THE FOLLOWING CONFERENCE COMMITTEE REPORTS:

SB 1730 (93 Yeas, 51 Nays, 2 Present, not voting)

Respectfully,

/s/Robert Haney, Chief Clerk
House of Representatives**MESSAGE FROM THE HOUSE**

HOUSE CHAMBER

Austin, Texas

Tuesday, May 21, 2013 - 3

The Honorable President of the Senate
Senate Chamber
Austin, Texas

Mr. President:

I am directed by the house to inform the senate that the house has taken the following action:

THE HOUSE HAS PASSED THE FOLLOWING MEASURES:

SB 7 Nelson Sponsor: Raymond
Relating to improving the delivery and quality of certain health and human services, including the delivery and quality of Medicaid acute care services and long-term services and supports.
(Committee Substitute/Amended)

SB 16 Zaffirini Sponsor: Branch
Relating to authorizing the issuance of revenue bonds to fund capital projects at public institutions of higher education.
(Committee Substitute/Amended)

SB 17 Patrick Sponsor: Fletcher
Relating to the training in school safety of certain educators of a school district or an open-enrollment charter school authorized to carry a concealed handgun on school premises.

SB 163 Van de Putte Sponsor: Turner, Chris
Relating to an exemption from ad valorem taxation of the residence homestead of the surviving spouse of a member of the armed services of the United States who is killed in action.
(Amended)

- SB 219** Huffman Sponsor: Bonnen, Dennis
Relating to ethics of public servants, including the functions and duties of the Texas Ethics Commission; the regulation of political contributions, political advertising, lobbying, and conduct of public servants; and the reporting of political contributions and expenditures and personal financial information; providing civil and criminal penalties.
(Committee Substitute/Amended)
- SB 227** Williams Sponsor: Zerwas
Relating to the dispensing of aesthetic pharmaceuticals by physicians and therapeutic optometrists; imposing fees.
(Committee Substitute)
- SB 247** Carona Sponsor: Miller, Doug
Relating to the transfer of an ad valorem tax lien; providing an administrative penalty.
- SB 268** Seliger Sponsor: Smithee
Relating to the application of the professional prosecutors law to the district attorney for the 287th Judicial District and the county attorney of Oldham County.
(Committee Substitute)
- SB 289** Carona Sponsor: Schaefer
Relating to the approval requirement for a rental-purchase agreement that includes a loss damage waiver provision.
- SB 345** Whitmire Sponsor: Parker
Relating to the abolition of the state boot camp program.
(Amended)
- SB 369** Whitmire Sponsor: Burnam
Relating to certain information available to the public on a central database containing information about sex offenders.
- SB 504** Deuell Sponsor: King, Susan
Relating to the requirement that certain schoolchildren be screened for abnormal spinal curvature.
- SB 628** Watson Sponsor: Workman
Relating to the creation of regional emergency communications districts; authorizing the issuance of bonds; authorizing a fee.
- SB 644** Huffman Sponsor: Zerwas
Relating to the creation of a standard request form for prior authorization of prescription drug benefits.
(Amended)
- SB 656** Paxton Sponsor: Button
Relating to providing transparency in the budget adoption process of municipalities and counties.
(Amended)

- SB 1052** Carona Sponsor: Frullo
Relating to search warrants issued in this state and other states for certain customer data, communications, and other information held in electronic storage in this state and other states by providers of electronic communications services and remote computing services.
(Committee Substitute/Amended)
- SB 1150** Hinojosa Sponsor: Guerra
Relating to a provider protection plan that ensures efficiency and reduces administrative burdens on providers participating in a Medicaid managed care model or arrangement.
(Amended)
- SB 1169** Hegar Sponsor: Bonnen, Dennis
Relating to water conservation.
(Amended)
- SB 1185** Huffman Sponsor: Thompson, Senfronia
Relating to the creation of a mental health jail diversion pilot program.
- SB 1189** Huffman Sponsor: Fletcher
Relating to the disposition of certain firearms seized by a law enforcement agency.
- SB 1221** Paxton Sponsor: Smithee
Relating to use of a Medicaid-based fee schedule for reimbursement of services under a contract between a health care provider and certain health benefit plans.
- SB 1226** Zaffirini Sponsor: Perez
Relating to the establishment of an employment-first policy and task force to promote competitive employment opportunities that provide a living wage for individuals with disabilities.
(Amended)
- SB 1406** Patrick Sponsor: Toth
Relating to State Board of Education oversight of regional education service center activities concerning certain curriculum management systems.
- SB 1459** Duncan Sponsor: Callegari
Relating to the powers and duties of and contributions to and benefits from the systems and programs administered by the Employees Retirement System of Texas.
- SB 1484** Watson Sponsor: Gonzales, Larry
Relating to health benefit plan coverage for enrollees diagnosed with autism spectrum disorder.
- SB 1623** Hinojosa Sponsor: Guerra
Relating to the creation and operations of health care funding districts in certain counties located on the Texas-Mexico border.
(Committee Substitute/Amended)

SB 1727 Deuell Sponsor: Isaac
 Relating to the use of the Texas emissions reduction plan fund.
 (Amended)

SB 1773 Huffman Sponsor: Bonnen, Dennis
 Relating to the creation of a select interim committee to review and make
 recommendations for substantive changes to ethics laws.
 (Committee Substitute)

SB 1871 Estes Sponsor: Kuempel
 Relating to the state cemetery.
 (Amended)

SCR 36 Estes Sponsor: King, Tracy O.
 Honoring Ken Horton for his leadership in Texas agriculture.

Respectfully,

/s/Robert Haney, Chief Clerk
 House of Representatives

HOUSE BILL 950 ON SECOND READING

Senator Davis moved to suspend the regular order of business to take up for consideration **HB 950** at this time on its second reading:

HB 950, Relating to unlawful employment practices regarding discrimination in payment of compensation.

The motion prevailed by the following vote: Yeas 21, Nays 10.

Yeas: Birdwell, Campbell, Carona, Davis, Deuell, Duncan, Ellis, Eltife, Garcia, Hegar, Hinojosa, Lucio, Paxton, Rodriguez, Uresti, Van de Putte, Watson, West, Whitmire, Williams, Zaffirini.

Nays: Estes, Fraser, Hancock, Huffman, Nelson, Nichols, Patrick, Schwertner, Seliger, Taylor.

The bill was read second time.

Senator Davis offered the following amendment to the bill:

Floor Amendment No. 1

Amend **HB 950** (senate committee printing), in SECTION 1 of the bill, in added Section 21.202(a)(3), Labor Code (page 1), as follows:

- (1) On line 34, strike "benefits, or other compensation".
- (2) On line 35, strike "is" and substitute "are".

The amendment to **HB 950** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 1.

On motion of Senator Davis and by unanimous consent, the caption was amended to conform to the body of the bill as amended.

HB 950 as amended was passed to third reading by the following vote: Yeas 18, Nays 13.

Yeas: Birdwell, Campbell, Davis, Deuell, Duncan, Ellis, Eltife, Garcia, Hegar, Hinojosa, Lucio, Rodriguez, Uresti, Van de Putte, Watson, West, Whitmire, Zaffirini.

Nays: Carona, Estes, Fraser, Hancock, Huffman, Nelson, Nichols, Patrick, Paxton, Schwertner, Seliger, Taylor, Williams.

**SENATE RULES SUSPENDED
(Posting Rules)**

On motion of Senator Whitmire and by unanimous consent, Senate Rule 11.10(a) and Senate Rule 11.18(a) were suspended in order that the Committee on Intergovernmental Relations might meet and consider **HB 3350** today.

RECESS

On motion of Senator Whitmire, the Senate at 6:13 p.m. recessed until 7:15 p.m. today.

AFTER RECESS

The Senate met at 7:28 p.m. and was called to order by Senator Eltife.

**SENATE RULE 5.14(a) SUSPENDED
(Intent Calendar)
(Motion In Writing)**

Senator Whitmire submitted the following Motion In Writing:

Mr. President:

I move suspension of Senate Rule 5.14 so that we may move the Intent Calendar deadline to 9:00 p.m. today.

WHITMIRE

The Motion In Writing prevailed without objection.

HOUSE JOINT RESOLUTION 133 ON SECOND READING

On motion of Senator Deuell and by unanimous consent, the regular order of business was suspended to take up for consideration **HJR 133** at this time on its second reading:

HJR 133, Proposing a constitutional amendment to authorize a political subdivision of this state to extend the number of days that aircraft parts that are exempt from ad valorem taxation due to their location in this state for a temporary period may be located in this state for purposes of qualifying for the tax exemption.

The resolution was read second time and was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading.

HOUSE JOINT RESOLUTION 133 ON THIRD READING

Senator Deuell moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HJR 133** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 31, Nays 0.

The resolution was read third time and was passed by the following vote: Yeas 31, Nays 0.

**COMMITTEE SUBSTITUTE
HOUSE BILL 12 ON SECOND READING**

On motion of Senator Zaffirini and by unanimous consent, the regular order of business was suspended to take up for consideration **CSHB 12** at this time on its second reading:

CSHB 12, Relating to gifts and other consideration made to state agencies for state employee salary supplement or other purposes, and to publication by state agencies of staff compensation and related information.

The bill was read second time and was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading.

**COMMITTEE SUBSTITUTE
HOUSE BILL 12 ON THIRD READING**

Senator Zaffirini moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **CSHB 12** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 31, Nays 0.

The bill was read third time and was passed by the following vote: Yeas 31, Nays 0.

HOUSE BILL 2201 ON SECOND READING

On motion of Senator Lucio and by unanimous consent, the regular order of business was suspended to take up for consideration **HB 2201** at this time on its second reading:

HB 2201, Relating to increasing the courses offered in the career and technology education curriculum.

The bill was read second time.

Senator Lucio offered the following committee amendment to the bill:

Committee Amendment No. 1

Amend **HB 2201** (engrossed version), in SECTION 1 of the bill, adding Section 28.00222(a), Education Code (page 1, lines 11 and 12), by striking "and satisfies statistics".

The amendment to **HB 2201** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Committee Amendment No. 1.

Senator Duncan offered the following amendment to the bill:

Floor Amendment No. 1

Amend **HB 2201** (senate committee printing) by adding the following appropriately numbered SECTIONS to the bill and renumbering subsequent SECTIONS accordingly:

SECTION _____. Section 28.025(b-2), Education Code, is amended to read as follows:

(b-2) In adopting rules under Subsection (b-1), the State Board of Education shall allow a student to comply with the curriculum requirements for the third and fourth [a] mathematics credits [course] under Subsection (b-1)(1) [~~taken after the successful completion of Algebra I and geometry and either after the successful completion of or concurrently with Algebra II~~] or the third and fourth [a] science credits [course] under Subsection (b-1)(1) [~~taken after the successful completion of biology and chemistry and either after the successful completion of or concurrently with physics~~] by successfully completing an advanced career and technical course designated by the State Board of Education as containing substantively similar and rigorous academic content. [~~A student may use the option provided by this subsection for not more than two courses.~~]

SECTION _____. Section 28.027(b), Education Code, is amended to read as follows:

(b) The State Board of Education shall establish a process under which an applied STEM course may be reviewed and approved for purposes of satisfying the mathematics and science curriculum requirements for the recommended high school program imposed under Section 28.025(b-1)(1)(A) through substitution of the applied STEM course for a specific mathematics or science course otherwise required under the recommended high school program [~~and completed during the student's fourth year of mathematics or science course work~~]. The State Board of Education may only approve a course to substitute for a mathematics course taken after successful completion of Algebra I and geometry [~~and after successful completion of or concurrently with Algebra II~~]. The State Board of Education may only approve a course to substitute for a science course taken after successful completion of biology [~~and chemistry and after successful completion of or concurrently with physics~~].

The amendment to **HB 2201** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 1.

Senator Uresti offered the following amendment to the bill:

Floor Amendment No. 2

Amend **HB 2201** (senate committee printing) as follows:

(1) In SECTION 1 of the bill, adding Section 28.00222, Education Code (page 1, line 28), strike "CAREER AND TECHNOLOGY EDUCATION" and substitute "ADVANCED TECHNOLOGY AND CAREER-RELATED".

(2) In SECTION 1 of the bill, adding Section 28.00222(a), Education Code (page 1, line 31), between "education" and "courses," insert "or technology applications".

(3) In SECTION 1 of the bill, adding Section 28.00222(b), Education Code (page 1, line 41), between "education" and "curriculum," insert "or technology applications".

The amendment to **HB 2201** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 2.

On motion of Senator Lucio and by unanimous consent, the caption was amended to conform to the body of the bill as amended.

HB 2201 as amended was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading.

HOUSE BILL 2201 ON THIRD READING

Senator Lucio moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HB 2201** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 31, Nays 0.

The bill was read third time and was passed by the following vote: Yeas 31, Nays 0.

MOTION TO PLACE HOUSE BILL 148 ON SECOND READING

Senator Paxton moved to suspend the regular order of business to take up for consideration **HB 148** at this time on its second reading:

HB 148, Relating to aid provided to certain voters; providing criminal penalties.

Senator Paxton withdrew the motion to suspend the regular order of business.

HOUSE BILL 3714 ON SECOND READING

Senator Hinojosa moved to suspend the regular order of business to take up for consideration **HB 3714** at this time on its second reading:

HB 3714, Relating to the creation of the Office of Small Business Assistance Advisory Task Force.

The motion prevailed.

Senators Birdwell, Patrick, and Paxton asked to be recorded as voting "Nay" on suspension of the regular order of business.

The bill was read second time.

Senator Hinojosa offered the following amendment to the bill:

Floor Amendment No. 1

Amend **HB 3714** by Hinojosa as follows:

(1) In SECTION 1 of the bill, in added Section 481.00681(c)(1), Government Code, (page 1, line 1-32) strike "two" and replace with "three".

(2) In SECTION 1 of the bill, in added Section 481.00681(c)(2), Government Code, (page 1, line 1-33) strike "three" and replace with "two".

The amendment to **HB 3714** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 1.

On motion of Senator Hinojosa and by unanimous consent, the caption was amended to conform to the body of the bill as amended.

HB 3714 as amended was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading except as follows:

Nays: Birdwell, Hegar, Patrick, Paxton.

HOUSE BILL 3714 ON THIRD READING

Senator Hinojosa moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HB 3714** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 28, Nays 3.

Yeas: Campbell, Carona, Davis, Deuell, Duncan, Ellis, Eltife, Estes, Fraser, Garcia, Hancock, Hegar, Hinojosa, Huffman, Lucio, Nelson, Nichols, Rodríguez, Schwertner, Seliger, Taylor, Uresti, Van de Putte, Watson, West, Whitmire, Williams, Zaffirini.

Nays: Birdwell, Patrick, Paxton.

The bill was read third time and was passed by the following vote: Yeas 27, Nays 4.

Yeas: Campbell, Carona, Davis, Deuell, Duncan, Ellis, Eltife, Estes, Fraser, Garcia, Hancock, Hinojosa, Huffman, Lucio, Nelson, Nichols, Rodríguez, Schwertner, Seliger, Taylor, Uresti, Van de Putte, Watson, West, Whitmire, Williams, Zaffirini.

Nays: Birdwell, Hegar, Patrick, Paxton.

COMMITTEE SUBSTITUTE

HOUSE BILL 1198 ON THIRD READING

Senator Zaffirini moved to suspend the regular order of business to take up for consideration **CSHB 1198** at this time on its third reading and final passage:

CSHB 1198, Relating to authorizing an optional county fee on vehicles registered in certain counties to fund transportation projects.

The motion prevailed by the following vote: Yeas 23, Nays 8.

Yeas: Carona, Davis, Deuell, Duncan, Ellis, Eltife, Estes, Fraser, Garcia, Hegar, Hinojosa, Lucio, Nichols, Paxton, Rodríguez, Taylor, Uresti, Van de Putte, Watson, West, Whitmire, Williams, Zaffirini.

Nays: Birdwell, Campbell, Hancock, Huffman, Nelson, Patrick, Schwertner, Seliger.

The bill was read third time and was passed by the following vote: Yeas 20, Nays 11.

Yeas: Carona, Davis, Deuell, Duncan, Ellis, Eltife, Garcia, Hegar, Hinojosa, Lucio, Nichols, Rodríguez, Taylor, Uresti, Van de Putte, Watson, West, Whitmire, Williams, Zaffirini.

Nays: Birdwell, Campbell, Estes, Fraser, Hancock, Huffman, Nelson, Patrick, Paxton, Schwertner, Seliger.

**COMMITTEE SUBSTITUTE
HOUSE BILL 2448 ON SECOND READING**

On motion of Senator Whitmire and by unanimous consent, the regular order of business was suspended to take up for consideration **CSHB 2448** at this time on its second reading:

CSHB 2448, Relating to tuition for certain students residing outside of a junior college district.

The bill was read second time and was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading.

**COMMITTEE SUBSTITUTE
HOUSE BILL 2448 ON THIRD READING**

Senator Whitmire moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **CSHB 2448** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 31, Nays 0.

The bill was read third time and was passed by the following vote: Yeas 31, Nays 0.

HOUSE BILL 2123 ON SECOND READING

Senator Lucio moved to suspend the regular order of business to take up for consideration **HB 2123** at this time on its second reading:

HB 2123, Relating to the regulation of game rooms in certain counties; providing penalties; authorizing a fee.

The motion prevailed.

Senators Birdwell, Campbell, Fraser, Nichols, and Paxton asked to be recorded as voting "Nay" on suspension of the regular order of business.

The bill was read second time.

Senator Lucio offered the following amendment to the bill:

Floor Amendment No. 1

Amend **HB 2123** (Senate Committee Printing) by striking all below the enacting clause and substituting the following:

SECTION 1. Chapter 234, Local Government Code, is amended by adding Subchapter E to read as follows:

SUBCHAPTER E. GAME ROOMS

Sec. 234.131. DEFINITIONS. In this subchapter:

(1) "Amusement redemption machine" means any electronic, electromechanical, or mechanical contrivance designed, made, and adopted for bona fide amusement purposes that rewards the player exclusively with noncash merchandise, prizes, toys, or novelties, or a representation of value redeemable for those items, with a wholesale value available from a single play of the game or device in an amount not more than 10 times the amount charged to play the game or device once or \$5, whichever amount is less.

(2) "Game room" means a for-profit business located in a building or place that contains six or more amusement redemption machines.

(3) "Game room owner" means a person who:

(A) has an ownership interest in, or receives the profits from, a game room or an amusement redemption machine located in a game room;

(B) is a partner, director, or officer of a business, including a company or corporation, that has an ownership interest in a game room or in an amusement redemption machine located in a game room;

(C) is a shareholder that holds more than 10 percent of the outstanding shares of a business, including a company or corporation, that has an ownership interest in a game room or in an amusement redemption machine located in a game room;

(D) has been issued by the county clerk an assumed name certificate for a business that owns a game room or an amusement redemption machine located in a game room;

(E) signs a lease for a game room;

(F) opens an account for utilities for a game room;

(G) receives a certificate of occupancy or certificate of compliance for a game room;

(H) pays for advertising for a game room; or

(I) signs an alarm permit for a game room.

(4) "Operator" means an individual who:

(A) operates a cash register, cash drawer, or other depository on the premises of a game room or of a business where the money earned or the records of credit card transactions or other credit transactions generated in any manner by the operation of a game room or activities conducted in a game room are kept;

(B) displays, delivers, or provides to a customer of a game room merchandise, goods, entertainment, or other services offered on the premises of a game room;

(C) takes orders from a customer of a game room for merchandise, goods, entertainment, or other services offered on the premises of a game room;

(D) acts as a door attendant to regulate entry of customers or other persons into a game room; or

(E) supervises or manages other persons at a game room in the performance of an activity listed in this subdivision.

Sec. 234.132. APPLICABILITY. This subchapter applies only to a county with a population of less than 25,000 that is adjacent to the Gulf of Mexico and is within 50 miles of an international border.

Sec. 234.133. AUTHORITY TO REGULATE. To promote the public health, safety, and welfare, the commissioners court of a county may regulate the operation of game rooms and may:

(1) restrict the location of game rooms to specified areas of the county, including the unincorporated area of the county;

(2) prohibit a game room location within a certain distance, prescribed by the commissioners court, of a school, regular place of religious worship, or residential neighborhood; or

(3) restrict the number of game rooms that may operate in a specified area of the county.

Sec. 234.134. LICENSES OR PERMITS. (a) A county may require that an owner or operator of a game room obtain a license or permit or renew a license or permit on a periodic basis to own or operate a game room in the county. An application for a license or permit must be made in accordance with regulations adopted by the county.

(b) Regulations adopted under this section may provide for the denial, suspension, or revocation of a license or permit.

(c) A district court has jurisdiction of a suit that arises from the denial, suspension, or revocation of a license or other permit by a county.

Sec. 234.135. FEES. A county may impose a fee not to exceed \$1,000 on an applicant for a license or permit or for the renewal of the license or permit required under this subchapter. The fee must be based on the cost of processing the application and investigating the applicant.

Sec. 234.136. INSPECTION. (a) A peace officer or county employee may inspect a business in the county to determine the number of amusement redemption machines subject to regulation under this subchapter that are located on the premises of the business.

(b) A peace officer or county employee may inspect any business in which six or more amusement redemption machines are located to determine whether the business is in compliance with this subchapter or regulations adopted under this subchapter.

(c) A person violates this subchapter if the person fails to allow a peace officer or county employee to conduct an inspection under this section.

Sec. 234.137. INJUNCTION; CIVIL PENALTY. (a) A county may sue in district court for an injunction to prohibit the violation or threatened violation of this subchapter or a regulation adopted under Section 234.133.

(b) A person who violates this subchapter or a regulation adopted under Section 234.133 is liable to the county for a civil penalty of not more than \$10,000 for each violation. Each day a violation continues is considered a separate violation for purposes of assessing the civil penalty under this subsection. A county may bring suit in district court to recover a civil penalty authorized by this subsection.

(c) The county is entitled to recover reasonable expenses incurred in obtaining injunctive relief, civil penalties, or both, under this section, including reasonable attorney's fees, court costs, and investigatory costs.

Sec. 234.138. CRIMINAL PENALTY. (a) A person commits an offense if the person intentionally or knowingly operates a game room in violation of a regulation adopted under Section 234.133.

(b) An offense under this section is a Class A misdemeanor.

Sec. 234.139. CUMULATIVE EFFECT. Authority under this subchapter is cumulative of other authority that a county has to regulate game rooms and does not limit that authority.

Sec. 234.140. EFFECT ON OTHER LAWS. (a) This subchapter does not legalize any activity prohibited under the Penal Code or other state law.

(b) A person's compliance with this subchapter, including operating a game room under a license or permit issued under this chapter, is not a defense to prosecution for an offense under Chapter 47, Penal Code.

(c) A person who is subject to prosecution under Section 234.138 and any other law may be prosecuted under either or both laws.

SECTION 2. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2013.

The amendment to **HB 2123** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 1.

On motion of Senator Lucio and by unanimous consent, the caption was amended to conform to the body of the bill as amended.

HB 2123 as amended was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading except as follows:

Nays: Birdwell, Campbell, Fraser, Nichols, Paxton.

HOUSE BILL 2123 ON THIRD READING

Senator Lucio moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HB 2123** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 26, Nays 5.

Yeas: Carona, Davis, Deuell, Duncan, Ellis, Eltife, Estes, Garcia, Hancock, Hegar, Hinojosa, Huffman, Lucio, Nelson, Patrick, Rodríguez, Schwertner, Seliger, Taylor, Uresti, Van de Putte, Watson, West, Whitmire, Williams, Zaffirini.

Nays: Birdwell, Campbell, Fraser, Nichols, Paxton.

The bill was read third time and was passed by the following vote: Yeas 26, Nays 5. (Same as previous roll call)

HOUSE BILL 48 ON SECOND READING

Senator Patrick moved to suspend the regular order of business to take up for consideration **HB 48** at this time on its second reading:

HB 48, Relating to the procedure under which a person may renew a license to carry a concealed handgun.

The motion prevailed.

Senators Birdwell, Garcia, Rodríguez, and Van de Putte asked to be recorded as voting "Nay" on suspension of the regular order of business.

The bill was read second time and was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading except as follows:

Nays: Birdwell, Garcia, Rodríguez, Van de Putte.

HOUSE BILL 48 ON THIRD READING

Senator Patrick moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HB 48** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 27, Nays 4.

Yeas: Campbell, Carona, Davis, Deuell, Duncan, Ellis, Eltife, Estes, Fraser, Hancock, Hegar, Hinojosa, Huffman, Lucio, Nelson, Nichols, Patrick, Paxton, Schwertner, Seliger, Taylor, Uresti, Watson, West, Whitmire, Williams, Zaffirini.

Nays: Birdwell, Garcia, Rodríguez, Van de Putte.

The bill was read third time and was passed by the following vote: Yeas 27, Nays 4. (Same as previous roll call)

HOUSE BILL 1366 ON SECOND READING

On motion of Senator Rodríguez and by unanimous consent, the regular order of business was suspended to take up for consideration **HB 1366** at this time on its second reading:

HB 1366, Relating to certain procedures in family or juvenile law proceedings.

The bill was read second time.

Senator Rodríguez offered the following amendment to the bill:

Floor Amendment No. 1

Amend **HB 1366** (senate committee printing) by adding the following appropriately numbered SECTIONS to the bill and renumbering subsequent SECTIONS of the bill accordingly:

SECTION _____. The heading to Section 6.708, Family Code, is amended to read as follows:

Sec. 6.708. COSTS; ATTORNEY'S FEES AND EXPENSES.

SECTION _____. Section 6.708, Family Code, is amended by adding Subsection (c) to read as follows:

(c) In a suit for dissolution of a marriage, the court may award reasonable attorney's fees and expenses. The court may order the fees and expenses and any postjudgment interest to be paid directly to the attorney, who may enforce the order in the attorney's own name by any means available for the enforcement of a judgment for debt.

SECTION _____. Section 6.708(c), Family Code, as added by this Act, applies only to a suit for dissolution of a marriage filed on or after the effective date of this Act. A suit filed before that date is governed by the law in effect on the date the suit was filed, and the former law is continued in effect for that purpose.

The amendment to **HB 1366** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 1.

On motion of Senator Rodríguez and by unanimous consent, the caption was amended to conform to the body of the bill as amended.

HB 1366 as amended was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading.

HOUSE BILL 1366 ON THIRD READING

Senator Rodríguez moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HB 1366** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 31, Nays 0.

The bill was read third time and was passed by the following vote: Yeas 31, Nays 0.

HOUSE BILL 2913 ON SECOND READING

Senator Rodríguez moved to suspend the regular order of business to take up for consideration **HB 2913** at this time on its second reading:

HB 2913, Relating to trusts.

The motion prevailed.

Senator Nelson asked to be recorded as voting "Nay" on suspension of the regular order of business.

The bill was read second time and was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading except as follows:

Nays: Nelson.

HOUSE BILL 2913 ON THIRD READING

Senator Rodríguez moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HB 2913** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 30, Nays 1.

Nays: Nelson.

The bill was read third time and was passed by the following vote: Yeas 30, Nays 1. (Same as previous roll call)

**COMMITTEE SUBSTITUTE
HOUSE BILL 3390 ON SECOND READING**

Senator Deuell moved to suspend the regular order of business to take up for consideration **CSHB 3390** at this time on its second reading:

CSHB 3390, Relating to the Texas Economic Development Act.

The motion prevailed.

Senators Hancock, Lucio, Patrick, and Rodríguez asked to be recorded as voting "Nay" on suspension of the regular order of business.

The bill was read second time.

Senator Deuell offered the following amendment to the bill:

Floor Amendment No. 1

Amend **CSHB 3390** (senate committee printing) as follows:

(1) In SECTION 2 of the bill, at the end of redesignated and amended Section 313.0045(a)(1)(E), Tax Code (page 3, line 9), strike "[~~or~~]" and substitute "or".

(2) In SECTION 2 of the bill, in redesignated and amended Section 313.0045(a)(1), Tax Code (page 3, lines 10 through 17), strike Paragraphs (F) and (G) and substitute the following:

(F) a building or a permanent, nonremovable component of a building that is built or constructed during the applicable qualifying time period that begins on or after January 1, 2002, and that houses tangible personal property described by Paragraph (A), (B), (C), (D), or (E).

(3) In SECTION 2 of the bill, in redesignated and amended Section 313.0045(a)(3), Tax Code (page 3, lines 56 through 63), strike Paragraph (D) of the subdivision and substitute the following:

(D) is covered by a group health benefit plan for which the business offers to pay at least 80 percent of the premiums or other charges assessed for employee-only coverage under the plan, regardless of whether an employee may voluntarily waive the coverage; and

(4) In SECTION 2 of the bill, in redesignated and amended Section 313.0045(a), Tax Code (page 4, lines 37 through 44), strike proposed Subdivision (6).

(5) In SECTION 6 of the bill, in redesignated and amended Section 313.011(b), Tax Code, at the end of Subdivision (7) (page 5, line 18), strike "[~~or~~]" and substitute "or".

(6) In SECTION 6 of the bill, in redesignated and amended Section 313.011(b), Tax Code (page 5, lines 19 through 22), strike Subdivisions (8) and (9) and substitute the following:

(8) a computer center primarily used in connection with one or more activities described by Subdivisions (1) through (7) conducted by the entity.

The amendment to **CSHB 3390** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 1.

Senator Deuell offered the following amendment to the bill:

Floor Amendment No. 2

Amend **CSHB 3390** (senate committee printing) as follows:

(1) In SECTION 10 of the bill (page 13, lines 44 through 55), strike proposed Section 313.0235, Tax Code, and substitute the following:

Sec. 313.0235. LIMITATION ON APPRAISED VALUE. For a school district to which this subchapter applies, the amount agreed to by the governing body of the school district must be an amount in accordance with the following, according to the category established by Section 313.022 to which the school district belongs:

<u>CATEGORY</u>	<u>MINIMUM AMOUNT OF LIMITATION</u>
<u>I</u>	<u>\$100 million</u>
<u>II</u>	<u>\$90 million</u>
<u>III</u>	<u>\$80 million</u>
<u>IV</u>	<u>\$70 million</u>
<u>V</u>	<u>\$60 million</u>

(2) In SECTION 13 of the bill, in amended Section 313.052, Tax Code (page 14, lines 35 and 36), strike "[313.021(2)(A)(iv)(a)] and the minimum amount of a limitation on appraised value under this subchapter" and substitute "[313.021(2)(A)(iv)(a) and the ~~minimum amount of a limitation on appraised value under this subchapter~~]".

(3) Strike SECTION 14 of the bill (page 14, lines 57 through 69) and substitute the following:

SECTION 14. Section 313.054, Tax Code, is amended to read as follows:

Sec. 313.054. LIMITATION ON APPRAISED VALUE. (a) For a school district to which this subchapter applies, the amount agreed to by the governing body of the district ~~[under Section 313.027(a)(2)]~~ must be at least \$60 million. ~~[an amount in accordance with the following, according to the category established by Section 313.052 to which the school district belongs:~~

<u>CATEGORY</u>	<u>MINIMUM AMOUNT OF LIMITATION</u>
<u>I</u>	<u>\$30 million</u>
<u>II</u>	<u>\$20 million</u>
<u>III</u>	<u>\$10 million</u>
<u>IV</u>	<u>\$5 million</u>
<u>V</u>	<u>\$1 million</u>

(b) The limitation amount ~~[amounts]~~ listed in Subsection (a) is a ~~[are]~~ minimum amount ~~[amounts]~~. A school district~~[, regardless of category,]~~ may agree to a greater amount than that amount ~~[those amounts]~~.

The amendment to **CSHB 3390** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 2.

Senator Deuell offered the following amendment to the bill:

Floor Amendment No. 3

Amend **CSHB 3390** (senate committee printing) as follows:

(1) In SECTION 6 of the bill, in redesignated and amended Section 313.012, Tax Code (page 7, lines 11 through 28), strike Subsections (d) and (d-1) of the section and substitute the following:

(d) Before the 91st day after the date the comptroller receives the copy of the application, the comptroller shall submit a recommendation to the governing body of the school district as to whether the application should be approved or disapproved.

(d-1) The governing body of a school district may not approve an application unless ~~[that]~~ the comptroller recommends approval of the application ~~[has recommended should be disapproved only if:~~

~~(1) the governing body holds a public hearing the sole purpose of which is to consider the application and the comptroller's recommendation; and~~

~~(2) at a subsequent meeting of the governing body held after the date of the public hearing, at least two thirds of the members of the governing body vote to approve the application].~~

(2) In SECTION 6 of the bill, in redesignated and amended Section 313.013, Tax Code (page 9, lines 17 through 21), strike Subsection (b) of the section and substitute the following:

(b) Except as provided by Subsection (c), the [The] comptroller's recommendations shall be based on the criteria listed in Subsection (a) [Subsections (a)(5)-(20)] and on any other information available to the comptroller, including information provided by the governing body of the school district under Section 313.012(b) [313.025(b)].

(c) The comptroller shall conduct a study to determine the net present value of any tax revenue anticipated to be generated, directly or otherwise, as a result of the project before the 25th anniversary of the beginning of the limitation period, including tax revenue anticipated to be generated during the construction of the project, and the net present value of the ad valorem tax benefit provided for the project under the proposed agreement. The comptroller may request that an applicant provide information necessary for the comptroller to make the determination. The comptroller may not recommend approval of the application unless the comptroller certifies that:

(1) the net present value of any tax revenue anticipated to be generated, directly or otherwise, as a result of the project before the 25th anniversary of the beginning of the limitation period, including tax revenue anticipated to be generated during the construction of the project, is likely to exceed the net present value of the ad valorem tax benefit provided for the project under the proposed agreement; and

(2) the limitation on appraised value is a significant consideration by the applicant in determining whether to invest capital and construct the project in this state.

The amendment to **CSHB 3390** was read.

Senator Davis offered the following amendment to Floor Amendment No. 3:

Floor Amendment No. 4

Amend Floor Amendment No. 3 by Deuell to **CSHB 3390** as follows:

In SECTION 2 of the amendment, in added Section 313.013(c)(2), Tax Code, strike "the limitation on appraised value is a significant consideration by the applicant in determining whether" and substitute "on the basis of tangible evidence submitted by the applicant that the limitation on appraised value is a determining factor in the applicant's decision".

The amendment to Floor Amendment No. 3 to **CSHB 3390** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 4.

Question recurring on the adoption of Floor Amendment No. 3 to **CSHB 3390**, the amendment as amended was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 3 as amended.

Senator Deuell offered the following amendment to the bill:

Floor Amendment No. 5

Amend **CSHB 3390** (senate committee printing) by adding the following appropriately numbered SECTION to the bill and renumbering the subsequent SECTIONS of the bill accordingly:

SECTION _____. Subchapter A-1, Tax Code, as added by this Act, is amended by adding Sections 313.0146 and 313.019 to read as follows:

Sec. 313.0146. PENALTY FOR FAILURE TO COMPLY WITH JOB-CREATION REQUIREMENTS. (a) The comptroller shall conduct an annual review and issue a determination as to whether a person with whom a school district has entered into an agreement under this chapter satisfied in the preceding year the requirements of this chapter regarding the creation of the required number of qualifying jobs. If the comptroller makes an adverse determination in the review:

(1) the comptroller shall notify the person of the cause of the adverse determination and the corrective measures necessary to remedy the determination; and

(2) the person must submit to the comptroller a plan for remedying the determination and certify the person's intent to fully implement the plan not later than December 31 of the year in which the determination is made.

(b) If a person who receives an adverse determination fails to comply with Subsection (a)(2) following notification of the determination and receives an adverse determination in the following year, the comptroller shall impose a penalty on the person. The penalty is in an amount equal to the amount computed by:

(1) subtracting from the number of qualifying jobs required to be created the number of qualifying jobs actually created; and

(2) multiplying the amount computed under Subdivision (1) by:

(A) the average annual wage for all jobs in the county during the most recent four quarters for which data is available, if the penalty is being imposed on the person for the first time; or

(B) twice the average annual wage for all jobs in the county during the most recent four quarters for which data is available, if the penalty has previously been imposed on the person.

(c) Notwithstanding Subsection (b), the penalty may not exceed an amount equal to the difference between the amount of the ad valorem tax benefit received by the person under the agreement in the preceding year and the amount of any supplemental payments made to the school district in that year.

(d) A job created by a person that is not a qualifying job because the job does not meet a numerical requirement of Section 313.0045(a)(3)(A), (D), or (E) is considered for purposes of this section to be a nonqualifying job only if the job fails to meet the numerical requirement by at least 10 percent.

(e) An adverse determination under this section is a deficiency determination under Section 111.008. A penalty imposed under this section is an amount the comptroller is required to collect, receive, administer, or enforce, and the determination is subject to the payment and redetermination requirements of Sections 111.0081 and 111.009.

(f) A redetermination under Section 111.009 of an adverse determination under this section is a contested case as defined by Section 2001.003, Government Code.

(g) If a person on whom a penalty is imposed under this section contends that the amount of the penalty is unlawful or that the comptroller may not legally demand or collect the penalty, the person may challenge the determination of the comptroller under Subchapters A and B, Chapter 112.

(h) If the comptroller imposes a penalty on a person under this section three times, the comptroller may rescind the agreement between the person and the school district under this chapter.

(i) A determination by the comptroller to rescind an agreement between a person and a school district under this chapter pursuant to Subsection (h) is a contested case as defined by Section 2001.003, Government Code.

(j) If a person appeals a final decision of the comptroller to rescind an agreement between a person and a school district under this chapter pursuant to Subsection (h) and that decision is upheld on appeal, the person shall pay to the comptroller any tax that would have been due and payable to the school district during the pendency of the appeal, including statutory interest and penalties imposed on delinquent taxes under Sections 111.060 and 111.061.

(k) The comptroller shall deposit a penalty collected under this section, including any interest and penalty applicable to the penalty, to the credit of the foundation school fund.

Sec. 313.019. REPORT ON COMPLIANCE WITH JOB-CREATION REQUIREMENTS. Each recipient of a limitation on appraised value under this chapter shall submit to the comptroller an annual report on a form provided by the comptroller that provides information sufficient for the comptroller to determine whether the applicant is creating the number of new qualifying jobs required by this chapter.

The amendment to **CSHB 3390** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 5.

Senator Davis offered the following amendment to the bill:

Floor Amendment No. 6

Amend **CSHB 3390** (senate committee printing) by adding the following appropriately numbered SECTION to the bill and renumbering the subsequent SECTIONS of the bill accordingly:

SECTION _____. Subchapter A, Chapter 313, Tax Code, is amended by adding Section 313.0075 to read as follows:

Sec. 313.0075. AUDIT OF AGREEMENTS BY STATE AUDITOR. (a) Each year, the state auditor shall review at least three major agreements, as determined by the state auditor, under this chapter to determine whether:

(1) each agreement accomplishes the purposes of this chapter as expressed in Section 313.003;

(2) each agreement complies with the intent of the legislature in enacting this chapter as expressed in Section 313.004; and

(3) the terms of each agreement were executed in compliance with the terms of this chapter.

(b) As part of the review, the state auditor shall make recommendations relating to increasing the efficiency and effectiveness of the administration of this chapter.

The amendment to **CSHB 3390** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 6.

Senator Estes offered the following amendment to the bill:

Floor Amendment No. 7

Amend **CSHB 3390** (Senate committee printing) by adding the following appropriately numbered SECTION to the bill and renumbering subsequent SECTIONS of the bill accordingly:

SECTION _____. (a) Section 311.005(a), Tax Code, is amended to read as follows:

(a) To be designated as a reinvestment zone, an area must:

(1) substantially arrest or impair the sound growth of the municipality or county designating the zone, retard the provision of housing accommodations, or constitute an economic or social liability and be a menace to the public health, safety, morals, or welfare in its present condition and use because of the presence of:

(A) a substantial number of substandard, slum, deteriorated, or deteriorating structures;

(B) the predominance of defective or inadequate sidewalk or street layout;

(C) faulty lot layout in relation to size, adequacy, accessibility, or usefulness;

(D) unsanitary or unsafe conditions;

(E) the deterioration of site or other improvements;
 (F) tax or special assessment delinquency exceeding the fair value of the land;

(G) defective or unusual conditions of title;

(H) conditions that endanger life or property by fire or other cause; or

(I) structures, other than single-family residential structures, less than 10 percent of the square footage of which has been used for commercial, industrial, or residential purposes during the preceding 12 years, if the municipality has a population of 100,000 or more;

(2) be predominantly open or undeveloped and, because of obsolete platting, deterioration of structures or site improvements, or other factors, substantially impair or arrest the sound growth of the municipality or county;

(3) be in a federally assisted new community located in the municipality or county or in an area immediately adjacent to a federally assisted new community; ~~[or]~~

(4) be an area described in a petition requesting that the area be designated as a reinvestment zone, if the petition is submitted to the governing body of the municipality or county by the owners of property constituting at least 50 percent of the appraised value of the property in the area according to the most recent certified appraisal roll for the county in which the area is located; or

(5) be substantially undeveloped and be located in:

(A) a municipality with a population of less than 20,000; and

(B) a county with a population of more than 660,000 and less than 690,000 that borders a county with a population of two million or more.

(b) This section 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. If this Act does not receive the vote necessary for immediate effect, this section takes effect September 1, 2013.

The amendment to **CSHB 3390** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 7.

Senator Ellis offered the following amendment to the bill:

Floor Amendment No. 8

Amend **CSHB 3390** by adding the following appropriately numbered SECTIONS to the bill and renumbering subsequent SECTIONS of the bill accordingly:

SECTION _____. Subtitle B, Title 3, Government Code, is amended by adding Chapter 320A to read as follows:

CHAPTER 320A. REVIEW OF STATE AND LOCAL TAX PREFERENCES

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 320A.001. DEFINITION. In this chapter, "tax preference" means a credit, discount, exclusion, exemption, refund, special valuation, special accounting treatment, special rate, or special method of reporting authorized by state law that relates to a state or local tax imposed in this state.

SUBCHAPTER B. SCHEDULE FOR PERIODIC REVIEW
OF STATE AND LOCAL TAX PREFERENCES

Sec. 320A.051. DEVELOPMENT AND BIENNIAL MODIFICATION OF STATE AND LOCAL TAX PREFERENCE REVIEW SCHEDULE. (a) The comptroller shall:

(1) identify each state tax preference and each type of local tax preference;
(2) develop a state and local tax preference review schedule under which each identified tax preference is reviewed once during each 12-year period; and
(3) specifically identify on the schedule each of the tax preferences the Legislative Budget Board must review for purposes of the next report due under Section 320A.151.

(b) Except as provided in Subsection (c), in developing the schedule, the comptroller shall give priority to scheduling for review the tax preferences that result in the greatest reduction in revenue derived from the taxes to which the tax preferences relate.

(c) In developing the schedule, the comptroller may:

(1) schedule for review at the same time all tax preferences authorized in the same chapter of the Tax Code; and

(2) schedule the initial review of a tax preference that has an expiration date for any date the comptroller determines is appropriate.

(d) The comptroller shall revise the schedule biennially only to:

(1) add to the schedule a tax preference that was enacted after the comptroller developed the most recent schedule;

(2) delete from the schedule a tax preference that was repealed or that expired after the comptroller developed the most recent schedule;

(3) update the review dates of the tax preferences for which reviews were conducted after the comptroller developed the most recent schedule; and

(4) update the tax preferences identified under Subsection (a)(3).

Sec. 320A.052. PUBLIC COMMENT. The comptroller shall provide a process by which the public may comment on the state and local tax preference review schedule under Section 320A.051. The comptroller shall consider those comments in developing or revising the schedule.

Sec. 320A.053. SCHEDULE PROVIDED TO LEGISLATIVE BUDGET BOARD. Not later than December 1 of each odd-numbered year, the comptroller shall provide the state and local tax preference review schedule to the Legislative Budget Board.

SUBCHAPTER C. CONDUCT OF REVIEW OF STATE
AND LOCAL TAX PREFERENCES

Sec. 320A.101. PERIODIC REVIEW OF TAX PREFERENCES. The Legislative Budget Board shall periodically review each state tax preference and each type of local tax preference according to the state and local tax preference review schedule provided by the comptroller under Section 320A.053. In reviewing a tax preference, the board shall:

(1) summarize the legislative history of the tax preference;

(2) estimate the amount of lost tax revenue attributable to the tax preference during the preceding 12-year period, including the percent reduction in the tax revenue of the related state or local tax, using amounts reported by the comptroller under Section 403.014, if available;

(3) determine the effect of the tax preference on the distribution of the tax burden by income class and industry or business class during the preceding 12-year period, using amounts reported and data analyzed by the comptroller under Sections 403.014 and 403.0141, if available; and

(4) evaluate, for a tax preference that reduces by more than one percent the total revenue of the related state or local tax, the fiscal impact of the tax preference during the preceding and following 12-year periods, based on a cost-benefit analysis of the general effects of the tax preference on the overall state economy, including the effects on:

(A) job creation by industry sector;

(B) average wage by industry sector;

(C) gross state product by industry sector;

(D) business expenditures by industry sector; and

(E) personal consumption by income class.

Sec. 320A.102. COOPERATION BY OTHER STATE ENTITIES. (a) The Legislative Budget Board may request assistance from the comptroller or any other state agency, department, or office if the board needs assistance to perform the review required by Section 320A.101. The comptroller or other agency, department, or office shall provide the requested assistance.

(b) Notwithstanding Section 111.006, Tax Code, or other law, the comptroller shall provide to the Legislative Budget Board complete electronic access to tax files maintained by the comptroller, as the staff of the board determines necessary to perform a review required by Section 320A.101. An employee of the board that accesses tax files maintained by the comptroller is subject to the same duties and requirements regarding confidentiality as an employee of the comptroller who accesses the files.

SUBCHAPTER D. REPORT ON TAX PREFERENCES

Sec. 320A.151. REPORT. Not later than September 1 of each even-numbered year, the Legislative Budget Board shall provide to the presiding officers of the senate finance committee, or its successor, and the house ways and means committee, or its successor, a report on the reviews of tax preferences identified under Section 320A.051(a)(3). The board shall post the report on the board's Internet website as soon as possible after the board provides the report to the presiding officers under this section.

SECTION _____. Notwithstanding Section 320A.053, Government Code, as added by this Act, the comptroller of public accounts shall submit the initial state and local tax preference review schedule required by that section not later than January 15, 2014.

SECTION _____. The Legislative Budget Board shall submit the initial report required by Section 320A.151, Government Code, as added by this Act, not later than September 1, 2014.

The amendment to **CSHB 3390** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 8.

Senator Carona offered the following amendment to the bill:

Floor Amendment No. 9

Amend **CSHB 3390** (senate committee printing) by adding the following appropriately numbered SECTION to the bill and renumbering subsequent SECTIONS of the bill accordingly:

Section _____. Subchapter B, Chapter 35, Utilities Code, is amended by adding Section 35.004(f) to read as follows:

Sec. 35.004(f) AMOUNTS PAID IN LIEU OF AD VALOREM TAX.

(a) A municipally owned utility that owns and operates a transmission facility that is constructed under section §39.904(g)(2) may apply to the governing body of a school district, municipality, or county in which the utility owns or operates a transmission facility to make payments in lieu of ad valorem taxes on the transmission facility.

(b) A school district, municipality, or county may approve the application and enter into an agreement under Subsection (a), provided that the amount paid may not exceed the amount the utility would have to pay on that transmission facility if the facility were subject to ad valorem taxation.

(c) A municipally owned utility that agrees to make payments in lieu of ad valorem taxes under this section may recover, as part of the utility's cost of service, the amount paid to a municipality, county, or school district under the agreement.

(d) A municipally owned utility that agrees to make payments in lieu of ad valorem taxes under this section shall provide a copy of the agreement to the commission.

The amendment to **CSHB 3390** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 9.

Senator Estes offered the following amendment to the bill:

Floor Amendment No. 10

Amend **HB 3390** (Senate Committee Printing) to insert an appropriate numbered section to read as follows:

SECTION _____. Section 382.003(1-a), Health and Safety Code, is amended to read as follows:

(1-a) "Advanced clean energy project" means a project for which an application for a permit or for an authorization to use a standard permit under this chapter is received by the commission on or after January 1, 2008, and before January 1, 2020, and that:

(A) involves the use of coal, biomass, petroleum coke, solid waste, natural gas, or fuel cells using hydrogen derived from such fuels, in the generation of electricity, or the creation of liquid fuels outside of the existing fuel production

infrastructure while co-generating electricity, whether the project is implemented in connection with the construction of a new facility or in connection with the modification of an existing facility and whether the project involves the entire emissions stream from the facility or only a portion of the emissions stream from the facility;

(B) with regard to the portion of the emissions stream from the facility that is associated with the project, is capable of achieving:

(i) on an annual basis:

(a) a 99 percent or greater reduction of sulfur dioxide emissions;

(b) ~~or~~ if the project is designed for the use of feedstock, substantially all of which is subbituminous coal, an emission rate of 0.04 pounds or less of sulfur dioxide per million British thermal units as determined by a 30-day average; or

(c) if the project is designed for the use of one or more combustion turbines that burn natural gas, a sulfur dioxide emission rate that meets best available control technology requirements as determined by the commission;

(ii) on an annual basis:

(a) a 95 percent or greater reduction of mercury emissions; or
(b) if the project is designed for the use of one or more combustion turbines that burn natural gas, a mercury emission rate that complies with applicable federal requirements;

(iii) an annual average emission rate for nitrogen oxides of:

(a) 0.05 pounds or less per million British thermal units; ~~or~~
(b) if the project uses gasification technology, 0.034 pounds or less per million British thermal units; or

(c) if the project is designed for the use of one or more combustion turbines that burn natural gas, two parts per million by volume; and

(iv) an annual average emission rate for filterable particulate matter of 0.015 pounds or less per million British thermal units; and

(C) captures not less than 50 percent of the carbon dioxide in the portion of the emissions stream from the facility that is associated with the project and sequesters that captured carbon dioxide by geologic storage or other means.

The amendment to **CSHB 3390** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No 10.

On motion of Senator Deuell and by unanimous consent, the caption was amended to conform to the body of the bill as amended.

CSHB 3390 as amended was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading except as follows:

Nays: Lucio, Rodríguez.

**COMMITTEE SUBSTITUTE
HOUSE BILL 3390 ON THIRD READING**

Senator Deuell moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **CSHB 3390** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 31, Nays 0.

The bill was read third time and was passed by the following vote: Yeas 29, Nays 2.

Yeas: Birdwell, Campbell, Carona, Davis, Deuell, Duncan, Ellis, Eltife, Estes, Fraser, Garcia, Hancock, Hegar, Hinojosa, Huffman, Nelson, Nichols, Patrick, Paxton, Schwertner, Seliger, Taylor, Uresti, Van de Putte, Watson, West, Whitmire, Williams, Zaffirini.

Nays: Lucio, Rodríguez.

HOUSE BILL 2712 ON SECOND READING

Senator Taylor moved to suspend the regular order of business to take up for consideration **HB 2712** at this time on its second reading:

HB 2712, Relating to the exemption from ad valorem taxation of energy storage systems used for the control of air pollution in a nonattainment area.

The motion prevailed.

Senators Nichols and Schwertner asked to be recorded as voting "Nay" on suspension of the regular order of business.

The bill was read second time and was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading except as follows:

Nays: Nichols, Schwertner.

HOUSE BILL 2712 ON THIRD READING

Senator Taylor moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HB 2712** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 29, Nays 2.

Yeas: Birdwell, Campbell, Carona, Davis, Deuell, Duncan, Ellis, Eltife, Estes, Fraser, Garcia, Hancock, Hegar, Hinojosa, Huffman, Lucio, Nelson, Patrick, Paxton, Rodríguez, Seliger, Taylor, Uresti, Van de Putte, Watson, West, Whitmire, Williams, Zaffirini.

Nays: Nichols, Schwertner.

The bill was read third time and was passed by the following vote: Yeas 29, Nays 2. (Same as previous roll call)

HOUSE BILL 866 ON SECOND READING

Senator Seliger moved to suspend the regular order of business to take up for consideration **HB 866** at this time on its second reading:

HB 866, Relating to the administration to public school students in certain grades of state-administered assessment instruments.

The motion prevailed.

Senators Birdwell and Patrick asked to be recorded as voting "Nay" on suspension of the regular order of business.

The bill was read second time.

Senator Seliger offered the following amendment to the bill:

Floor Amendment No. 1

Amend **HB 866** (senate committee printing) as follows:

(1) In the recital to SECTION 1 of the bill (page 1, line 25), strike "and (a-9)" and substitute "(a-9), and (a-10)".

(2) In SECTION 1 of the bill, amending Section 39.023(a), Education Code (page 1, lines 38 - 39) strike "[writing, including spelling and grammar, in grades four and seven;" and substitute "writing, including spelling and grammar, in grades four and seven;".

(3) In SECTION 1 of the bill, amending Section 39.023(a), Education Code (page 1, line 40), strike "[~~(4)~~]" and substitute "(4)".

(4) In SECTION 1 of the bill, amending Section 39.023(a), Education Code (page 1, line 41), strike "~~(4)~~ [~~(5)~~]" and substitute "(5)".

(5) In SECTION 1 of the bill, immediately following Section 39.023(a-9), Education Code (page 3, between lines 8 and 9), insert the following:

(a-10) This subsection and Subsections (a-3), (a-4), (a-5), (a-6), (a-7), (a-8), and (a-9) expire September 1, 2017.

(6) Add the following appropriately number SECTION to the bill and renumber subsequent SECTIONS of the bill accordingly:

SECTION ____ . Effective September 1, 2017, Sections 39.023(a), (a-1), (a-2), (b), (c-1), (c-3), (e), (l), (m), (n), and (p), Education Code, are amended to read as follows:

(a) The agency shall adopt or develop appropriate criterion-referenced assessment instruments designed to assess essential knowledge and skills in reading, writing, mathematics, social studies, and science. Except as provided by Subsection (a-2), all students, other than students assessed under Subsection (b) or (l) or exempted under Section 39.027, shall be assessed in:

(1) mathematics, annually in grades three through seven without the aid of technology and in grade eight with the aid of technology on any assessment instrument that includes algebra;

(2) reading, annually in grades three through eight;

(3) writing, including spelling and grammar, in grades four and seven;

(4) social studies, in grade eight;

(5) science, in grades five and eight; and

(6) any other subject and grade required by federal law.

(a-1) The agency shall develop assessment instruments required under Subsection (a) in a manner that allows, to the extent practicable:

(1) the score a student receives to provide reliable information relating to a student's satisfactory performance for each performance standard under Section 39.0241; and

(2) an appropriate range of performances to serve as a valid indication of growth in student achievement.

(a-2) A student is not required to be assessed in a subject otherwise assessed at the student's grade level under Subsection (a) if the student:

(1) is enrolled in a course in the subject intended for students above the student's grade level and will be administered an assessment instrument adopted or developed under Subsection (a) that aligns with the curriculum for the course in which the student is enrolled; or

(2) is enrolled in a course in the subject for which the student will receive high school academic credit and will be administered an end-of-course assessment instrument adopted under Subsection (c) for the course.

(b) The agency shall develop or adopt appropriate criterion-referenced alternative assessment instruments to be administered to each student in a special education program under Subchapter A, Chapter 29, for whom an assessment instrument adopted under Subsection (a), even with allowable accommodations, would not provide an appropriate measure of student achievement, as determined by the student's admission, review, and dismissal committee.

(c-1) The agency shall develop any assessment instrument required under this section in a manner that allows for the measurement of annual improvement in student achievement as required by Sections 39.034(c) and (d).

(c-3) In adopting a schedule for the administration of assessment instruments under this section, the State Board of Education shall require:

(1) assessment instruments administered under Subsection (a) to be administered on a schedule so that the first assessment instrument is administered at least two weeks later than the date on which the first assessment instrument was administered under Subsection (a) during the 2006-2007 school year; and

(2) the spring administration of end-of-course assessment instruments under Subsection (c) to occur in each school district not earlier than the first full week in May, except that the spring administration of the end-of-course assessment instruments in English I, English II, and English III must be permitted to occur at an earlier date.

(e) Under rules adopted by the State Board of Education, every third year, the agency shall release the questions and answer keys to each assessment instrument administered under Subsection (a), (b), (c), (d), or (l), excluding any assessment instrument administered to a student for the purpose of retaking the assessment instrument, after the last time the instrument is administered for that school year. To ensure a valid bank of questions for use each year, the agency is not required to release a question that is being field-tested and was not used to compute the student's

score on the instrument. The agency shall also release, under board rule, each question that is no longer being field-tested and that was not used to compute a student's score.

(l) The State Board of Education shall adopt rules for the administration of the assessment instruments adopted under Subsection (a) in Spanish to students in grades three through five who are of limited English proficiency, as defined by Section 29.052, whose primary language is Spanish, and who are not otherwise exempt from the administration of an assessment instrument under Section 39.027(a)(1) or (2). Each student of limited English proficiency whose primary language is Spanish, other than a student to whom Subsection (b) applies, may be assessed using assessment instruments in Spanish under this subsection for up to three years or assessment instruments in English under Subsection (a). The language proficiency assessment committee established under Section 29.063 shall determine which students are administered assessment instruments in Spanish under this subsection.

(m) The commissioner by rule shall develop procedures under which the language proficiency assessment committee established under Section 29.063 shall determine which students are exempt from the administration of the assessment instruments under Section 39.027(a)(1) or (2). The rules adopted under this subsection shall ensure that the language proficiency assessment committee provides that the exempted students are administered the assessment instruments under Subsections (a) and (c) at the earliest practical date.

(n) This subsection applies only to a student who is determined to have dyslexia or a related disorder and who is an individual with a disability under 29 U.S.C. Section 705(20) and its subsequent amendments. The agency shall adopt or develop appropriate criterion-referenced assessment instruments designed to assess the ability of and to be administered to each student to whom this subsection applies for whom the assessment instruments adopted under Subsection (a), even with allowable modifications, would not provide an appropriate measure of student achievement, as determined by the committee established by the board of trustees of the district to determine the placement of students with dyslexia or related disorders. The committee shall determine whether any allowable modification is necessary in administering to a student an assessment instrument required under this subsection. The assessment instruments required under this subsection shall be administered on the same schedule as the assessment instruments administered under Subsection (a).

(p) On or before September 1 of each year, the commissioner shall make the following information available on the agency's Internet website for each assessment instrument administered under Subsection (a), (c), or (l):

- (1) the number of questions on the assessment instrument;
- (2) the number of questions that must be answered correctly to achieve satisfactory performance as determined by the commissioner under Section 39.0241(a);
- (3) the number of questions that must be answered correctly to achieve satisfactory performance under the college readiness performance standard as provided by Section 39.0241; and
- (4) the corresponding scale scores.

(7) In SECTION 2 of the bill, in Subsection (a) (page 4, line 41), strike "This Act" and substitute "Except as otherwise provided by this Act, this Act".

The amendment to **HB 866** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 1.

On motion of Senator Seliger and by unanimous consent, the caption was amended to conform to the body of the bill as amended.

HB 866 as amended was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading except as follows:

Nays: Birdwell, Patrick.

HOUSE BILL 866 ON THIRD READING

Senator Seliger moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HB 866** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 29, Nays 2.

Yeas: Campbell, Carona, Davis, Deuell, Duncan, Ellis, Eltife, Estes, Fraser, Garcia, Hancock, Hegar, Hinojosa, Huffman, Lucio, Nelson, Nichols, Paxton, Rodriguez, Schwertner, Seliger, Taylor, Uresti, Van de Putte, Watson, West, Whitmire, Williams, Zaffirini.

Nays: Birdwell, Patrick.

The bill was read third time and was passed by the following vote: Yeas 29, Nays 2. (Same as previous roll call)

SENATE RULE 5.14(a) SUSPENDED (Intent Calendar) (Motion In Writing)

Senator Whitmire submitted the following Motion In Writing:

Mr. President:

I move suspension of Senate Rule 5.14 so that we may move the Intent Calendar deadline to 10:30 p.m. today.

WHITMIRE

The Motion In Writing prevailed without objection.

COMMITTEE SUBSTITUTE HOUSE BILL 6 ON SECOND READING

The Presiding Officer, Senator Eltife in Chair, laid before the Senate **CSHB 6** by Senator Williams on its second reading. The bill had been read second time, amended, an amendment offered, and further consideration temporarily postponed:

CSHB 6, Relating to the creation and re-creation of funds and accounts in the state treasury, the dedication and rededication of revenue, and the exemption of unappropriated money from use for general governmental purposes.

Question — Shall Floor Amendment No. 3 to **CSHB 6** be adopted?

Senator Watson withdrew Floor Amendment No. 3.

**VOTE RECONSIDERED
ON FLOOR AMENDMENT NO. 2**

On motion of Senator Williams and by unanimous consent, the vote by which Floor Amendment No. 2 was adopted was reconsidered.

Question — Shall Floor Amendment No. 2 to **CSHB 6** be adopted?

Senator Williams withdrew Floor Amendment No. 2.

Senator Watson offered the following amendment to the bill:

Floor Amendment No. 4

Amend **CSHB 6** (senate committee report) by striking SECTION 8 of the bill (page 2, lines 27 through 58) and substituting the following:

SECTION 8. AMENDMENT OF SECTION 403.095, GOVERNMENT CODE. (a) If S.J.R. No. 1 of the 83rd Legislature, Regular Session, 2013, is approved by both houses of the legislature, and if, on or before September 1, 2013, Section 39.9039, Utilities Code, as proposed by H.B. No. 7 or similar legislation of the 83rd Legislature, Regular Session, 2013, becomes law, effective September 1, 2013, Section 403.095, Government Code, is amended by amending Subsections (b), (d), and (e) and adding Subsection (b-1) to read as follows:

(b) Notwithstanding any law dedicating or setting aside revenue for a particular purpose or entity, an amount of dedicated revenues, not to exceed a total of \$1 billion, that [-] on August 31 of an odd-numbered year is [~~2013, are~~] estimated to exceed the amount appropriated by the General Appropriations Act or other laws enacted by the legislature is [~~82nd Legislature are~~] available for general governmental purposes and is [~~are~~] considered available for the purpose of certification under Section 403.121. It is the intent of the legislature that dedicated revenues that exceed the total amount that this subsection makes available for general governmental purposes and for certification must be used for the purposes for which the revenues are dedicated.

(b-1) Notwithstanding the limitation provided by Subsection (b), the amount of dedicated revenues described by that subsection that on August 31 of an odd-numbered year is estimated to exceed the amount appropriated by the General Appropriations Act or other laws enacted by the legislature is considered available for general governmental purposes and for the purpose of the certification under Section 403.121 in an amount not to exceed:

- (1) \$4.2 billion for the fiscal biennium ending August 31, 2015;
- (2) \$3.4 billion for the fiscal biennium ending August 31, 2017;
- (3) \$2.6 billion for the fiscal biennium ending August 31, 2019; and
- (4) \$1.8 billion for the fiscal biennium ending August 31, 2021.

(d) Following certification of the General Appropriations Act and other appropriations measures enacted by the legislature [~~82nd Legislature~~], the comptroller shall reduce each dedicated account as directed by the legislature by an amount that may not exceed the amount by which estimated revenues and unobligated balances exceed appropriations. The reductions may be made in the amounts and at the times necessary for cash flow considerations to allow all the dedicated accounts to maintain adequate cash balances to transact routine business. The legislature may authorize, in

the General Appropriations Act, the temporary delay of the excess balance reduction required under this subsection. This subsection does not apply to revenues or balances in:

- (1) funds outside the treasury;
 - (2) trust funds, which for purposes of this section include funds that may or are required to be used in whole or in part for the acquisition, development, construction, or maintenance of state and local government infrastructures, recreational facilities, or natural resource conservation facilities;
 - (3) funds created by the constitution or a court; or
 - (4) funds for which separate accounting is required by federal law.
- (e) This subsection and Subsection (b-1) expire ~~[section expires on]~~ September 1, 2023 ~~[2013]~~.

(b) If either of the conditions provided by Subsection (a) of this section is not met, Subsection (a) of this section has no effect, and, effective September 1, 2013, Section 403.095, Government Code, is amended by amending Subsections (b), (d), and (e) and adding Subsection (b-1) to read as follows:

(b) Notwithstanding any law dedicating or setting aside revenue for a particular purpose or entity, an amount of dedicated revenues, not to exceed a total of \$1 billion, that [·] on August 31 of an odd-numbered year is [~~2013, are~~] estimated to exceed the amount appropriated by the General Appropriations Act or other laws enacted by the legislature is [~~82nd Legislature are~~] available for general governmental purposes and is [~~are~~] considered available for the purpose of certification under Section 403.121. It is the intent of the legislature that dedicated revenues that exceed the total amount that this subsection makes available for general governmental purposes and for certification must be used for the purposes for which the revenues are dedicated.

(b-1) Notwithstanding the limitation provided by Subsection (b), the amount of dedicated revenues described by that subsection that on August 31 of an odd-numbered year is estimated to exceed the amount appropriated by the General Appropriations Act or other laws enacted by the legislature is considered available for general governmental purposes and for the purpose of the certification under Section 403.121 in an amount not to exceed:

- (1) \$5.0 billion for the fiscal biennium ending August 31, 2015;
- (2) \$4.0 billion for the fiscal biennium ending August 31, 2017;
- (3) \$3.0 billion for the fiscal biennium ending August 31, 2019; and
- (4) \$2.0 billion for the fiscal biennium ending August 31, 2021.

(d) Following certification of the General Appropriations Act and other appropriations measures enacted by the legislature ~~[82nd Legislature]~~, the comptroller shall reduce each dedicated account as directed by the legislature by an amount that may not exceed the amount by which estimated revenues and unobligated balances exceed appropriations. The reductions may be made in the amounts and at the times necessary for cash flow considerations to allow all the dedicated accounts to maintain adequate cash balances to transact routine business. The legislature may authorize, in the General Appropriations Act, the temporary delay of the excess balance reduction required under this subsection. This subsection does not apply to revenues or balances in:

- (1) funds outside the treasury;

(2) trust funds, which for purposes of this section include funds that may or are required to be used in whole or in part for the acquisition, development, construction, or maintenance of state and local government infrastructures, recreational facilities, or natural resource conservation facilities;

(3) funds created by the constitution or a court; or

(4) funds for which separate accounting is required by federal law.

(e) This subsection and Subsection (b-1) expire [section expires on] September 1, 2023 [2013].

WILLIAMS
WATSON

The amendment to **CSHB 6** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 4.

On motion of Senator Williams and by unanimous consent, the caption was amended to conform to the body of the bill as amended.

CSHB 6 as amended was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading.

COMMITTEE SUBSTITUTE HOUSE BILL 6 ON THIRD READING

Senator Williams moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **CSHB 6** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 31, Nays 0.

The bill was read third time and was passed by the following vote: Yeas 31, Nays 0.

COMMITTEE SUBSTITUTE HOUSE BILL 500 ON SECOND READING

On motion of Senator Hegar and by unanimous consent, the regular order of business was suspended to take up for consideration **CSHB 500** at this time on its second reading:

CSHB 500, Relating to the \$1 million total revenue exemption for the franchise tax; temporarily decreasing the rates of the franchise tax.

The bill was read second time.

Senator Fraser offered the following amendment to the bill:

Floor Amendment No. 1

Amend **CSHB 500** by adding the following Section

SECTION _____. (a) Section 171.1014, Tax Code, is amended by adding Subsection (j) to read as follows:

(j) Notwithstanding any other provision of this section, a taxable entity that provides retail or wholesale electric utilities may not be included as a member of a combined group that includes one or more taxable entities that do not provide retail or wholesale electric utilities if that combined group in the absence of this subsection:

(1) would not meet the requirements of Section 171.002(c) solely because one or more members of the combined group provide retail or wholesale electric utilities; and

(2) would have less than five percent of the combined group's total revenue derived from providing retail or wholesale electric utilities.

(b) It is the intent of the legislature that certain taxable entities that are part of an affiliated group and that provide retail or wholesale electric utilities be disqualified as members of certain combined groups for purposes of the franchise tax.

(c) This Act applies only to a report originally due on or after January 1, 2014.

The amendment to **CSHB 500** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 1.

Senator Hancock offered the following amendment to the bill:

Floor Amendment No. 2

Amend **CSHB 500** (senate committee printing) by adding the following appropriately numbered SECTION to the bill and renumbering subsequent SECTIONS of the bill accordingly:

SECTION _____. Section 171.1011(g-4), Tax Code, is amended to read as follows:

(g-4) A taxable entity that is a pharmacy cooperative shall exclude from its total revenue, to the extent included under Subsection (c)(1)(A), (c)(2)(A), or (c)(3), flow-through funds from rebates from pharmacy wholesalers that are distributed to the pharmacy cooperative's shareholders. A taxable entity that provides a pharmacy network shall exclude from its total revenue, to the extent included under Subsection (c)(1)(A), (c)(2)(A), or (c)(3), reimbursements, pursuant to contractual agreements, for payments to pharmacies in the pharmacy network.

The amendment to **CSHB 500** was read.

Senator Schwertner moved to table Floor Amendment No. 2.

Senator Schwertner withdrew the motion to table Floor Amendment No. 2.

Question recurring on the adoption of Floor Amendment No. 2 to **CSHB 500**, the amendment was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 2 except as follows:

Nays: Van de Putte.

Senator Ellis offered the following amendment to the bill:

Floor Amendment No. 3

Amend **CSHB 500** by adding the following appropriately numbered SECTIONS to the bill and renumbering subsequent SECTIONS of the bill accordingly:

SECTION _____. Subtitle B, Title 3, Government Code, is amended by adding Chapter 320A to read as follows:

CHAPTER 320A. REVIEW OF STATE AND LOCAL TAX PREFERENCES

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 320A.001. DEFINITION. In this chapter, "tax preference" means a credit, discount, exclusion, exemption, refund, special valuation, special accounting treatment, special rate, or special method of reporting authorized by state law that relates to a state or local tax imposed in this state.

SUBCHAPTER B. SCHEDULE FOR PERIODIC REVIEW
OF STATE AND LOCAL TAX PREFERENCES

Sec. 320A.051. DEVELOPMENT AND BIENNIAL MODIFICATION OF STATE AND LOCAL TAX PREFERENCE REVIEW SCHEDULE. (a) The comptroller shall:

(1) identify each state tax preference and each type of local tax preference;
(2) develop a state and local tax preference review schedule under which each identified tax preference is reviewed once during each 12-year period; and
(3) specifically identify on the schedule each of the tax preferences the Legislative Budget Board must review for purposes of the next report due under Section 320A.151.

(b) Except as provided in Subsection (c), in developing the schedule, the comptroller shall give priority to scheduling for review the tax preferences that result in the greatest reduction in revenue derived from the taxes to which the tax preferences relate.

(c) In developing the schedule, the comptroller may:

(1) schedule for review at the same time all tax preferences authorized in the same chapter of the Tax Code; and

(2) schedule the initial review of a tax preference that has an expiration date for any date the comptroller determines is appropriate.

(d) The comptroller shall revise the schedule biennially only to:

(1) add to the schedule a tax preference that was enacted after the comptroller developed the most recent schedule;

(2) delete from the schedule a tax preference that was repealed or that expired after the comptroller developed the most recent schedule;

(3) update the review dates of the tax preferences for which reviews were conducted after the comptroller developed the most recent schedule; and

(4) update the tax preferences identified under Subsection (a)(3).

Sec. 320A.052. PUBLIC COMMENT. The comptroller shall provide a process by which the public may comment on the state and local tax preference review schedule under Section 320A.051. The comptroller shall consider those comments in developing or revising the schedule.

Sec. 320A.053. SCHEDULE PROVIDED TO LEGISLATIVE BUDGET BOARD. Not later than December 1 of each odd-numbered year, the comptroller shall provide the state and local tax preference review schedule to the Legislative Budget Board.

SUBCHAPTER C. CONDUCT OF REVIEW OF STATE
AND LOCAL TAX PREFERENCES

Sec. 320A.101. PERIODIC REVIEW OF TAX PREFERENCES. The Legislative Budget Board shall periodically review each state tax preference and each type of local tax preference according to the state and local tax preference review schedule provided by the comptroller under Section 320A.053. In reviewing a tax preference, the board shall:

(1) summarize the legislative history of the tax preference;
(2) estimate the amount of lost tax revenue attributable to the tax preference during the preceding 12-year period, including the percent reduction in the tax revenue of the related state or local tax, using amounts reported by the comptroller under Section 403.014, if available;

(3) determine the effect of the tax preference on the distribution of the tax burden by income class and industry or business class during the preceding 12-year period, using amounts reported and data analyzed by the comptroller under Sections 403.014 and 403.0141, if available; and

(4) evaluate, for a tax preference that reduces by more than one percent the total revenue of the related state or local tax, the fiscal impact of the tax preference during the preceding and following 12-year periods, based on a cost-benefit analysis of the general effects of the tax preference on the overall state economy, including the effects on:

- (A) job creation by industry sector;
- (B) average wage by industry sector;
- (C) gross state product by industry sector;
- (D) business expenditures by industry sector; and
- (E) personal consumption by income class.

Sec. 320A.102. COOPERATION BY OTHER STATE ENTITIES. (a) The Legislative Budget Board may request assistance from the comptroller or any other state agency, department, or office if the board needs assistance to perform the review required by Section 320A.101. The comptroller or other agency, department, or office shall provide the requested assistance.

(b) Notwithstanding Section 111.006, Tax Code, or other law, the comptroller shall provide to the Legislative Budget Board complete electronic access to tax files maintained by the comptroller, as the staff of the board determines necessary to perform a review required by Section 320A.101. An employee of the board that accesses tax files maintained by the comptroller is subject to the same duties and requirements regarding confidentiality as an employee of the comptroller who accesses the files.

SUBCHAPTER D. REPORT ON TAX PREFERENCES

Sec. 320A.151. REPORT. Not later than September 1 of each even-numbered year, the Legislative Budget Board shall provide to the presiding officers of the senate finance committee, or its successor, and the house ways and means committee, or its

successor, a report on the reviews of tax preferences identified under Section 320A.051(a)(3). The board shall post the report on the board's Internet website as soon as possible after the board provides the report to the presiding officers under this section.

SECTION _____. Notwithstanding Section 320A.053, Government Code, as added by this Act, the comptroller of public accounts shall submit the initial state and local tax preference review schedule required by that section not later than January 15, 2014.

SECTION _____. The Legislative Budget Board shall submit the initial report required by Section 320A.151, Government Code, as added by this Act, not later than September 1, 2014.

The amendment to **CSHB 500** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 3.

Senator Hinojosa offered the following amendment to the bill:

Floor Amendment No. 4

Amend **CSHB 500** (senate committee printing) by adding the following SECTION, appropriately numbered, and renumbering subsequent SECTIONS accordingly:

SECTION _____. Subchapter B, Chapter 171, Tax Code, is amended by adding Section 171.086 to read as follows:

Sec. 171.086. EXEMPTION: POLITICAL SUBDIVISION CORPORATION. A political subdivision corporation formed under Section 304.001, Local Government Code, is exempted from the franchise tax.

The amendment to **CSHB 500** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 4.

Senator Patrick offered the following amendment to the bill:

Floor Amendment No. 5

Amend **CSHB 500** (senate committee printing) by adding the following SECTION, appropriately numbered, to the bill and renumbering subsequent SECTIONS of the bill accordingly:

SECTION _____. Section 171.002(d), Tax Code, as amended by Section 1(a), Chapter 286 (H.B. 4765), Acts of the 81st Legislature, Regular Session, 2009, is amended to read as follows:

(d) A taxable entity is not required to pay any tax and is not considered to owe any tax for a period if:

(1) the amount of tax computed for the taxable entity is less than \$1,000; or

(2) the amount of the taxable entity's total revenue from its entire business is less than or equal to \$2 [~~\$1~~] million or the amount determined under Section 171.006 per 12-month period on which margin is based.

The amendment to **CSHB 500** was read.

On motion of Senator Hegar, Floor Amendment No. 5 was tabled by the following vote: Yeas 28, Nays 2, Present-not voting 1.

Yeas: Campbell, Carona, Davis, Deuell, Duncan, Ellis, Eltife, Estes, Fraser, Garcia, Hancock, Hegar, Hinojosa, Huffman, Lucio, Nelson, Nichols, Paxton, Rodríguez, Schwertner, Seliger, Taylor, Uresti, Watson, West, Whitmire, Williams, Zaffirini.

Nays: Birdwell, Patrick.

Present-not voting: Van de Putte.

Senator Taylor offered the following amendment to the bill:

Floor Amendment No. 6

Amend **CSHB 500** (senate committee report) by adding the following appropriately numbered SECTION and renumbering subsequent SECTIONS accordingly:

SECTION _____. Subchapter C, Chapter 171, Tax Code, is amended by adding Subsection (p), Section 171.1012 to read as follows:

(p) A taxable entity that is a ticket reseller, promoter or primary ticket distributor may receive an exemption to be able to subtract as a cost of goods sold the amount paid to procure one or more tickets which allow for access to an event that requires a ticket to obtain admission, including sporting events, concerts, and theater shows, but the exemption does not include all mixed service costs, such as security services, legal services, data processing services, accounting services, personnel costs or office expenses.

The amendment to **CSHB 500** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 6.

Senator Paxton offered the following amendment to the bill:

Floor Amendment No. 7

Amend **CSHB 500** (senate committee printing) by adding the following SECTION, appropriately numbered, and renumbering subsequent SECTIONS accordingly:

SECTION _____. Section 171.1016, Tax Code, is amended by adding Subsection (b-1) to read as follows:

(b-1) Notwithstanding Subsection (b)(3), a taxable entity that elects to pay the tax as provided by this section may determine the amount of tax for which the entity is liable by multiplying the amount computed under Subsection (b)(2) by the rate of 0.546 percent. This subsection expires December 31, 2015.

PAXTON
CAMPBELL

The amendment to **CSHB 500** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 7.

Senator Williams offered the following amendment to the bill:

Floor Amendment No. 8

Amend **CSHB 500** (senate committee printing) by adding the following appropriately numbered SECTION to read as follows and renumbering subsequent SECTIONS accordingly:

SECTION _____. This Act takes effect only if the constitutional amendment proposed by S.J.R. No. 1, 83rd Legislature, Regular Session, 2013, is approved by both houses of the legislature and submitted to the voters, and Section 39.9039, Utilities Code, as proposed by H.B. No. 7 or similar legislation of the 83rd Legislature, Regular Session, 2013, becomes law. If either condition provided by this section is not met, this Act has no effect.

The amendment to **CSHB 500** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 8.

VOTE RECONSIDERED

On motion of Senator Hancock and by unanimous consent, the vote by which Floor Amendment No. 2 was adopted was reconsidered.

Question — Shall Floor Amendment No. 2 to **CSHB 500** be adopted?

Senator Hancock withdrew Floor Amendment No. 2.

On motion of Senator Hegar and by unanimous consent, the caption was amended to conform to the body of the bill as amended.

CSHB 500 as amended was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading.

**COMMITTEE SUBSTITUTE
HOUSE BILL 500 ON THIRD READING**

Senator Hegar moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **CSHB 500** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 31, Nays 0.

The bill was read third time and was passed by the following vote: Yeas 31, Nays 0.

HOUSE BILL 148 ON SECOND READING

Senator Paxton again moved to suspend the regular order of business to take up for consideration **HB 148** at this time on its second reading:

HB 148, Relating to aid provided to certain voters; providing criminal penalties.

The motion prevailed.

Senators Van de Putte and West asked to be recorded as voting "Nay" on suspension of the regular order of business.

The bill was read second time.

Senator Paxton offered the following amendment to the bill:

Floor Amendment No. 1

Amend **HB 148** (senate committee printing) as follows:

(1) Strike SECTION 1 of the bill (page 1, lines 22-56).
 (2) In SECTION 2 of the bill, in added Section 86.0052, Election Code (page 1, lines 59 and 60), strike "OF ANOTHER FOR COLLECTING BALLOTING MATERIALS" and substitute "FOR CARRIER ENVELOPE ACTION".

(3) Strike added Section 86.0052(a), Election Code (page 1, line 60, through page 2, line 1), and substitute the following:

(a) A person commits an offense if the person:

(1) compensates another person for depositing the carrier envelope in the mail or with a common or contract carrier as provided by Section 86.0051(b), including by any performance-based compensation scheme based on the number of ballots deposited or in which another person is presented with a quota of ballots to deposit as provided by Section 86.0051(b);

(2) engages in another practice that causes another person's compensation from or employment status with the person to be dependent on the number of ballots deposited as provided by Section 86.0051(b); or

(3) with knowledge that accepting compensation for such activity is illegal, accepts compensation for an activity described by Subdivision (1) or (2).

(4) Add the following immediately after added Section 86.0052(c), Election Code (page 2, between lines 11 and 12):

(d) An officer, director, or other agent of an entity that commits an offense under this section is punishable for the offense.

(e) For purposes of this section, compensation means any form of monetary payment, goods, services, benefits, or promises or offers of employment, or any other form of consideration offered to another person in exchange for depositing ballots.

(5) Strike SECTIONS 3 and 4 of the bill (page 2, lines 12-56).

(6) Add the following appropriately numbered SECTION to the bill:

SECTION _____. Chapter 86, Election Code, is amended by adding Section 86.0105 to read as follows:

Sec. 86.0105. COMPENSATION FOR ASSISTING VOTERS PROHIBITED.

(a) A person commits an offense if the person:

(1) compensates another person for assisting voters as provided by Section 86.010, including by any performance-based compensation scheme based on the number of voters assisted or in which another person is presented with a quota of voters to be assisted as provided by Section 86.010;

(2) engages in another practice that causes another person's compensation from or employment status with the person to be dependent on the number of voters assisted as provided by Section 86.010; or

(3) with knowledge that accepting compensation for such activity is illegal, accepts compensation for an activity described by Subdivision (1) or (2).

(b) Except as provided by Subsection (c), an offense under this section is a misdemeanor punishable by:

(1) confinement in jail for a term of not more than one year or less than 30 days; or

(2) confinement described by Subdivision (1) and a fine not to exceed \$4,000.

(c) An offense under this section is a state jail felony if it is shown on the trial of an offense under this section that the defendant was previously convicted two or more times under this section.

(d) An officer, director, or other agent of an entity that commits an offense under this section is punishable for the offense.

(e) For purposes of this section, compensation means any form of monetary payment, goods, services, benefits, or promises or offers of employment, or any other form of consideration offered to another person in exchange for assisting voters.

(7) In SECTION 5 of the bill, in amended Section 86.013(d), Election Code (page 2, line 67), strike "limitation on" and substitute "prohibition on compensation for".

(8) In SECTION 5 of the bill, in amended Section 86.013(d), Election Code (page 2, line 69), strike "prescribed by Section 85.0051(b-1)" and substitute "under Section 86.0052".

(9) Renumber remaining SECTIONS of the bill accordingly.

PAXTON
CAMPBELL

The amendment to **HB 148** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 1.

On motion of Senator Paxton and by unanimous consent, the caption was amended to conform to the body of the bill as amended.

HB 148 as amended was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading except as follows:

Nays: Van de Putte, West.

HOUSE BILL 148 ON THIRD READING

Senator Paxton moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HB 148** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 29, Nays 2.

Yeas: Birdwell, Campbell, Carona, Davis, Deuell, Duncan, Ellis, Eltife, Estes, Fraser, Garcia, Hancock, Hegar, Hinojosa, Huffman, Lucio, Nelson, Nichols, Patrick, Paxton, Rodríguez, Schwertner, Seliger, Taylor, Uresti, Watson, Whitmire, Williams, Zaffirini.

Nays: Van de Putte, West.

The bill was read third time and was passed by the following vote: Yeas 29, Nays 2. (Same as previous roll call)

REMARKS ORDERED PRINTED

On motion of Senator Watson and by unanimous consent, the remarks by Senators Paxton and Watson regarding **HB 148** were ordered reduced to writing and printed in the *Senate Journal* as follows:

Senator Watson: Thank you, Senator Paxton. I appreciate your comment just a moment ago. I want to ask a couple of questions about what you're talking about. First, what this bill is geared at and what it now says is that it would only be an offense in instances where there was what we refer to as a harvesting of ballots. Is that correct?

Senator Paxton: That is correct.

Senator Watson: Or in assisting in voting where it's based, the compensation would be based upon the number of people that are involved or based upon a quota system, something of that nature.

Senator Paxton: That's correct.

Senator Watson: So, in a routine campaign situation where there may be campaign workers, and there may be an absentee ballot program that someone has that, for example, in your campaign. In your campaign, you had an absentee ballot program and you have campaign workers that go out and pick up some ballots, that's part of that program. So long as it's not based upon a quota or they're not compensated based upon the number of ballots, then there wouldn't be an offense?

Senator Paxton: Right. As long as it's in the normal course of their activities, yeah, they can do that.

Senator Watson: And if they were giving people an assistance for rides to the polls, for example, in your campaign, that assistance to those voters, so long as it's not based upon a certain number of voters that need to be helped, or a quota of voters, and the compensation isn't based upon those numbers or quotas, then there would not be an offense?

Senator Paxton: That is correct.

Senator Watson: The other thing I want to ask you is, we spent a lot of time today working on this, and I appreciate your working with me on this—

Senator Paxton: I appreciate your help.

Senator Watson: —but, you have a commitment both from the House author, who I see in the back of the room, and she's been involved today, and you, that the amendment that you're getting ready to lay out, and that if we vote to suspend and pass that, that that is going to be what is passed. It won't be changed in any way?

Senator Paxton: I will not change. If anything changes, I will make sure this bill goes away.

Senator Watson: Alright, I want to be clear about that. When you say this bill goes away, if, I think I have a commitment, I see her nodding her head. I have a commitment from the House author and from you as the Senate sponsor that if it changes in any way, you'll pull down the bill, and the bill will die.

Senator Paxton: That is correct. That's my pledge.

Senator Watson: Thank you, Senator Paxton—

Senator Paxton: Thank you—

Senator Watson: —I appreciate your work.

Senator Paxton: —I really appreciate yours. Thank you.

HOUSE BILL 800 ON SECOND READING

Senator Deuell moved to suspend the regular order of business to take up for consideration **HB 800** at this time on its second reading:

HB 800, Relating to a sales and use tax exemption and a franchise tax credit related to certain research and development activities.

The motion prevailed.

Senators Garcia, Seliger, West, and Zaffirini asked to be recorded as voting "Nay" on suspension of the regular order of business.

The bill was read second time and was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading except as follows:

Nays: Garcia, Seliger, West, Zaffirini.

HOUSE BILL 800 ON THIRD READING

Senator Deuell moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HB 800** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 27, Nays 4.

Yeas: Birdwell, Campbell, Carona, Davis, Deuell, Duncan, Ellis, Eltife, Estes, Fraser, Hancock, Hegar, Hinojosa, Huffman, Lucio, Nelson, Nichols, Patrick, Paxton, Rodriguez, Schwertner, Taylor, Uresti, Van de Putte, Watson, Whitmire, Williams.

Nays: Garcia, Seliger, West, Zaffirini.

The bill was read third time and was passed by the following vote: Yeas 27, Nays 4. (Same as previous roll call)

HOUSE BILL 2304 ON SECOND READING

On motion of Senator Watson and by unanimous consent, the regular order of business was suspended to take up for consideration **HB 2304** at this time on its second reading:

HB 2304, Relating to the certification of sheriffs and deputy sheriffs to enforce commercial motor vehicle safety standards in certain counties.

The bill was read second time and was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading except as follows:

Nays: Hegar.

HOUSE BILL 2304 ON THIRD READING

Senator Watson moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HB 2304** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 31, Nays 0.

The bill was read third time and was passed by the following vote: Yeas 30, Nays 1.

Nays: Hegar.

HOUSE BILL 3142 ON SECOND READING

Senator Estes moved to suspend the regular order of business to take up for consideration **HB 3142** at this time on its second reading:

HB 3142, Relating to handguns used to demonstrate proficiency in handgun use for purposes of obtaining a concealed handgun license.

The motion prevailed.

Senators Rodríguez, Watson, and Zaffirini asked to be recorded as voting "Nay" on suspension of the regular order of business.

The bill was read second time.

Senator Estes offered the following amendment to the bill:

Floor Amendment No. 1

Amend **HB 3142** by adding the appropriately numbered sections as follows:

SECTION _____. Section 229.001, Local Government Code, is amended to read as follows:

Sec. 229.001. FIREARMS; AIR GUNS; EXPLOSIVES. (a) Notwithstanding any other law, including Section 43.002 of this code and Chapter 251, Agriculture Code, a municipality may not adopt regulations relating to:

(1) the transfer, private ownership, keeping, transportation, licensing, or registration of firearms, air guns, ammunition, or firearm or air gun supplies; or

(2) the discharge of a firearm or air gun at a sport shooting range.

(b) Subsection (a) does not affect the authority a municipality has under another law to:

(1) require residents or public employees to be armed for personal or national defense, law enforcement, or another lawful purpose;

(2) regulate the discharge of firearms or air guns within the limits of the municipality, other than at a sport shooting range;

(3) regulate the use of property, the location of a business, or uses at a business under the municipality's fire code, zoning ordinance, or land-use regulations as long as the code, ordinance, or regulations are not used to circumvent the intent of Subsection (a) or Subdivision (5) of this subsection;

(4) regulate the use of firearms or air guns in the case of an insurrection, riot, or natural disaster if the municipality finds the regulations necessary to protect public health and safety;

(5) regulate the storage or transportation of explosives to protect public health and safety, except that 25 pounds or less of black powder for each private residence and 50 pounds or less of black powder for each retail dealer are not subject to regulation;

(6) regulate the carrying of a firearm or air gun by a person other than a person licensed to carry a concealed handgun under Subchapter H, Chapter 411, Government Code, at a:

(A) public park;

(B) public meeting of a municipality, county, or other governmental body;

(C) political rally, parade, or official political meeting; or

(D) nonfirearms-related school, college, or professional athletic event;

[~~or~~]

(7) regulate the hours of operation of a sport shooting range, except that the hours of operation may not be more limited than the least limited hours of operation of any other business in the municipality other than a business permitted or licensed to sell or serve alcoholic beverages for on-premises consumption; or

(8) regulate the carrying of an air gun by a minor on:

(A) public property; or

(B) private property without consent of the property owner.

(c) The exception provided by Subsection (b)(6) does not apply if the firearm or air gun is in or is carried to or from an area designated for use in a lawful hunting, fishing, or other sporting event and the firearm or air gun is of the type commonly used in the activity.

(d) The exception provided by Subsection (b)(4) does not authorize the seizure or confiscation of any firearm, air gun, or ammunition from an individual who is lawfully carrying or possessing the firearm, air gun, or ammunition.

(e) In this section:

(1) "Air gun" means any gun that discharges a pellet, BB, or paintball by means of compressed air, gas propellant, or a spring.

(2) "Sport[~~, sport~~] shooting range" has the meaning assigned by Section 250.001.

SECTION _____. Subchapter B, Chapter 235, Local Government Code, is amended by adding Section 235.020 to read as follows:

Sec. 235.020. DEFINITION. In this subchapter, "air gun" has the meaning assigned by Section 229.001.

SECTION _____. Section 235.022, Local Government Code, is amended to read as follows:

Sec. 235.022. AUTHORITY TO REGULATE. To promote the public safety, the commissioners court of a county by order may prohibit or otherwise regulate the discharge of firearms and air guns on lots that are 10 acres or smaller and are located in the unincorporated area of the county in a subdivision.

SECTION _____. Section 235.023, Local Government Code, is amended to read as follows:

Sec. 235.023. **PROHIBITED REGULATIONS.** This subchapter does not authorize the commissioners court to regulate the transfer, ownership, possession, or transportation of firearms or air guns and does not authorize the court to require the registration of firearms or air guns.

SECTION _____. Section 236.001, Local Government Code, is amended to read as follows:

Sec. 236.001. **DEFINITIONS** [~~DEFINITION~~]. In this chapter:

(1) "Air gun" has the meaning assigned by Section 229.001.

(2) "Sport~~[-sport]~~ shooting range" has the meaning assigned by Section 250.001.

SECTION _____. Section 236.002, Local Government Code, is amended to read as follows:

Sec. 236.002. **FIREARMS; AIR GUNS; SPORT SHOOTING RANGE.** Notwithstanding any other law, including Chapter 251, Agriculture Code, a county may not adopt regulations relating to:

(1) the transfer, private ownership, keeping, transportation, licensing, or registration of firearms, air guns, ammunition, or firearm or air gun supplies; or

(2) the discharge of a firearm or air gun at a sport shooting range.

SECTION _____. Section 236.003, Local Government Code, is amended to read as follows:

Sec. 236.003. **REGULATION OF OUTDOOR SPORT SHOOTING RANGE.** Notwithstanding Section 236.002, a county may regulate the discharge of a firearm or air gun at an outdoor sport shooting range as provided by Subchapter B, Chapter 235.

The amendment to **HB 3142** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 1 except as follows:

Nays: Watson.

On motion of Senator Estes and by unanimous consent, the caption was amended to conform to the body of the bill as amended.

HB 3142 as amended was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading except as follows:

Nays: Rodríguez, Watson, Zaffirini.

HOUSE BILL 3142 ON THIRD READING

Senator Estes moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HB 3142** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 28, Nays 3.

Yeas: Birdwell, Campbell, Carona, Davis, Deuell, Duncan, Ellis, Eltife, Estes, Fraser, Garcia, Hancock, Hegar, Hinojosa, Huffman, Lucio, Nelson, Nichols, Patrick, Paxton, Schwertner, Seliger, Taylor, Uresti, Van de Putte, West, Whitmire, Williams.

Nays: Rodríguez, Watson, Zaffirini.

The bill was read third time and was passed by the following vote: Yeas 28, Nays 3. (Same as previous roll call)

HOUSE BILL 581 ON THIRD READING

Senator Lucio moved to suspend the regular order of business to take up for consideration **HB 581** at this time on its third reading and final passage:

HB 581, Relating to the waiver of sovereign immunity in certain employment lawsuits by nurses and in certain employment discrimination actions in connection with a workers' compensation claim.

The motion prevailed by the following vote: Yeas 22, Nays 9.

Yeas: Carona, Davis, Deuell, Duncan, Ellis, Eltife, Estes, Fraser, Garcia, Hegar, Hinojosa, Lucio, Rodríguez, Seliger, Taylor, Uresti, Van de Putte, Watson, West, Whitmire, Williams, Zaffirini.

Nays: Birdwell, Campbell, Hancock, Huffman, Nelson, Nichols, Patrick, Paxton, Schwertner.

The bill was read third time and was passed by the following vote: Yeas 22, Nays 9. (Same as previous roll call)

HOUSE BILL 2500 ON SECOND READING

Senator Watson moved to suspend the regular order of business to take up for consideration **HB 2500** at this time on its second reading:

HB 2500, Relating to the appraisal for ad valorem tax purposes of solar energy property.

The motion prevailed.

Senators Campbell, Hancock, and Schwertner asked to be recorded as voting "Nay" on suspension of the regular order of business.

The bill was read second time and was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading except as follows:

Nays: Campbell, Hancock, Schwertner.

HOUSE BILL 2500 ON THIRD READING

Senator Watson moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HB 2500** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 28, Nays 3.

Yeas: Birdwell, Carona, Davis, Deuell, Duncan, Ellis, Eltife, Estes, Fraser, Garcia, Hegar, Hinojosa, Huffman, Lucio, Nelson, Nichols, Patrick, Paxton, Rodríguez, Seliger, Taylor, Uresti, Van de Putte, Watson, West, Whitmire, Williams, Zaffirini.

Nays: Campbell, Hancock, Schwertner.

The bill was read third time and was passed by the following vote: Yeas 28, Nays 3. (Same as previous roll call)

HOUSE BILL 2912 ON SECOND READING

On motion of Senator Rodríguez and by unanimous consent, the regular order of business was suspended to take up for consideration **HB 2912** at this time on its second reading:

HB 2912, Relating to decedents' estates.

The bill was read second time.

Senator Rodríguez offered the following committee amendment to the bill:

Committee Amendment No. 1

Amend **HB 2912** (house engrossment) as follows:

(1) On page 13, lines 8-9, strike "until the applicant files the affidavit required by this section" and substitute "until the affidavit or certificate required by Subsection (a) is filed".

(2) On page 46, line 4, strike "405.001(b)".

(3) On page 46, line 12, strike "and 403.056(a)" and substitute "403.056(a), and 405.001(b)".

The amendment to **HB 2912** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Committee Amendment No. 1.

Senator Rodríguez offered the following committee amendment to the bill:

Committee Amendment No. 2

Amend **HB 2912** (house engrossment) as follows:

(1) Strike SECTION 11 of the bill.

(2) On page 46, lines 10 and 11, strike "201.001(f) and (g)".

(3) On page 46, line 13, strike "201.001(i) and (j)".

(4) Renumber SECTIONS of the bill appropriately.

The amendment to **HB 2912** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Committee Amendment No. 2.

On motion of Senator Rodríguez and by unanimous consent, the caption was amended to conform to the body of the bill as amended.

HB 2912 as amended was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading.

HOUSE BILL 2912 ON THIRD READING

Senator Rodríguez moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HB 2912** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 31, Nays 0.

The bill was read third time and was passed by the following vote: Yeas 31, Nays 0.

SENATE BILL 2 WITH HOUSE AMENDMENTS

Senator Patrick called **SB 2** from the President's table for consideration of the House amendments to the bill.

The Presiding Officer laid the bill and the House amendments before the Senate.

Amendment

Amend **SB 2** by substituting in lieu thereof the following:

A BILL TO BE ENTITLED AN ACT

relating to certain charter schools.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter D, Chapter 11, Education Code, is amended by adding Sections 11.1542 and 11.1543 to read as follows:

Sec. 11.1542. OPEN-ENROLLMENT CHARTER SCHOOL OFFER FOR DISTRICT FACILITY. (a) The board of trustees of an independent school district that intends to sell, lease, or allow use for a purpose other than a district purpose of an unused or underused district facility must give each open-enrollment charter school located wholly or partly within the boundaries of the district the opportunity to make an offer to purchase, lease, or use the facility, as applicable, in response to any terms established by the board of trustees, before offering the facility for sale or lease or to any other specific entity.

(b) This section does not require the board of trustees of a school district to accept an offer made by an open-enrollment charter school.

Sec. 11.1543. CHARTER SCHOOL PAYMENT FOR FACILITIES USE OR FOR SERVICES. (a) An independent school district may not require a campus or campus program that has been granted a charter under Subchapter C, Chapter 12, and that is the result of the conversion of the status of an existing school district campus to pay rent for or to purchase a facility in order to use the facility.

(b) An independent school district may not require a campus or campus program described by Subsection (a) or an open-enrollment charter school to pay for any service provided by the district under a contract between the district and the campus, campus program, or open-enrollment charter school an amount that is greater than the amount of the actual costs to the district of providing the service.

SECTION 2. Section 12.055, Education Code, is amended to read as follows:

Sec. 12.055. APPLICABILITY OF LAWS AND RULES TO CAMPUS OR PROGRAM GRANTED CHARTER. (a) A campus or program for which a charter is granted under this subchapter is subject to federal and state laws and rules

governing public schools, except that the campus or program is subject to this code and rules adopted under this code only to the extent the applicability to a campus or program for which a charter is granted under this subchapter of a provision of this code or a rule adopted under this code is specifically provided.

(b) A school district may contract with another district or an open-enrollment charter school for services at a campus charter. An employee of the district or open-enrollment charter school providing contracted services to a campus charter is eligible for membership in and benefits from the Teacher Retirement System of Texas if the employee would be eligible for membership and benefits if holding the same position at the employing district or open-enrollment charter school.

SECTION 3. Subsection (b), Section 12.056, Education Code, is amended to read as follows:

(b) A campus or program for which a charter is granted under this subchapter is subject to:

(1) a provision of this title establishing a criminal offense; and

(2) a prohibition, restriction, or requirement, as applicable, imposed by this title or a rule adopted under this title, relating to:

(A) the Public Education Information Management System (PEIMS) to the extent necessary to monitor compliance with this subchapter as determined by the commissioner;

(B) criminal history records under Subchapter C, Chapter 22;

(C) high school graduation under Section 28.025;

(D) special education programs under Subchapter A, Chapter 29;

(E) bilingual education under Subchapter B, Chapter 29;

(F) prekindergarten programs under Subchapter E, Chapter 29;

(G) extracurricular activities under Section 33.081;

(H) health and safety under Chapter 38; and

(I) public school accountability under Subchapters B, C, D, E, F, and J, Chapter 39.

SECTION 4. Section 12.057, Education Code, is amended by adding Subsection (b-1) to read as follows:

(b-1) An employee of a charter holder, as defined by Section 12.1012, who is employed on a campus or in a program granted a charter under this subchapter and who qualifies for membership in the Teacher Retirement System of Texas shall be covered under the system in the same manner and to the same extent as a qualified employee of an independent school district who is employed on a regularly operating campus or in a regularly operating program.

SECTION 5. Section 12.059, Education Code, is amended to read as follows:

Sec. 12.059. CONTENT. Each charter granted under this subchapter must:

(1) describe the educational program to be offered, which may be a general or specialized program;

(2) provide that continuation of the charter is contingent on satisfactory student performance under Subchapter B, Chapter 39, satisfactory financial performance under Subchapter D, Chapter 39, and ~~on~~ compliance with other applicable accountability provisions under Chapter 39;

(3) specify any basis, in addition to a basis specified by this subchapter, on which the charter may be ~~[placed on probation or]~~ revoked;

(4) prohibit discrimination in admission on the basis of national origin, ethnicity, race, religion, or disability;

(5) describe the governing structure of the campus or program;

(6) specify any procedure or requirement, in addition to those under Chapter 38, that the campus or program will follow to ensure the health and safety of students and employees; and

(7) describe the manner in which an annual audit of financial and programmatic operations of the campus or program is to be conducted, including the manner in which the campus or program will provide information necessary for the school district in which it is located to participate, as required by this code or by State Board of Education rule, in the Public Education Information Management System (PEIMS).

SECTION 6. Section 12.101, Education Code, is amended by amending Subsection (b) and adding Subsections (b-0), (b-1), (b-2), (b-3), (b-4), (b-5), and (b-6) to read as follows:

(b) After thoroughly investigating and evaluating an applicant, the [The] State Board of Education may grant a charter for an open-enrollment charter school only to an applicant that meets any financial, governing, educational, and operational standards adopted by the commissioner under this subchapter, that the board determines is capable of carrying out the responsibilities provided by the charter and likely to operate a school of high quality, and that:

(1) has not within the preceding 10 years had a charter under this chapter or a similar charter issued under the laws of another state surrendered under a settlement agreement, revoked, or denied renewal; or

(2) is not, under rules adopted by the commissioner, considered to be a corporate affiliate of or substantially related to an entity that has within the preceding 10 years had a charter under this chapter or a similar charter issued under the laws of another state surrendered under a settlement agreement, revoked, or denied renewal.

(b-0) Notwithstanding any other provision of this subchapter, not later than the 90th day after the date the State Board of Education takes final action in granting a charter for an open-enrollment charter school, the commissioner may veto the grant of the charter.

(b-1) In granting charters for open-enrollment charter schools, the [The] State Board of Education may not grant a total of more than:

(1) 215 charters through the fiscal year ending August 31, 2014;

(2) 225 charters beginning September 1, 2014;

(3) 235 charters beginning September 1, 2015;

(4) 245 charters beginning September 1, 2016;

(5) 255 charters beginning September 1, 2017; and

(6) 265 charters beginning September 1, 2018 [for an open-enrollment charter school].

(b-2) Beginning September 1, 2019, the total number of charters for open-enrollment charter schools that may be granted is 275 charters.

(b-3) The State Board of Education may not grant more than one charter for an open-enrollment charter school to any charter holder. The board may consolidate charters for an open-enrollment charter school held by multiple charter holders into a single charter held by a single charter holder with the written consent to the terms of consolidation by or at the request of each charter holder affected by the consolidation.

(b-4) Notwithstanding Section 12.114, approval of the commissioner under that section is not required for establishment of a new open-enrollment charter school campus under this subsection. A charter holder having an accreditation status of accredited and at least 50 percent of its student population in grades assessed under Subchapter B, Chapter 39, may establish one or more new campuses under an existing charter held by the charter holder if:

(1) the charter holder is currently evaluated under the standard accountability procedures for evaluation under Chapter 39 and received a district rating in the highest or second highest performance rating category under Subchapter C, Chapter 39, for three of the last five years with at least 75 percent of the campuses rated under the charter also receiving a rating in the highest or second highest performance rating category and with no campus with a rating in the lowest performance rating category in the most recent ratings;

(2) the charter holder provides written notice to the commissioner of the establishment of any campus under this subsection in the time, manner, and form provided by rule of the commissioner; and

(3) not later than the 60th day after the date the charter holder provides written notice under Subdivision (2), the commissioner does not provide written notice to the charter holder of disapproval of a new campus under this section.

(b-5) The initial term of a charter granted under this section is five years.

(b-6) The commissioner shall adopt rules to modify criteria for granting a charter for an open-enrollment charter school under this section to the extent necessary to address changes in performance rating categories or in the financial accountability system under Chapter 39.

SECTION 7. Subchapter D, Chapter 12, Education Code, is amended by adding Section 12.1011 to read as follows:

Sec. 12.1011. CHARTER AUTHORIZATION FOR HIGH-PERFORMING ENTITIES. (a) Notwithstanding Section 12.101(b), subject to the limit on the number of charters for an open-enrollment charter school that may be granted under Section 12.101(b-1), the State Board of Education may grant a charter for an open-enrollment charter school to an applicant that is:

(1) an eligible entity under Section 12.101(a)(3) that proposes to operate the charter school program of a charter operator that operates one or more charter schools in another state and with which the eligible entity is affiliated and, as determined by the commissioner in accordance with commissioner rule, has performed at a level of performance comparable to performance under the highest or second highest performance rating category under Subchapter C, Chapter 39; or

(2) an entity that has operated one or more charter schools established under this subchapter or Subchapter C or E and, as determined by the commissioner in accordance with commissioner rule, has performed in the highest or second highest performance rating category under Subchapter C, Chapter 39.

(b) Section 12.101(b-0) applies to the grant of a charter under this section.

(c) To the extent authorized by commissioner rule, a charter holder granted a charter for an open-enrollment charter school under this section may vest management of corporate affairs in a member entity provided that the member entity may change the members of the governing body of the charter holder before the expiration of a member's term only with the express written approval of the commissioner.

(d) The initial term of a charter granted under this section is five years.

(e) The commissioner shall adopt rules to modify criteria for granting a charter for an open-enrollment charter school under this section to the extent necessary to address changes in performance rating categories under Subchapter C, Chapter 39.

SECTION 8. Subchapter D, Chapter 12, Education Code, is amended by adding Section 12.1013 to read as follows:

Sec. 12.1013. REPORT COMPARING PUBLIC SCHOOLS. (a) In this section, "matched traditional campus" means a school district campus that has a student demographic composition similar to an open-enrollment charter school with which the district campus is being compared.

(b) The commissioner shall annually report under Subchapters J and K, Chapter 39, the performance of open-enrollment charter schools compared to the performance of campuses and programs operating under charters granted by school districts and of matched traditional campuses, based on student achievement indicators adopted under Section 39.053.

(c) The format of the report under Subsection (b) must enable the public to distinguish and compare the performance of each type of public school by classifying the schools as follows:

(1) open-enrollment charter schools;

(2) campuses or programs operating under charters granted by school districts; and

(3) matched traditional campuses.

(d) The report must include the performance of each public school in each class described by Subsection (c) as measured by the student achievement indicators adopted under Section 39.053.

(e) The report must also:

(1) aggregate and compare the performance of open-enrollment charter schools, campuses and programs operating under charters granted by school districts, and matched traditional campuses; and

(2) rate the aggregate performance of elementary, middle or junior high, and high schools within each class described by Subsection (c) as indicated by the composite rating that would be assigned to the class of elementary, middle or junior high, and high schools if the students attending all schools in that class were cumulatively enrolled in one elementary, middle or junior high, or high school.

SECTION 9. Section 12.102, Education Code, is amended to read as follows:

Sec. 12.102. AUTHORITY UNDER CHARTER. An open-enrollment charter school:

(1) shall provide instruction to students at one or more elementary or secondary grade levels as provided by the charter;

(2) is governed under the governing structure described by the charter;

(3) retains authority to operate under the charter to the extent authorized under Sections 12.1141 and 12.115 and Subchapter E, Chapter 39 ~~[contingent on satisfactory student performance as provided by the charter in accordance with Section 12.111];~~ and

(4) does not have authority to impose taxes.

SECTION 10. Subsection (b), Section 12.104, Education Code, is amended to read as follows:

(b) An open-enrollment charter school is subject to:

(1) a provision of this title establishing a criminal offense; and

(2) a prohibition, restriction, or requirement, as applicable, imposed by this title or a rule adopted under this title, relating to:

(A) the Public Education Information Management System (PEIMS) to the extent necessary to monitor compliance with this subchapter as determined by the commissioner;

(B) criminal history records under Subchapter C, Chapter 22;

(C) reading instruments and accelerated reading instruction programs under Section 28.006;

(D) accelerated instruction under Section 28.0211;

(E) high school graduation requirements under Section 28.025;

(F) special education programs under Subchapter A, Chapter 29;

(G) bilingual education under Subchapter B, Chapter 29;

(H) prekindergarten programs under Subchapter E, Chapter 29;

(I) extracurricular activities under Section 33.081;

(J) discipline management practices or behavior management techniques under Section 37.0021;

(K) health and safety under Chapter 38;

(L) public school accountability under Subchapters B, C, D, E, F, G, and J, Chapter 39;

(M) the requirement under Section 21.006 to report an educator's misconduct; ~~and~~

(N) intensive programs of instruction under Section 28.0213; and

(O) parental rights and responsibilities under Chapter 26.

SECTION 11. Section 12.1051, Education Code, is amended by amending Subsection (b) and adding Subsections (c) and (d) to read as follows:

(b) With respect to the operation of an open-enrollment charter school, except as provided by Subsection (d), any requirement in Chapter 551 or 552, Government Code, or another law that concerns open meetings or the availability of information, that applies to a school district, the board of trustees of a school district, or public school students applies to an open-enrollment charter school, the governing body of a charter holder, the governing body of an open-enrollment charter school, or students attending an open-enrollment charter school.

(c) The governing body of a charter holder and the governing body of an open-enrollment charter school shall, not later than 48 hours before the time scheduled for the beginning of a meeting of the governing body, post the agenda of the meeting on the Internet website of the charter holder or school, as applicable. The commissioner shall adopt rules as necessary to administer this subsection.

(d) Notwithstanding Subchapter F, Chapter 551, Government Code, the commissioner shall provide by rule for meetings by telephone conference call or video conference call where a quorum of the governing body of a charter holder or charter school is not physically present at a single location of the meeting. The rules concerning a meeting by telephone conference call or video conference call must:

(1) provide for the meeting to be subject to the notice requirements applicable to other meetings;

(2) require each part of the meeting that is required to be open to the public to be audible to the public at a location within the geographical area served by the open-enrollment charter school;

(3) require audio recording of the meeting and for the recording to be made available to the public;

(4) require the location of the meeting that is open to the public to provide two-way communication during the entire meeting; and

(5) require the identification of each party to the conference call to be clearly stated before the party speaks.

SECTION 12. Section 12.1055, Education Code, is amended by adding Subsection (c) to read as follows:

(c) Section 11.1513(f) applies to an open-enrollment charter school as though the governing body of the school were the board of trustees of a school district and to the superintendent or, as applicable, the administrator serving as educational leader and chief executive officer of the school as though that person were the superintendent of a school district.

SECTION 13. Section 12.110, Education Code, is amended by amending Subsection (d) and adding Subsection (e) to read as follows:

(d) The State Board of Education ~~[board may]~~ approve or deny an application based on:

(1) documented evidence collected through the application review process;

(2) merit; and

(3) other criteria as adopted by the board, which ~~[it adopts. The criteria the board adopts]~~ must include:

(A) criteria relating to the capability of the applicant to carry out the responsibilities provided by the charter and the likelihood that the applicant will operate a school of high quality;

(B) ~~(1)~~ criteria relating to improving student performance and encouraging innovative programs; and

(C) ~~(2)~~ a statement from any school district whose enrollment is likely to be affected by the open-enrollment charter school, including information relating to any financial difficulty that a loss in enrollment may have on the district.

(e) The State Board of Education shall give priority to applications that propose an open-enrollment charter school campus to be located in the attendance zone of a school district campus assigned an unacceptable performance rating under Section 39.054 for the two preceding school years.

SECTION 14. Section 12.1101, Education Code, is amended to read as follows:

Sec. 12.1101. NOTIFICATION OF CHARTER APPLICATION OR ESTABLISHMENT OF CAMPUS. The commissioner by rule shall adopt a procedure for providing notice to the following persons on receipt by the State Board of Education of an application for a charter for an open-enrollment charter school under Section 12.110 or of notice of the establishment of a campus as authorized under Section 12.101(b-4):

(1) the board of trustees of each school district from which the proposed open-enrollment charter school or campus is likely to draw students, as determined by the commissioner; and

(2) each member of the legislature that represents the geographic area to be served by the proposed school or campus, as determined by the commissioner.

SECTION 15. Subsection (a), Section 12.111, Education Code, is amended to read as follows:

(a) Each charter granted under this subchapter must:

(1) describe the educational program to be offered, which must include the required curriculum as provided by Section 28.002;

(2) ~~[specify the period for which the charter or any charter renewal is valid;~~
~~(3)]~~ provide that continuation ~~[or renewal]~~ of the charter is contingent on the status of the charter as determined under Section 12.1141 or 12.115 or under Subchapter E, Chapter 39 ~~[acceptable student performance on assessment instruments adopted under Subchapter B, Chapter 39, and on compliance with any accountability provision specified by the charter, by a deadline or at intervals specified by the charter];~~

(3) specify the academic, operational, and financial performance expectations by which a school operating under the charter will be evaluated, which must include applicable elements of the performance frameworks adopted under Section 12.1181 ~~[(4) establish the level of student performance that is considered acceptable for purposes of Subdivision (3)];~~

(4) ~~(5)]~~ specify:

(A) any basis, in addition to a basis specified by this subchapter or Subchapter E, Chapter 39, on which the charter may be ~~[placed on probation or]~~ revoked, ~~[or on which]~~ renewal of the charter may be denied, or the charter may be allowed to expire; and

(B) the standards for evaluation of a school operating under the charter for purposes of charter renewal, denial of renewal, expiration, revocation, or other intervention in accordance with Section 12.1141 or 12.115 or Subchapter E, Chapter 39, as applicable;

(5) ~~(6)]~~ prohibit discrimination in admission policy on the basis of sex, national origin, ethnicity, religion, disability, academic, artistic, or athletic ability, or the district the child would otherwise attend in accordance with this code, although the charter may:

(A) provide for the exclusion of a student who has a documented history of a criminal offense, a juvenile court adjudication, or discipline problems under Subchapter A, Chapter 37; and

(B) provide for an admission policy that requires a student to demonstrate artistic ability if the school specializes in performing arts;

(6) ~~(7)~~ specify the grade levels to be offered;

(7) ~~(8)~~ describe the governing structure of the program, including:

(A) the officer positions designated;

(B) the manner in which officers are selected and removed from office;

(C) the manner in which members of the governing body of the school are selected and removed from office;

(D) the manner in which vacancies on that governing body are filled;

(E) the term for which members of that governing body serve; and

(F) whether the terms are to be staggered;

(8) ~~(9)~~ specify the powers or duties of the governing body of the school that the governing body may delegate to an officer;

(9) ~~(10)~~ specify the manner in which the school will distribute to parents information related to the qualifications of each professional employee of the program, including any professional or educational degree held by each employee, a statement of any certification under Subchapter B, Chapter 21, held by each employee, and any relevant experience of each employee;

(10) ~~(11)~~ describe the process by which the person providing the program will adopt an annual budget;

(11) ~~(12)~~ describe the manner in which an annual audit of the financial and programmatic operations of the program is to be conducted, including the manner in which the person providing the program will provide information necessary for the school district in which the program is located to participate, as required by this code or by State Board of Education rule, in the Public Education Information Management System (PEIMS);

(12) ~~(13)~~ describe the facilities to be used;

(13) ~~(14)~~ describe the geographical area served by the program;

(14) ~~and~~

(15) specify any type of enrollment criteria to be used;

(15) provide information, as determined by the commissioner, relating to any management company that will provide management services to a school operating under the charter; and

(16) specify that the governing body of an open-enrollment charter school accepts and may not delegate ultimate responsibility for the school, including the school's academic performance and financial and operational viability, and is responsible for overseeing any management company providing management services for the school and for holding the management company accountable for the school's performance.

SECTION 16. Section 12.114, Education Code, is amended by adding Subsection (c) to read as follows:

(c) Not later than the 60th day after the date that a charter holder submits to the commissioner a completed request for approval for an expansion amendment, as defined by commissioner rule, including a new school amendment, the commissioner shall provide to the charter holder written notice of approval or disapproval of the amendment.

SECTION 17. Subchapter D, Chapter 12, Education Code, is amended by adding Section 12.1141 to read as follows:

Sec. 12.1141. RENEWAL OF CHARTER; DENIAL OF RENEWAL; EXPIRATION. (a) The commissioner shall develop and by rule adopt a procedure for renewal, denial of renewal, or expiration of a charter for an open-enrollment charter school at the end of the term of the charter. The procedure must include consideration of the performance under Chapter 39 of the charter holder and each campus operating under the charter and must include three distinct processes, which must be expedited renewal, discretionary consideration of renewal or denial of renewal, and expiration. To renew a charter at the end of the term, the charter holder must submit a petition for renewal to the commissioner in the time and manner established by commissioner rule.

(b) At the end of the term of a charter for an open-enrollment charter school, if a charter holder submits to the commissioner a petition for expedited renewal of the charter, the charter automatically renews unless, not later than the 30th day after the date the charter holder submits the petition, the commissioner provides written notice to the charter holder that expedited renewal of the charter is denied. The commissioner may not deny expedited renewal of a charter if:

(1) the charter holder has been assigned:

(A) the highest or second highest performance rating under Subchapter C, Chapter 39, for the three preceding school years; or

(B) except as provided by Subsection (b-1), an acceptable performance rating under the agency's alternative education accountability procedures for evaluation under Chapter 39;

(2) the charter holder has been assigned a financial performance accountability rating under Subchapter D, Chapter 39, indicating financial performance that is satisfactory or better for the three preceding school years; and

(3) no campus operating under the charter has been assigned the lowest performance rating under Subchapter C, Chapter 39, for the three preceding school years or such a campus has been closed.

(b-1) If, under the agency's alternative education accountability procedures for evaluation under Chapter 39, the commissioner provides for assigning performance ratings reflecting different levels of acceptable performance, the charter holder must have been assigned the highest or second highest performance rating under those procedures.

(c) At the end of the term of a charter for an open-enrollment charter school, if a charter holder submits to the commissioner a petition for renewal of the charter and the charter does not meet the criteria for expedited renewal under Subsection (b) or for expiration under Subsection (d), the commissioner shall use the discretionary consideration process. The commissioner's decision under the discretionary consideration process must take into consideration the results of annual evaluations under the performance frameworks established under Section 12.1181. In considering under this subsection the renewal of the charter of an open-enrollment charter school that is registered under the agency's alternative education accountability procedures for evaluation under Chapter 39, such as a dropout recovery school or a school providing education within a residential treatment facility, the commissioner shall use academic criteria established by commissioner rule that are appropriate to measure the specific goals of the school. The criteria established by the commissioner shall

recognize growth in student achievement as well as educational attainment. For purposes of this subsection, the commissioner shall designate as a dropout recovery school an open-enrollment charter school or a campus of an open-enrollment charter school:

(1) that serves students in grades 9 through 12 and has an enrollment of which at least 50 percent of the students are 17 years of age or older as of September 1 of the school year as reported for the fall semester Public Education Information Management System (PEIMS) submission; and

(2) that meets the eligibility requirements for and is registered under alternative education accountability procedures adopted by the commissioner.

(d) At the end of the term of a charter for an open-enrollment charter school, if a charter holder submits to the commissioner a petition for renewal of the charter, the commissioner may not renew the charter and shall allow the charter to expire if:

(1) the charter holder has been assigned the lowest performance rating under Subchapter C, Chapter 39, for any three of the five preceding school years;

(2) the charter holder has been assigned a financial accountability performance rating under Subchapter D, Chapter 39, indicating financial performance that is lower than satisfactory for any three of the five preceding school years;

(3) the charter holder has been assigned any combination of the ratings described by Subdivision (1) or (2) for any three of the five preceding school years; or

(4) any campus operating under the charter has been assigned the lowest performance rating under Subchapter C, Chapter 39, for the three preceding school years and such a campus has not been closed.

(e) Notwithstanding any other law, a determination by the commissioner under Subsection (d) is final and may not be appealed.

(f) Not later than the 90th day after the date on which a charter holder submits a petition for renewal of a charter for an open-enrollment charter school at the end of the term of the charter, the commissioner shall provide written notice to the charter holder, in accordance with commissioner rule, of the basis on which the charter qualified for expedited renewal, discretionary consideration, or expiration, and of the commissioner's decision regarding whether to renew the charter, deny renewal of the charter, or allow the charter to expire.

(g) Except as provided by Subsection (e), a decision by the commissioner to deny renewal of a charter for an open-enrollment charter school is subject to review by the State Office of Administrative Hearings. Notwithstanding Chapter 2001, Government Code:

(1) the administrative law judge shall uphold a decision by the commissioner to deny renewal of a charter for an open-enrollment charter school unless the judge finds the decision is arbitrary and capricious or clearly erroneous; and

(2) a decision of the administrative law judge under this subsection is final and may not be appealed.

(h) If a charter holder submits a petition for renewal of a charter for an open-enrollment charter school, notwithstanding the expiration date of the charter, the charter term is extended until the commissioner has provided notice to the charter holder of the renewal, denial of renewal, or expiration of the charter.

(i) The term of a charter renewed under this section is 10 years for each renewal.

(j) The commissioner shall adopt rules to modify criteria for renewal, denial of renewal, or expiration of a charter for an open-enrollment charter school under this section to the extent necessary to address changes in performance rating categories or in the financial accountability system under Chapter 39.

SECTION 18. Section 12.115, Education Code, is amended to read as follows:

Sec. 12.115. BASIS FOR ~~MODIFICATION, PLACEMENT ON PROBATION,~~ REVOCATION~~[-]~~ OR MODIFICATION OF GOVERNANCE ~~[DENIAL OF RENEWAL]~~. (a) Except as provided by Subsection (c), the [The] commissioner shall [may modify, place on probation,] revoke[-, or deny renewal of] the charter of an open-enrollment charter school or reconstitute the governing body of the charter holder if the commissioner determines that the charter holder:

(1) committed a material violation of the charter, including failure to satisfy accountability provisions prescribed by the charter;

(2) failed to satisfy generally accepted accounting standards of fiscal management;

(3) failed to protect the health, safety, or welfare of the students enrolled at the school; ~~or~~

(4) failed to comply with this subchapter or another applicable law or rule;

(5) failed to satisfy the performance framework standards adopted under Section 12.1181; or

(6) is imminently insolvent as determined by the commissioner in accordance with commissioner rule.

(b) The action the commissioner takes under Subsection (a) shall be based on the best interest of the open-enrollment charter school's students, the severity of the violation, ~~and~~ any previous violation the school has committed, and the accreditation status of the school.

(c) The commissioner shall revoke the charter of an open-enrollment charter school if:

(1) the charter holder has been assigned an unacceptable performance rating under Subchapter C, Chapter 39, for the three preceding school years;

(2) the charter holder has been assigned a financial accountability performance rating under Subchapter D, Chapter 39, indicating financial performance lower than satisfactory for the three preceding school years; or

(3) the charter holder has been assigned any combination of the ratings described by Subdivision (1) or (2) for the three preceding school years.

(d) This section does not limit the authority of the attorney general to take any action authorized by law.

(e) A charter holder rated as academically unacceptable under Subchapter D, Chapter 39, as that subchapter existed on January 1, 2009, for the 2010-2011 school year is considered to have been assigned an unacceptable performance rating for that school year under Subsection (c)(1). This subsection expires September 1, 2015.

SECTION 19. Section 12.116, Education Code, is amended to read as follows:

Sec. 12.116. PROCEDURE FOR ~~MODIFICATION, PLACEMENT ON PROBATION,~~ REVOCATION~~[-]~~ OR MODIFICATION OF GOVERNANCE ~~[DENIAL OF RENEWAL]~~. (a) The commissioner shall adopt an informal ~~[a]~~

procedure to be used for ~~[modifying, placing on probation,]~~ revoking~~[, or denying renewal of]~~ the charter of an open-enrollment charter school or for reconstituting the governing body of the charter holder as authorized by Section 12.115.

(b) ~~[The procedure adopted under Subsection (a) must provide an opportunity for a hearing to the charter holder and to parents and guardians of students in the school. A hearing under this subsection must be held at the facility at which the program is operated.]~~

~~[(e)]~~ Chapter 2001, Government Code, does not apply to a procedure ~~[hearing]~~ that is related to a ~~[modification, placement on probation,]~~ revocation~~[,]~~ or modification of governance ~~[denial of renewal]~~ under this subchapter.

(c) A decision by the commissioner to revoke a charter is subject to review by the State Office of Administrative Hearings. Notwithstanding Chapter 2001, Government Code:

(1) the administrative law judge shall uphold a decision by the commissioner to revoke a charter unless the judge finds the decision is arbitrary and capricious or clearly erroneous; and

(2) a decision of the administrative law judge under this subsection is final and may not be appealed.

(d) If the commissioner revokes the charter of an open-enrollment charter school, the commissioner may:

(1) manage the school until alternative arrangements are made for the school's students; and

(2) assign operation of one or more campuses formerly operated by the charter holder who held the revoked charter to a different charter holder who consents to the assignment.

SECTION 20. Subsection (a), Section 12.1161, Education Code, is amended to read as follows:

(a) If ~~[Except as provided by Subsection (b), if]~~ the commissioner revokes or denies the renewal of a charter of an open-enrollment charter school~~[,]~~ or ~~[(#)]~~ an open-enrollment charter school surrenders its charter, the school may not:

(1) continue to operate under this subchapter; or

(2) receive state funds under this subchapter.

SECTION 21. Subsection (c), Section 12.1163, Education Code, is amended to read as follows:

(c) Unless the commissioner has specific cause to conduct an additional audit, the commissioner may not conduct more than one on-site audit ~~[under Section 12.1163]~~ during any fiscal year, including any financial and administrative records. For purposes of this subsection, an audit of a charter holder or management company associated with an open-enrollment charter school is not considered an audit of the school.

SECTION 22. Subsection (a), Section 12.1164, Education Code, is amended to read as follows:

(a) The commissioner must notify the Teacher Retirement System of Texas in writing of the revocation, denial of renewal, expiration, or surrender of a charter under this subchapter not later than the 10th business day after the date of the event.

SECTION 23. Subchapter D, Chapter 12, Education Code, is amended by adding Section 12.1181 to read as follows:

Sec. 12.1181. PERFORMANCE FRAMEWORKS; ANNUAL EVALUATIONS. (a) The commissioner shall develop and by rule adopt performance frameworks that establish standards by which to measure the performance of an open-enrollment charter school. The commissioner shall develop and by rule adopt separate, specific performance frameworks by which to measure the performance of an open-enrollment charter school that is registered under the agency's alternative education accountability procedures for evaluation under Chapter 39. The performance frameworks shall be based on national best practices that charter school authorizers use in developing and applying standards for charter school performance. In developing the performance frameworks, the commissioner shall solicit advice from charter holders, the members of the governing bodies of open-enrollment charter schools, and other interested persons.

(b) The performance frameworks must include student attrition rate as a standard and may include a variety of other standards. In evaluating an open-enrollment charter school, the commissioner shall measure school performance against an established set of quality standards developed and adopted by the commissioner.

(c) Each year, the commissioner shall evaluate the performance of each open-enrollment charter school based on the applicable performance frameworks adopted under Subsection (a). The performance of a school on a performance framework may not be considered for purposes of renewal of a charter under Section 12.1141(d) or revocation of a charter under Section 12.115(c).

SECTION 24. Subsection (c), Section 12.119, Education Code, is amended to read as follows:

(c) On request, the State Board of Education shall provide the information required by this section and Section 12.111(a)(7) [~~12.111(a)(8)~~] to a member of the public. The board may charge a reasonable fee to cover the board's cost in providing the information.

SECTION 25. Section 12.120, Education Code, is amended by adding Subsection (a-1) to read as follows:

(a-1) Notwithstanding Subsection (a), subject to Section 12.1059, an open-enrollment charter school may employ a person:

(1) as a teacher or educational aide if:

(A) a school district could employ the person as a teacher or educational aide; or

(B) a school district could employ the person as a teacher or educational aide if the person held the appropriate certificate issued under Subchapter B, Chapter 21, and the person has never held a certificate issued under Subchapter B, Chapter 21;
or

(2) in a position other than a position described by Subdivision (1) if a school district could employ the person in that position.

SECTION 26. Subchapter D, Chapter 12, Education Code, is amended by adding Section 12.1211 to read as follows:

Sec. 12.1211. NAMES OF MEMBERS OF GOVERNING BODY LISTED ON WEBSITE. An open-enrollment charter school shall list the names of the members of the governing body on the home page of the school's Internet website.

SECTION 27. Subsection (a), Section 12.122, Education Code, is amended to read as follows:

(a) Notwithstanding the applicable provisions of the Business Organizations Code [Texas Non Profit Corporation Act (Article 1396 1.01 et seq., Vernon's Texas Civil Statutes)] or other law, on request of the commissioner, the attorney general may bring suit against a member of the governing body of an open-enrollment charter school for breach of a fiduciary duty by the member, including misapplication of public funds.

SECTION 28. Subsection (a), Section 12.128, Education Code, is amended to read as follows:

(a) Property purchased or leased with funds received by a charter holder under Section 12.106 after September 1, 2001:

- (1) is considered to be public property for all purposes under state law;
- (2) is property of this state held in trust by the charter holder for the benefit of the students of the open-enrollment charter school; and
- (3) may be used only for a purpose for which a school district may use school district property.

SECTION 29. Subchapter D, Chapter 12, Education Code, is amended by adding Section 12.1231 to read as follows:

Sec. 12.1231. TRAINING FOR AGENCY EMPLOYEES. Not later than October 1, 2013, each agency employee assigned responsibility related to granting charters for open-enrollment charter schools or providing oversight or monitoring of charter holders or open-enrollment charter schools must participate in training on charter school authorization, oversight, and monitoring provided by a nationally recognized organization of charter school authorizers identified by the commissioner. This section expires January 1, 2014.

SECTION 30. Subchapter D, Chapter 12, Education Code, is amended by adding Section 12.136 to read as follows:

Sec. 12.136. POSTING OF CHIEF EXECUTIVE OFFICER SALARY. An open-enrollment charter school shall post on the school's Internet website the salary of the school's superintendent or, as applicable, of the administrator serving as educational leader and chief executive officer.

SECTION 31. Subsection (b), Section 12.156, Education Code, is amended to read as follows:

(b) A charter granted under this subchapter is not considered for purposes of the limit on the number of open-enrollment charter schools imposed by Section 12.101 [~~12.101(b)~~].

SECTION 32. Subsections (b), (c), and (d), Section 25.082, Education Code, are amended to read as follows:

(b) The board of trustees of each school district and the governing board of each open-enrollment charter school shall require students, once during each school day at each campus [~~school in the district~~], to recite:

(1) the pledge of allegiance to the United States flag in accordance with 4 U.S.C. Section 4~~[, and its subsequent amendments]~~; and

(2) the pledge of allegiance to the state flag in accordance with Subchapter C, Chapter 3100, Government Code.

(c) On written request from a student's parent or guardian, a school district or open-enrollment charter school shall excuse the student from reciting a pledge of allegiance under Subsection (b).

(d) The board of trustees of each school district and the governing board of each open-enrollment charter school shall provide for the observance of one minute of silence at each campus ~~[school in the district]~~ following the recitation of the pledges of allegiance to the United States and Texas flags under Subsection (b). During the one-minute period, each student may, as the student chooses, reflect, pray, meditate, or engage in any other silent activity that is not likely to interfere with or distract another student. Each teacher or other school employee in charge of students during that period shall ensure that each of those students remains silent and does not act in a manner that is likely to interfere with or distract another student.

SECTION 33. Subchapter D, Chapter 33, Education Code, is amended by adding Section 33.088 to read as follows:

Sec. 33.088. PARTICIPATION IN LEAGUE CONTESTS BY SPECIALTY HIGH SCHOOL. (a) In this section:

(1) "Division" includes academics, athletics, or music divisions of league contests.

(2) "Specialty high school" means the high school of an open-enrollment charter school that:

(A) enrolls students without regard to the attendance zones of the school district in which the high school is located; and

(B) is determined by the University Interscholastic League to specialize in a division of league contests.

(3) "League" means the University Interscholastic League.

(b) To ensure fair competition, the league shall adopt rules governing participation in league contests by students attending a specialty high school.

(c) The league rules adopted under Subsection (b) must require that, for any division of league contests that a specialty high school emphasizes, the school will be assigned to the conference with the largest student enrollment, except that the rules may provide for reasonable exceptions from that requirement based on travel, availability of participant schools, or other criteria.

(d) League rules adopted under Subsection (b) must apply beginning with the 2013-2014 school year. This subsection expires August 31, 2014.

SECTION 34. Section 39.152, Education Code, is amended to read as follows:

Sec. 39.152. REVIEW BY STATE OFFICE OF ADMINISTRATIVE HEARINGS: SANCTIONS. (a) A school district or open-enrollment charter school that intends to challenge a decision by the commissioner under this chapter to close the district or a district campus or the charter school or to pursue alternative management of a district campus or the charter school must appeal the decision under this section [the procedures provided for a contested case under Chapter 2001, Government Code].

(b) A challenge to a decision under this section is under the substantial evidence rule as provided by Subchapter G, Chapter 2001, Government Code. The commissioner shall adopt procedural rules for a challenge under this section.

(c) Notwithstanding other law:

(1) the State Office of Administrative Hearings shall conduct [~~provide~~] an expedited review of a challenge under this section;

(2) the administrative law judge shall issue a final order not later than the 30th day after the date on which the hearing is finally closed; [~~and~~]

(3) the decision of the administrative law judge is final and may not be appealed; and

(4) the decision of the administrative law judge may set an effective date for an action under this section.

SECTION 35. The following provisions of the Education Code are repealed:

(1) Subsection (b), Section 12.1055; and

(2) Subsection (b), Section 12.1161.

SECTION 36. This Act takes effect September 1, 2013.

Floor Amendment No. 1

Amend **CSSB 2** (house committee report) as follows:

(1) On page 7, lines 3 and 4, strike "under this subsection" and substitute "if the requirements of this subsection, including the absence of commissioner disapproval under Subdivision (3), are satisfied".

(2) On page 14, line 18, between "Education" and "[~~board may~~]", insert "shall".

(3) On page 20, line 21, between "39" and the semicolon, insert "for the three preceding school years".

(4) On page 21, line 8, between "procedures" and the period, insert "for the three preceding school years".

(5) On page 24, between lines 10 and 11, insert the following:

(k) For purposes of determination of renewal under Subsection (b)(1) or (3) or (d)(1) or (4), performance during the 2011-2012 school year may not be considered.

For purposes of determination of renewal under Subsection (b)(1) or (3) or (d)(1) or (4), the initial three school years for which performance ratings under Subchapter C, Chapter 39, shall be considered are the 2009-2010, 2010-2011, and 2012-2013 school years. For purposes of determination of renewal under Subsection (b)(2) or (d)(2), the earliest school year for which financial accountability performance ratings under Subchapter D, Chapter 39, may be considered is the 2010-2011 school year. This subsection expires September 1, 2016.

(6) On page 25, between lines 22 and 23, insert the following:

(c-1) For purposes of revocation under Subsection (c)(1), performance during the 2011-2012 school year may not be considered. For purposes of revocation under Subsection (c)(1), the initial three school years for which performance ratings under Subchapter C, Chapter 39, shall be considered are the 2009-2010, 2010-2011, and 2012-2013 school years. For purposes of revocation under Subsection (c)(2), the initial three school years for which financial accountability performance ratings under Subchapter D, Chapter 39, shall be considered are the 2010-2011, 2011-2012, and 2012-2013 school years. This subsection expires September 1, 2016.

(d) In reconstituting the governing body of a charter holder under this section, the commissioner shall appoint members to the governing body. In appointing members under this subsection the commissioner:

(1) shall consider:

(A) local input from community members and parents; and

(B) appropriate credentials and expertise for membership, including financial expertise, whether the person lives in the geographic area the charter holder serves, and whether the person is an educator; and

(2) may reappoint current members of the governing body.

(e) If a governing body of a charter holder subject to reconstitution under this section governs enterprises other than the open-enrollment charter school, the commissioner may require the charter holder to create a new, single-purpose organization that is exempt from taxation under Section 501(c)(3), Internal Revenue Code of 1986, to govern the open-enrollment charter school and may require the charter holder to surrender the charter to the commissioner for transfer to the organization created under this subsection. The commissioner shall appoint the members of the governing body of an organization created under this subsection.

(7) On page 25, line 23, strike "(d)" and substitute "(f)".

(8) On page 25, between lines 24 and 25, insert the following:

(g) The commissioner shall adopt rules necessary to administer this section.

(h) The commissioner shall adopt initial rules under Subsection (g) not later than September 1, 2014. This subsection expires October 1, 2014.

(9) Strike page 25, line 25, through page 26, line 3.

Floor Amendment No. 2

Amend **CSSB 2** (house committee printing) as follows:

(1) On page 5, line 10, strike "and (b-6)" and substitute "(b-6), and (b-7)".

(2) On page 8, between lines 5 and 6, insert the following:

(b-7) In adopting any financial standards under this subchapter that an applicant for a charter for an open-enrollment charter school must meet, the commissioner shall not:

(1) exclude any loan or line of credit in determining an applicant's available funding; or

(2) exclude an applicant from the grant of a charter solely because the applicant fails to demonstrate having a certain amount of current assets in cash.

Floor Amendment No. 5

Amend **CSSB 2** (house committee report) as follows:

(1) On page 11, lines 11 and 12, strike "Subsection (b), Section 12.104, Education Code, is amended" and substitute "Section 12.104, Education Code, is amended by amending Subsection (b) and adding Subsection (b-1)".

(2) On page 12, between lines 21 and 22, insert the following:

(b-1) During the first three years an open-enrollment charter school is in operation, the agency shall assist the school as necessary in complying with requirements under Subsection (b)(2)(A).

Floor Amendment No. 7

Amend **CSSB 2** (house committee report) as follows:

(1) On page 14, line 8, strike "Subsection (c)" and substitute "Subsections (c) and (d)".

(2) On page 14, between lines 14 and 15, insert the following:

(d) Notwithstanding any other provision of this section, a person who was not restricted or prohibited under this section as this section existed before September 1, 2013, from being employed by an open-enrollment charter school and who was employed by an open-enrollment charter school before September 1, 2013, is considered to have been in continuous employment as provided by Section 573.062(a), Government Code, and is not prohibited from continuing employment with the school.

Floor Amendment No. 9

Amend **CSSB 2** (house committee report) as follows:

(1) On page 35, line 2, strike "and".

(2) On page 35, line 3, strike the period and insert "; and".

(3) On page 35, between lines 3 and 4, insert the following:

(3) Subsection (b), Section 30A.101, Education Code, as amended by Chapters 895 (H.B. 3) and 1328 (H.B. 3646), Acts of the 81st Legislature, Regular Session, 2009.

(4) Insert the following appropriately numbered SECTION to the bill and renumber subsequent SECTIONS of the bill accordingly:

SECTION _____. Subsection (a), Section 30A.101, Education Code, is amended to read as follows:

(a) A school district or open-enrollment charter school is eligible to act as a provider school district or school under this chapter only if the district or school is rated acceptable ~~[or higher]~~ under Section 39.054. An open-enrollment charter school may serve as a provider school only:

(1) to a student within the school district in which the campus is located or within its service area, whichever is smaller; or

(2) to another student in the state:

(A) through an agreement with the school district in which the student resides; or

(B) if the student receives educational services under the supervision of a juvenile probation department, the Texas Juvenile Justice Department, or the Texas Department of Criminal Justice, through an agreement with the applicable agency.

Floor Amendment No. 10

Amend **CSSB 2** (house committee report) by adding the following appropriately numbered SECTION to the bill and renumbering subsequent SECTIONS of the bill accordingly:

SECTION _____. Section 12.129, Education Code, is amended to read as follows:

Sec. 12.129. MINIMUM ~~[TEACHER]~~ QUALIFICATIONS FOR ADMINISTRATORS AND TEACHERS. A person employed as an administrator or a teacher by an open-enrollment charter school must hold a baccalaureate degree ~~[high school diploma]~~.

Floor Amendment No. 11

Amend **CSSB 2** (house committee report) by adding the following appropriately numbered SECTIONS to the bill and renumbering subsequent SECTIONS of the bill accordingly:

SECTION _____. Subchapter D, Chapter 12, Education Code, is amended by adding Section 12.1014 to read as follows:

Sec. 12.1014. AUTHORIZATION FOR GRANT OF CHARTERS FOR SCHOOLS PRIMARILY SERVING STUDENTS WITH DISABILITIES. (a) The State Board of Education may grant under Section 12.101 a charter on the application of an eligible entity for an open-enrollment charter school intended primarily to serve students eligible to receive services under Subchapter A, Chapter 29.

(b) The limit on the number of charters for open-enrollment charter schools imposed by Section 12.101(b-1) does not apply to a charter granted under this section to a school at which at least 50 percent of the students are eligible to receive services under Subchapter A, Chapter 29. Not more than five charters may be granted for schools described by this subsection.

(c) For purposes of the applicability of state and federal law, including a law prescribing requirements concerning students with disabilities, an open-enrollment charter school described by Subsection (a) is considered the same as any other school for which a charter is granted under Section 12.101.

(d) To the fullest extent permitted under federal law, a parent of a student with a disability may choose to enroll the parent's child in an open-enrollment charter school described by Subsection (a) regardless of whether a disproportionate number of the school's students are students with disabilities.

(e) This section does not authorize an open-enrollment charter school to discriminate in admissions or in the services provided based on the presence, absence, or nature of an applicant's or student's disability.

(f) Each educator, including a person performing the duties of a superintendent, employed or under contract to serve on the instructional or administrative staff of an open-enrollment charter school described by Subsection (a) must hold the appropriate certificate, as determined in accordance with State Board for Educator Certification rule, to serve students with a disability of the same type as a disability of students enrolled in the school.

(g) The commissioner and the State Board for Educator Certification shall adopt rules as necessary to administer this section.

SECTION _____. Subchapter D, Chapter 12, Education Code, is amended by adding Section 12.1062 to read as follows:

Sec. 12.1062. FUNDING FOR CHARTER SCHOOLS PRIMARILY SERVING STUDENTS WITH DISABILITIES. A charter holder granted a charter under Section 12.1014 is entitled to receive for the open-enrollment charter school the sum of:

(1) funding under Chapter 42 equal to 105 percent of the amount of funding per student that the charter holder is entitled to receive under Section 12.106 for students receiving special education services under Subchapter A, Chapter 29;

(2) funding under Chapter 42 that the charter holder is entitled to receive under Section 12.106 for students not receiving special education services under Subchapter A, Chapter 29; and

(3) federal funds a student is eligible for under the Individuals with Disabilities Education Act (20 U.S.C. Section 1400 et seq.).

SECTION _____. The State Board of Education is required to implement Sections 12.1014 and 12.1062, Education Code, as added by this Act, only if the legislature appropriates money specifically for that purpose. If the legislature does not appropriate money specifically for that purpose, the board may, but it is not required to, implement those sections using other appropriations available for that purpose.

Floor Amendment No. 13

Amend **CSSB 2** (house committee report) by adding the following appropriately numbered SECTION to the bill and renumbering subsequent SECTIONS of the bill accordingly:

SECTION _____. Subchapter D, Chapter 12, Education Code, is amended by adding Section 12.1202 to read as follows:

Sec. 12.1202. REQUIREMENT FOR MAJORITY OF MEMBERS OF GOVERNING BODY. A majority of the members of the governing body of an open-enrollment charter school or the governing body of a charter holder must be qualified voters.

Floor Amendment No. 14

Amend **CSSB 2** to read as follows:

SECTION _____. Subchapter A, Chapter 44, Education Code, is amended by adding Section 44.0031 to read as follows:

Sec. 44.0031. ELECTRONIC CHECKING ACCOUNT TRANSACTION REGISTER. (a) A charter school shall maintain the transaction register for the school's checking account in a searchable portable document format (PDF) in which the transaction register is readily available for purposes of Subsections (d) and (e). Except as provided by Subsection (b) or (c), the electronic checking account transaction register must include for each check written from a school checking account:

(1) the transaction amount; and

(2) the name of the payee.

(a-1) Beginning September 1, 2013, a charter school's electronic checking account transaction register must contain the information required by Subsection (a) for each check dated on or after August 1, 2013. This subsection expires September 1, 2014.

(b) A charter school may not include in the school's electronic checking account transaction register a check issued to an employee in payment of:

(1) salary, wages, or an employment stipend; or

(2) a workers' compensation income benefit, medical benefit, death benefit, or burial benefit that is issued by a school district operating as a self-insurer under Chapter 504, Labor Code.

(c) This section does not apply to a checking account maintained by a charter school or campus solely for a student activity fund.

(d) A charter school shall prominently post at all times on the home page of its Internet website a direct link to the web page on the school's website that contains its electronic checking account transaction register for viewing and downloading by interested persons.

(e) A charter school shall share data from the electronic checking account transaction register with any interested person who requests the data under Chapter 552, Government Code.

(f) A charter school shall:

(1) update the electronic checking account transaction register not later than the 90th day after the closing date of the most recent monthly statement for the checking account; and

(2) maintain each transaction or listing in the electronic checking account transaction register on the school's Internet website until the second anniversary of the date of the transaction or listing.

Floor Amendment No. 15

Amend **CSSB 2** (house committee printing) by adding the following appropriately numbered SECTION to the bill and renumbering subsequent SECTIONS of the bill accordingly:

SECTION _____. Section 140.006(c), Local Government Code, is amended to read as follows:

(c) The presiding officer of a school district shall submit a financial statement prepared under Section 140.005 to a daily, weekly, or biweekly newspaper published within the boundaries of the district. If a daily, weekly, or biweekly newspaper is not published within the boundaries of the school district, the financial statement shall be published in the manner provided by Subsections (a) and (b). The governing body of an open-enrollment charter school shall take action to ensure that the school's financial statement is ~~[of an open enrollment charter school shall be]~~ made available in the manner provided by Chapter 552, Government Code, and is posted continuously on the school's Internet website.

Floor Amendment No. 16

Amend **CSSB 2** (house committee report) on page 7, line 6, between "Chapter 39," and "may establish", by inserting "or at least 50 percent of the students in the grades assessed having been enrolled in the school for at least three school years".

Floor Amendment No. 17

Amend **CSSB 2** (house committee report) by striking page 9, line 17, through page 10, line 22, and substituting the following:

Sec. 12.1013. REPORT COMPARING PUBLIC SCHOOLS. (a) The commissioner shall select a center for education research authorized by Section 1.005 to prepare a report providing a valid and reliable analysis of the performance of

students at each public school on assessment instruments required under Section 39.023. The format of the report must enable the public to distinguish and compare student performance at each type of public school by placing each public school in the appropriate category as follows:

(1) open-enrollment charter school;

(2) campus or program operating under a charter granted by a school district; or

(3) traditional campus.

(b) The analysis under Subsection (a) must:

(1) consider:

(A) factors that affect a parent's or student's ability or decision to enroll the student in a particular school;

(B) student mobility at each school; and

(C) the past academic achievement of each school's students; and

(2) disaggregate performance results for each school by student:

(A) eligibility for participation in a special education program;

(B) status as a student of limited English proficiency as defined by

Section 29.052;

(C) status as a student at risk of dropping out of school as defined by Section 29.081;

(D) race or ethnicity; and

(E) socioeconomic status.

(c) The agency shall make the report required by this section readily available to the public.

Floor Amendment No. 18

Amend **CSSB 2** (house committee report) by inserting into the bill the following appropriately numbered new SECTIONS and renumbering subsequent SECTIONS of the bill accordingly:

SECTION ____ . Section 12.052(a), Education Code, is amended to read as follows:

(a) In accordance with this subchapter, the board of trustees of a school district or the governing body of a home-rule school district shall ~~may~~ grant or deny, through a public vote, a charter to parents and teachers for a campus or a program on a campus if the board is presented with a petition signed by:

(1) the parents of a majority of the students at that school campus; and

(2) a majority of the classroom teachers at that school campus.

SECTION ____ . Subchapter C, Chapter 12, Education Code, is amended by adding Section 12.0531 to read as follows:

Sec. 12.0531. PERFORMANCE CONTRACT; DURATION OF CHARTER. If a charter is granted under this subchapter, the board of trustees of the school district that granted the charter shall enter into a performance contract with, as applicable, a campus- or program-level planning and decision-making committee representing the parents, teachers, and the principal or equivalent chief operating officer of the campus or program. The performance contract must specify enhanced authority granted to the principal or equivalent officer in order to achieve the academic goals that must be met by campus or program students. A charter granted under this subchapter expires 10

years from the date the charter is granted unless the specified goals are substantially met, as determined by the board of trustees of the school district that granted the charter.

Floor Amendment No. 19

Amend **CSSB 2** (house committee report) by inserting into the bill the following appropriately numbered new SECTION and renumbering subsequent SECTIONS of the bill accordingly:

SECTION _____. Subchapter C, Chapter 12, Education Code, is amended by adding Section 12.0532 to read as follow:

Sec. 12.0532. NEIGHBORHOOD SCHOOL. (a) A charter granted under this subchapter for a campus may, as determined by the board of trustees of the school district granting the charter, provide for the campus to be a neighborhood school.

(b) Except as otherwise provided by this subsection, the principal or equivalent chief operating officer of a neighborhood school shall manage the funding provided for the school under this code and any other funding provided for the school in the manner the principal or other officer determines best meets the needs of the school's students. The district in which the school is located may retain that portion of funding that the district generally withholds from a campus for costs associated with the salary of the district superintendent or other district governance.

(c) The principal or equivalent chief operating officer of a neighborhood school may use school funding to purchase from the school district in which the school is located services for the school, including bus service, facilities maintenance services, and other services generally provided by a school district to district campuses. The school shall pay for each service an amount that reflects the actual cost to the district of providing the service for the number of the school's students for which the service is provided.

Floor Amendment No. 20

Amend **CSSB 2** (house committee report) on page 10, between lines 22 and 23, by inserting the following:

(f) The commissioner shall also include in the report an analysis of whether the performance of matched traditional campuses would likely improve if there were consolidation of school districts within the county in which the campuses are located. This subsection applies only to a county that:

(1) includes at least seven school districts and at least 10 open-enrollment charter schools;

Floor Amendment No. 1 on Third Reading

Amend **CSSB 2** on third reading as follows:

(1) In amended Section 12.052(a), Education Code, as added by Amendment No. 18, between "public vote" and the comma, insert "of the board of trustees or governing body".

The amendments were read.

Senator Patrick moved that the Senate do not concur in the House amendments, but that a conference committee be appointed to adjust the differences between the two Houses on the bill.

The motion prevailed without objection.

The Presiding Officer asked if there were any motions to instruct the conference committee on **SB 2** before appointment.

There were no motions offered.

The Presiding Officer announced the appointment of the following conferees on the part of the Senate: Senators Patrick, Chair; Lucio, Taylor, West, and Campbell.

SENATE BILL 211 WITH HOUSE AMENDMENTS

Senator Nichols called **SB 211** from the President's table for consideration of the House amendments to the bill.

The Presiding Officer laid the bill and the House amendments before the Senate.

Floor Amendment No. 1

Amend **SB 211**, SECTION 11 of the house committee report, as follows:

On page 7, line 11, between the words "plans" and "including", insert the words "design guidelines or zoning requirements".

On page 7, line 25, between the words "estate" and "legal", insert the words "design".

On page 8, line 3, between the words "analysis" and "contract", insert the words "design review".

Floor Amendment No. 2

Amend **SB 211** (house committee report) as follows:

(1) On page 15, line 10, strike "July 1, 2014" and substitute "April 1, 2016".

(2) On page 15, line 18, between "2166.106." and "REVIEW", insert the following:

REVIEW OF CAPITOL COMPLEX MASTER PLAN BY PARTNERSHIP ADVISORY COMMISSION. (a) Before a proposed Capitol Complex master plan or proposed update to the plan is submitted and considered approved under Section 2166.1065 and before the commission adopts the plan or update, the commission must submit the plan or update to the Partnership Advisory Commission established under Chapter 2268 for review and comment.

(b) Not later than the 60th day after the date the Partnership Advisory Commission receives the plan or update, the advisory commission shall in a public hearing by majority vote of the members present:

(1) vote to approve the plan or update; or

(2) submit to the commission written comments and recommended modifications to the plan or update.

Sec. 2166.1065.

(3) On page 15, line 23, strike "and the General Land Office".

(4) On page 15, line 24, following the period, insert "Not later than the 60th day before the date the commission holds a public meeting to discuss a proposed Capitol Complex master plan, the commission must submit the proposed plan to the General Land Office for review and comment.".

(5) Strike page 16, line 22 through page 17, line 8.

(6) On page 41, line 3, strike "and".

(7) On page 41, strike lines 4-10, and substitute the following:

(2) not later than July 1, 2014, prepare the comprehensive capital improvement and deferred maintenance plan required by Section 2166.108, Government Code, as added by this Act; and

(3) not later than April 1, 2016, prepare the Capitol Complex master plan required by Section 2166.105, Government Code, as added by this Act, and submit the plan as required by that section.

Floor Amendment No. 3

Amend Floor Amendment No. 2 to **SB 211** by adding the following appropriately numbered SECTION to the bill and renumbering subsequent SECTIONS of the bill accordingly:

SECTION _____. Section 2165.2035, Government Code, is amended by adding Subsection (d-1) to read as follows:

(d-1) From the money received under Subsection (d), an amount equal to the costs associated with the lease of state parking lots and garages, including costs of trash collection and disposal, grounds and other property maintenance, and the remedying of any damage to state property, may be appropriated only to the commission to pay those costs.

Floor Amendment No. 4

Amend **SB 211**, SECTION 11 of the house committee report:

On page 27, line 16, between the words "by" and "employee", by inserting the words "similarly qualified".

On page 27, line 17, by adding the following after the word "entity":

For a proposal for the construction or renovation of a structure or project estimated to cost \$5 million or more, the analysis conducted under this section must include review by all three qualified professionals.

On page 25, line 19, by inserting a new number (7) to read as follows and renumbering the subsequent subsections accordingly:

(7) ensure that the governmental entity, for a proposed project to improve real property, evaluate design quality, life-cycle costs, and the proposed projects relationship to any relevant comprehensive planning or zoning requirements.

Floor Amendment No. 5

Amend Amendment No. 4 to **SB 211** by adding the following appropriately numbered SECTIONS to the bill and renumbering subsequent SECTIONS of the bill accordingly:

SECTION _____. Section 2175.184, Government Code, is amended to read as follows:

Sec. 2175.184. DIRECT TRANSFER. (a) During the 10 business days after the date the property is posted on the comptroller's website, a state agency, political subdivision, or assistance organization shall coordinate with the commission for a transfer of the property at a price established by the commission. A transfer to a state agency has priority over any other transfer during this period.

(b) A political subdivision or assistance organization may not lease, lend, bail, deconstruct, encumber, sell, trade, or otherwise dispose of property acquired under this section or acquired from a state agency under Section 2175.241 before the second anniversary of the date the property was acquired. A political subdivision or an assistance organization that violates this subsection shall remit to the commission the amount the political subdivision or assistance organization received from the lease, loan, bailment, deconstruction, encumbrance, sale, trade, or other disposition of the property unless the commission authorizes the action taken by the political subdivision or assistance organization with respect to the property.

SECTION _____. Section 2175.905, Government Code, is amended by adding Subsection (d) to read as follows:

(d) An assistance organization may not lease, lend, bail, deconstruct, encumber, sell, trade, or otherwise dispose of data processing equipment acquired under this section. The assistance organization may dispose of the equipment only by transferring the equipment to the school district that specified the assistance organization for transfer under this section.

Floor Amendment No. 6

Amend **SB 211** (house committee report) on page 11, between lines 21 and 22, by inserting the following:

Sec. 2165.3561. MUNICIPAL PROJECT. Not later than the 30th day before the date the commission is scheduled to meet and vote on a project to develop or improve state property in a municipality, the commission staff must:

(1) place the project on the commission's meeting agenda to provide the public with notice of the meeting and an opportunity to comment; and

(2) present sufficient information to commission members to enable the members to adequately prepare for the meeting and to address the members' questions and concerns.

Floor Amendment No. 1 on Third Reading

Amend **SB 211** (house committee report) as follows:

(1) On page 6, line 11, between "Complex" and the period, insert the following: , except as specifically granted the authority:

(1) by the legislature, if the legislature is in session; or

(2) jointly by the governor and the Legislative Budget Board, if the legislature is not in session

(2) On page 8, line 11, strike "The" and substitute "On completion of the negotiation phase for the development of a comprehensive agreement and before a comprehensive agreement is entered into, the".

(3) On page 17, lines 19-20, strike ", including the General Land Office".

(4) On page 19, line 15, strike "Subdivision (1-a)" and substitute "Subdivisions (1-a), (5-a), (9-a), (9-b), (9-c), and (10-a) and amending Subdivisions (10) and (12)".

(5) On page 19, between lines 18 and 19, insert the following:

(5-a) "Improvement" means:

(A) a building, structure, fixture, or fence erected on or affixed to land;

(B) the installation of water, sewer, or drainage lines on, above, or under land;

(C) the paving of undeveloped land; and

(D) specialized software that in any manner is related to the control, management, maintenance, or operation of an improvement.

(9-a) "Private entity" means any individual person, corporation, general partnership, limited liability company, limited partnership, joint venture, business trust, public benefit corporation, nonprofit entity, or other business entity.

(9-b) "Property" means any matter or thing capable of public or private ownership.

(9-c) "Proposer" means a private entity that submits a proposal to a responsible governmental entity or affected jurisdiction.

(10) "Qualifying project" means:

(A) any ferry, mass transit facility, vehicle parking facility, port facility, power generation facility, fuel supply facility, oil or gas pipeline, water supply facility, public work, waste treatment facility, hospital, school, medical or nursing care facility, recreational facility, public building, or other similar facility currently available or to be made available to a governmental entity for public use, including any structure, parking area, appurtenance, and other property required to operate the structure or facility and any technology infrastructure installed in the structure or facility that is essential to the project's purpose; or

(B) any improvements necessary or desirable to ~~unimproved~~ real property ~~[estate]~~ owned by a governmental entity.

(10-a) "Real property" means:

(A) improved or unimproved land;

(B) an improvement;

(C) a mine or quarry;

(D) a mineral in place;

(E) standing timber; or

(F) an estate or interest, other than a mortgage or deed of trust creating a lien on property or an interest securing payment or performance of an obligation, in a property described by Paragraphs (A) through (E).

(12) "Revenue" means all revenue, income, earnings, user fees, lease payments, or other service payments that arise out of or in connection with ~~support~~ the development or operation of a qualifying project, including money received as a grant or otherwise from the federal government, a governmental entity, or any agency or instrumentality of the federal government or governmental entity in aid of the project.

(6) On page 20, line 6, between "443.0071" and the period, insert the following: , except as specifically granted the authority:

(A) by the legislature, if the legislature is in session; or

(B) jointly by the governor and the Legislative Budget Board, if the legislature is not in session

(7) On page 20, line 10, strike "2267.007, and 2267.008" and substitute "and 2267.007".

(8) Strike page 20, line 11, through page 22, line 17, and substitute the following:

Sec. 2267.005. PROHIBITED EMPLOYMENT OF RESPONSIBLE GOVERNMENTAL ENTITY EMPLOYEES. (a) An employee of a responsible governmental entity may not be employed or hired by another person to perform duties that relate to the employee's specific duties in developing and implementing a qualifying project, including review, evaluation, development, and negotiation of a qualifying project proposal.

(b) The responsible governmental entity shall obtain from each employee sufficient information to determine whether:

(1) the employee is employed by another person; and

(2) a potential conflict of interest exists between the employee's duties for the entity and the employee's duties with the other employer.

(c) Each employee of a responsible governmental entity whose duties relate to a qualifying project shall attest that the employee is aware of and agrees to the responsible governmental entity's ethics and conflict-of-interest policies.

(d) To the extent the other employment is authorized by the responsible governmental entity's policy, this section does not prohibit additional employment for an employee of a responsible governmental entity whose duties are not related to a qualifying project.

(9) On page 22, line 18, strike "2267.007" and substitute "2267.006".

(10) On page 22, line 25, strike "2267.008" and substitute "2267.007".

(11) On page 27, strike lines 20-21 and substitute the following:

commission consistent with the requirements of Section 2267.052(b). The commission shall prescribe the procedure for submitting the guidelines for review under this section, provided that the commission completes its review not later than the 60th day after the date the commission receives the guidelines and provides written comments and recommendations to the governmental entity to ensure timely compliance with Section 2267.052(b). The

(12) On page 27, line 27, strike "and (b)" and substitute ", (b), (g), and (h)".

(13) On page 29, lines 22-23, strike "approves a proposal for a qualifying project under Subsection (a)" and substitute "accepts an unsolicited proposal for a qualifying project under Subsection (a), in accordance with the requirements of Section 2267.052(b)(10)(B).".

(14) On page 31, between lines 15 and 16, insert the following:

(g) The responsible governmental entity shall take action appropriate under Section 552.153 to protect confidential and proprietary information provided by a private entity submitting the proposal and by the contracting person under an agreement.

(h) Before completing the negotiation and entering into [the negotiation of] an interim or comprehensive agreement, each responsible governmental entity described by Section 2267.001(5)(A) must submit copies of detailed proposals, including drafts of any interim agreement and the comprehensive agreement, to the Partnership Advisory Commission in accordance with Chapter 2268.

(15) On page 33, strike lines 20-25 and substitute the following:

(c) Trade secrets, proprietary information, financial records, and work product ~~[or other records]~~ of a proposer are ~~[the contracting person]~~ excluded from disclosure under Section 552.101 and may not be posted or made available for public inspection except as otherwise agreed to by the responsible governmental entity and the proposer ~~[contracting person]~~. After submission by a responsible governmental entity of a detailed qualifying project proposal to the commission, the trade secrets, proprietary information, financial records, and work product of the proposer are not protected from disclosure unless expressly excepted from the requirements of Chapter 552 or considered confidential under other law.

(16) Strike page 35, line 16, through page 36, line 2.

(17) On page 36, line 8, strike "(a)" and substitute "(d)".

(18) On page 36, strike lines 10-12 and substitute the following:

(d) The Texas Facilities Commission, using the qualifying project fees authorized under Section 2165.353, [comptroller or a state agency] shall provide, on a cost recovery basis, professional services of its architectural, engineering, and real estate staff and the expertise of financial, technical, and other necessary advisors and consultants, authorized under Section 2267.053(d), as necessary to support the Partnership Advisory Commission in its review and evaluation of proposals, including financial and risk allocation analysis and ongoing contract performance monitoring of qualifying projects. The Texas Facilities Commission shall assign staff and contracted advisors and consultants necessary to perform the duties required by this subsection [additional assistance as needed].

(19) On page 37, line 12, strike "negotiate" and substitute "enter into".

(20) On page 37, strike lines 17-22.

(21) On page 38, strike lines 13-15.

(22) Add the following appropriately numbered SECTIONS to the bill:

SECTION _____. Section 552.153, Government Code, as added by Chapter 1334 (SB 1048), Acts of the 82nd Legislature, Regular Session, 2011, is amended by amending Subsection (b) and adding Subsection (d) to read as follows:

(b) Information in the custody of a responsible governmental entity that relates to a proposal for a qualifying project authorized under Chapter 2267 is excepted from the requirements of Section 552.021 if:

(1) the information consists of memoranda, staff evaluations, or other records prepared by the responsible governmental entity, its staff, outside advisors, or consultants exclusively for the evaluation and negotiation of proposals filed under Chapter 2267 for which:

(A) disclosure to the public before or after the execution of an interim or comprehensive agreement would adversely affect the financial interest or bargaining position of the responsible governmental entity; and

(B) the basis for the determination under Paragraph (A) is documented in writing by the responsible governmental entity; or

(2) the records are provided by a proposer ~~[contracting person]~~ to a responsible governmental entity or affected jurisdiction under Chapter 2267 and contain:

(A) trade secrets of the proposer ~~[contracting person]~~;

(B) financial records of the proposer [~~contracting person~~], including balance sheets and financial statements, that are not generally available to the public through regulatory disclosure or other means; or

(C) work product related to a competitive bid or proposal [~~other information~~] submitted by the proposer [~~contracting person~~] that, if made public before the execution of an interim or comprehensive agreement, would provide a competing proposer an unjust advantage or adversely affect the financial interest or bargaining position of the responsible governmental entity or the proposer [~~person~~].

(d) In this section, "proposer" has the meaning assigned by Section 2267.001, as added by Chapter 1334 (SB 1048), Acts of the 82nd Legislature, Regular Session, 2011.

SECTION _____. Section 2152.104, Government Code, is amended by adding Subsection (e) to read as follows:

(e) The commission shall establish a public private partnership division to perform its duties assigned under Chapters 2165 and 2267. The commission may hire or assign the staff necessary for the division to perform the duties required under Subchapter H, Chapter 2165, and Chapters 2267 and 2268. The commission shall provide professional service staff and the expertise of financial, technical, and other necessary advisors and consultants, authorized under Section 2267.053(d), to support the Partnership Advisory Commission in its review and evaluation of qualifying project proposals.

SECTION _____. The heading to Chapter 2166, Government Code, is amended to read as follows:

CHAPTER 2166. BUILDING CONSTRUCTION AND ACQUISITION AND DISPOSITION OF REAL PROPERTY

SECTION _____. Section 2166.002, Government Code, is amended to read as follows:

Sec. 2166.002. APPLICABILITY OF CHAPTER. This chapter applies only to a building construction project of the state, the acquisition of real property for state purposes, and the disposition of real property owned by the state.

SECTION _____. Section 2267.055(a), Government Code, as added by Chapter 1334 (SB 1048), Acts of the 82nd Legislature, Regular Session, 2011, is amended to read as follows:

(a) A private entity whose proposal, other than a proposal for a service contract, is accepted for conceptual stage evaluation [~~A person submitting a proposal to a responsible governmental entity~~] under Section 2267.053 shall notify each affected jurisdiction by providing a copy of its proposal to the affected jurisdiction.

SECTION _____. Section 2267.058, Government Code, as added by Chapter 1334 (SB 1048), Acts of the 82nd Legislature, Regular Session, 2011, is amended by adding Subsection (g) to read as follows:

(g) The comprehensive agreement must provide that a security document or other instrument purporting to mortgage, pledge, encumber, or create a lien, charge, or security interest on or against the contracting party's interest may not extend to or affect the fee simple interest of the state in the qualifying project or the state's rights or interests under the comprehensive agreement. Any holder of debt shall acknowledge that the mortgage, pledge, or encumbrance or a lien, charge, or security interest on or

against the contracting party's interest is subordinate to the fee simple interest of the state in the qualifying project and the state's rights or interests under the comprehensive agreement.

(23) Renumber the SECTIONS of the bill appropriately.

The amendments were read.

Senator Nichols moved that the Senate do not concur in the House amendments, but that a conference committee be appointed to adjust the differences between the two Houses on the bill.

The motion prevailed without objection.

The Presiding Officer asked if there were any motions to instruct the conference committee on **SB 211** before appointment.

There were no motions offered.

The Presiding Officer announced the appointment of the following conferees on the part of the Senate: Senators Nichols, Chair; Whitmire, Watson, Eltife, and Duncan.

BILLS AND RESOLUTIONS SIGNED

The Presiding Officer, Senator Eltife in Chair, announced the signing of the following enrolled bills and resolutions in the presence of the Senate after the captions had been read:

SB 128, SB 164, SB 172, SB 193, SB 362, SB 382, SB 390, SB 409, SB 428, SB 430, SB 502, SB 531, SB 546, SB 552, SB 563, SB 569, SB 603, SB 604, SB 607, SB 706, SB 717, SB 769, SB 771, SB 793, SB 845, SB 848, SB 874, SB 886, SB 889, SB 890, SB 916, SB 951, SB 967, SB 1006, SB 1010, SB 1012, SB 1071, SB 1072, SB 1073, SB 1075, SB 1099, SB 1125, SB 1415, SB 1481, SB 1662, SB 1822, SB 1824, SB 1829, SB 1830, SB 1840, SB 1843, SB 1857, SB 1876, SB 1892, SB 1903, SCR 1, SCR 12, SCR 17, SCR 18, SCR 30, SJR 54, HB 33, HB 35, HB 52, HB 62, HB 139, HB 259, HB 338, HB 347, HB 376, HB 485, HB 619, HB 788, HB 1227, HB 1287, HB 1296, HB 1348, HB 1461, HB 1554, HB 1690, HB 1753, HB 1777, HB 1807, HB 1967, HB 1996, HB 2025, HB 2094, HB 2111, HB 2127, HB 2139, HB 2290, HB 2380, HB 2392, HB 2394, HB 2474, HB 2725, HB 2772, HB 2806, HB 3211, HB 3471, HCR 59.

SENATE BILL 270 WITH HOUSE AMENDMENT (Motion In Writing)

Senator Seliger submitted a Motion In Writing to call **SB 270** from the President's table for consideration of the House amendment to the bill.

The Motion In Writing prevailed without objection.

The Presiding Officer laid the bill and the House amendment before the Senate.

Floor Amendment No. 1

Amend **SB 270** (house committee printing) as follows:

(1) On page 1, line 9, strike "(b) and (c)" and substitute "(b), (c), and (d)".

(2) On page 1, line 15, strike "the defense counsel" and substitute "~~the defense~~ counsel representing the defendant at trial or in a postconviction proceeding".

(3) On page 1, line 16, strike "(b) On" and substitute "(b) Subject to Subsection (d), on".

(4) On page 2, between lines 1 and 2, insert the following:

(d) On a written request, the court shall disclose the information described by Subsection (a) that was collected by the court, including providing copies of any juror summons, to counsel representing the defendant in a postconviction proceeding. A showing of good cause is not required for a disclosure under this subsection. This subsection does not authorize the disclosure of information described by Subsection (a) that was collected by a prosecuting attorney.

The amendment was read.

Senator Seliger moved that the Senate do not concur in the House amendment, but that a conference committee be appointed to adjust the differences between the two Houses on the bill.

The motion prevailed without objection.

The Presiding Officer asked if there were any motions to instruct the conference committee on **SB 270** before appointment.

There were no motions offered.

The Presiding Officer announced the appointment of the following conferees on the part of the Senate: Senators Seliger, Chair; Huffman, Schwertner, Hinojosa, and Duncan.

SENATE BILL 281 WITH HOUSE AMENDMENT (Motion In Writing)

Senator Estes submitted a Motion In Writing to call **SB 281** from the President's table for consideration of the House amendment to the bill.

The Motion In Writing prevailed without objection.

The Presiding Officer laid the bill and the House amendment before the Senate.

Amendment

Amend **SB 281** by substituting in lieu thereof the following:

A BILL TO BE ENTITLED AN ACT

relating to the administration and powers of the Red River Authority of Texas.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 279, Acts of the 56th Legislature, Regular Session, 1959, is amended by adding Section 7a to read as follows:

Sec. 7a. The Authority's Board of Directors or a Board committee may hold a meeting by telephone conference call, by video conference call, or through communications over the Internet, in accordance with procedures provided by Subchapter F, Chapter 551, Government Code, if holding the meeting in that way is determined to be necessary or convenient by the Board president or any three Board members.

SECTION 2. Section 19, Chapter 279, Acts of the 56th Legislature, Regular Session, 1959, is amended to read as follows:

Sec. 19. Said Authority shall have and may exercise such functions, powers, authority, rights and duties as may permit the accomplishment of the purposes for which it is created, including investigating and planning, acquiring, constructing, maintaining and operating of all necessary properties, lands, rights, tenements, easements, improvements, reservoirs, dams, canals, laterals, plants, works and facilities which it may deem necessary or proper for the accomplishment of said purposes, including the acquisition within and/or without said Authority of lands, rights-of-way, surface water rights, groundwater rights, if purchased, as provided by Section 19a, and all other properties, tenements, easements and all other rights incident, helpful to, or in aid of carrying out the purposes of said Authority as herein defined; provided, however, that said Authority shall not engage in the generation or distribution of electric power except as provided by Section 14b of this Act. The right of eminent domain shall not be exercised or extend beyond the boundaries of this District.

SECTION 3. Chapter 279, Acts of the 56th Legislature, Regular Session, 1959, is amended by adding Section 19a to read as follows:

Sec. 19a. The Authority may purchase groundwater rights in a county in the Authority's territory only if the commissioners court of the county approves the purchase of groundwater rights by the Authority in the county.

SECTION 4. Section 25, Chapter 279, Acts of the 56th Legislature, Regular Session, 1959, is amended to read as follows:

Sec. 25. Nothing in this Act shall be construed as authorizing the Authority to acquire ~~or~~ regulate ~~[or control in any way]~~ underground water or underground water rights by condemnation or ~~[purchase or otherwise or to develop,]~~ regulate ~~[or control]~~ the use of underground water resources in any manner ~~[- This Act is intended to govern and shall be construed to govern and apply to surface water only].~~

SECTION 5. This Act takes effect September 1, 2013.

The amendment was read.

Senator Estes moved that the Senate do not concur in the House amendment, but that a conference committee be appointed to adjust the differences between the two Houses on the bill.

The motion prevailed without objection.

The Presiding Officer asked if there were any motions to instruct the conference committee on **SB 281** before appointment.

There were no motions offered.

The Presiding Officer announced the appointment of the following conferees on the part of the Senate: Senators Estes, Chair; Fraser, Hegar, Eltife, and Uresti.

SENATE BILL 359 WITH HOUSE AMENDMENT (Motion In Writing)

Senator Hinojosa submitted a Motion In Writing to call **SB 359** from the President's table for consideration of the House amendment to the bill.

The Motion In Writing prevailed without objection.

The Presiding Officer laid the bill and the House amendment before the Senate.

Amendment

Amend **SB 359** by substituting in lieu thereof the following:

A BILL TO BE ENTITLED
AN ACT

relating to the selection of certain members of the board of directors of an appraisal district.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subsections (c) and (e), Section 6.03, Tax Code, are amended to read as follows:

(c) Members of the board of directors other than a county assessor-collector serving as a nonvoting director are appointed by vote of the governing bodies of the incorporated cities and towns, the school districts, the junior college districts, and, if entitled to vote, the conservation and reclamation districts that participate in the district and of the county. A governing body may cast all its votes for one candidate or distribute them among candidates for any number of directorships. Conservation and reclamation districts are not entitled to vote unless at least one conservation and reclamation district in the district delivers to the chief appraiser a written request to nominate and vote on the board of directors by June 1 of each odd-numbered year. On receipt of a request, the chief appraiser shall certify a list by June 15 of all eligible conservation and reclamation districts that are imposing taxes and that participate in the district.

(e) The chief appraiser shall calculate the number of votes to which each taxing unit other than a conservation and reclamation district is entitled and shall deliver written notice to each of those units of its voting entitlement before October 1 of each odd-numbered year. The chief appraiser shall deliver the notice:

(1) to the county judge and each commissioner of the county served by the appraisal district;

(2) to the presiding officer of the governing body of each city or town participating in the appraisal district, to the city manager of each city or town having a city manager, and to the city secretary or clerk, if there is one, of each city or town that does not have a city manager; ~~and~~

(3) to the presiding officer of the governing body of each school district participating in the district and to the superintendent of those school districts; and

(4) to the presiding officer of the governing body of each junior college district participating in the district and to the president, chancellor, or other chief executive officer of those junior college districts.

SECTION 2. Section 6.031, Tax Code, is amended by adding Subsection (b-1) to read as follows:

(b-1) If an appraisal district increases the number of members on the board of directors of the district or changes the method or procedure for appointing the members as provided by this section, the board of directors by resolution shall provide for the junior college districts that participate in the appraisal district to collectively participate in the selection of directors in the same manner as the school district that imposes the lowest total dollar amount of property taxes in the appraisal district among all of the school districts that participate in the appraisal district. A resolution

adopted under this section is not subject to rejection by a resolution opposing the change filed with the board of directors by a taxing unit under Subsection (a).

SECTION 3. The change in law made by this Act applies only to the selection of appraisal district directors for terms beginning on or after January 1, 2014. The change in law made by this Act does not affect the selection of appraisal district directors for terms beginning before that date.

SECTION 4. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2013.

The amendment was read.

Senator Hinojosa moved that the Senate do not concur in the House amendment, but that a conference committee be appointed to adjust the differences between the two Houses on the bill.

The motion prevailed without objection.

The Presiding Officer asked if there were any motions to instruct the conference committee on **SB 359** before appointment.

There were no motions offered.

The Presiding Officer announced the appointment of the following conferees on the part of the Senate: Senators Hinojosa, Chair; Garcia, Nichols, Whitmire, and Taylor.

SENATE BILL 690 WITH HOUSE AMENDMENT (Motion In Writing)

Senator Ellis submitted a Motion In Writing to call **SB 690** from the President's table for consideration of the House amendment to the bill.

The Motion In Writing prevailed without objection.

The Presiding Officer laid the bill and the House amendment before the Senate.

Amendment

Amend **SB 690** by substituting in lieu thereof the following:

A BILL TO BE ENTITLED AN ACT

relating to certain management districts in Harris County, including the boundaries of the Near Northside Management District and the creation of Harris County Improvement District No. 23; providing authority to issue bonds; providing authority to impose assessments, fees, or taxes.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subtitle C, Title 4, Special District Local Laws Code, is amended by adding Chapter 3910 to read as follows:

CHAPTER 3910. HARRIS COUNTY IMPROVEMENT DISTRICT NO. 23 SUBCHAPTER A. GENERAL PROVISIONS

Sec. 3910.001. DEFINITIONS. In this chapter:

(1) "Board" means the district's board of directors.

(2) "City" means the City of Houston.

(3) "County" means Harris County.

(4) "Director" means a board member.

(5) "District" means the Harris County Improvement District No. 23.

(6) "East End district" means the Greater East End Management District created under Chapter 3807.

Sec. 3910.002. NATURE OF DISTRICT. The Harris County Improvement District No. 23 is a special district created under Section 59, Article XVI, Texas Constitution.

Sec. 3910.003. PURPOSE; DECLARATION OF INTENT. (a) The creation of the district is essential to accomplish the purposes of Sections 52 and 52-a, Article III, and Section 59, Article XVI, Texas Constitution, and other public purposes stated in this chapter. By creating the district and in authorizing the city, the county, and other political subdivisions to contract with the district, the legislature has established a program to accomplish the public purposes set out in Section 52-a, Article III, Texas Constitution.

(b) The creation of the district is necessary to promote, develop, encourage, and maintain employment, commerce, transportation, housing, tourism, recreation, the arts, entertainment, economic development, safety, and the public welfare in the district, and to accomplish the redevelopment of the land in the district.

(c) This chapter and the creation of the district may not be interpreted to relieve the city or the county from providing the level of services provided as of the effective date of the Act enacting this chapter to the area in the district. The district is created to supplement and not to supplant East End district, city, or county services provided in the district.

Sec. 3910.004. FINDINGS OF BENEFIT AND PUBLIC PURPOSE. (a) The district is created to serve a public use and benefit.

(b) All land and other property included in the district will benefit from the improvements and services to be provided by the district under powers conferred by Sections 52 and 52-a, Article III, and Section 59, Article XVI, Texas Constitution, and other powers granted under this chapter.

(c) The creation of the district is in the public interest and is essential to further the public purposes of:

(1) developing and diversifying the economy of the state;

(2) eliminating unemployment and underemployment; and

(3) developing or expanding transportation and commerce.

(d) The district will:

(1) promote the health, safety, and general welfare of residents, employers, potential employees, employees, visitors, and consumers in the district, and of the public;

(2) provide needed funding for the district to preserve, maintain, and enhance the economic health and vitality of the district territory as a community and business center;

(3) promote the health, safety, welfare, and enjoyment of the public by providing pedestrian ways and by landscaping and developing certain areas in the district, which are necessary for the restoration, preservation, and enhancement of scenic beauty; and

(4) provide for water, wastewater, drainage, road, and recreational facilities for the district.

(e) Pedestrian ways along or across a street, whether at grade or above or below the surface, and street lighting, street landscaping, parking, and street art objects are parts of and necessary components of a street and are considered to be a street or road improvement.

(f) The district will not act as the agent or instrumentality of any private interest even though the district will benefit many private interests as well as the public.

Sec. 3910.005. INITIAL DISTRICT TERRITORY. (a) The district is initially composed of the territory described by Section 2 of the Act enacting this chapter.

(b) The boundaries and field notes contained in Section 2 of the Act enacting this chapter form a closure. A mistake in the field notes or in copying the field notes in the legislative process does not affect the district's:

(1) organization, existence, or validity;

(2) right to issue any type of bond for the purposes for which the district is created or to pay the principal of and interest on the bond;

(3) right to impose or collect an assessment or tax; or

(4) legality or operation.

Sec. 3910.006. ELIGIBILITY FOR INCLUSION IN SPECIAL ZONES. All or any part of the area of the district is eligible to be included in:

(1) a tax increment reinvestment zone created under Chapter 311, Tax Code;

(2) a tax abatement reinvestment zone created under Chapter 312, Tax

Code;

(3) an enterprise zone created under Chapter 2303, Government Code; or

(4) an industrial district created under Chapter 42, Local Government Code.

Sec. 3910.007. APPLICABILITY OF MUNICIPAL MANAGEMENT DISTRICTS LAW. Except as otherwise provided by this chapter, Chapter 375, Local Government Code, applies to the district.

Sec. 3910.008. CONSTRUCTION OF CHAPTER. This chapter shall be liberally construed in conformity with the findings and purposes stated in this chapter.

SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 3910.051. GOVERNING BODY; TERMS. (a) The district is governed by a board of nine voting directors who serve staggered terms of four years, with four or five directors' terms expiring June 1 of each odd-numbered year.

(b) The board by resolution may change the number of voting directors on the board if the board determines that the change is in the best interest of the district. The board may not consist of fewer than 5 or more than 15 voting directors.

Sec. 3910.052. APPOINTMENT OF VOTING DIRECTORS. The mayor and members of the governing body of the city shall appoint voting directors from persons recommended by the board. A person is appointed if a majority of the members of the governing body and the mayor vote to appoint that person.

Sec. 3910.053. NONVOTING DIRECTORS. The board may appoint nonvoting directors to serve at the pleasure of the voting directors.

Sec. 3910.054. QUORUM. For purposes of determining the requirements for a quorum of the board, the following are not counted:

(1) a board position vacant for any reason, including death, resignation, or disqualification;

(2) a director who is abstaining from participation in a vote because of a conflict of interest; or

(3) a nonvoting director.

Sec. 3910.055. COMPENSATION. A director is entitled to receive fees of office and reimbursement for actual expenses as provided by Section 49.060, Water Code. Sections 375.069 and 375.070, Local Government Code, do not apply to the board.

Sec. 3910.056. INITIAL VOTING DIRECTORS. (a) The initial board consists of the following voting directors:

<u>Pos. No.</u>	<u>Name of Director</u>
<u>1</u>	<u>Dan Lipnick</u>
<u>2</u>	<u>Hien Le</u>
<u>3</u>	<u>Ndukwe Kalu</u>
<u>4</u>	<u>Adam Williams</u>
<u>5</u>	<u>Kenady Davis</u>
<u>6</u>	<u>Sakina Lanig</u>
<u>7</u>	<u>Alison Leland</u>
<u>8</u>	<u>Carver L. Henry</u>
<u>9</u>	<u>Charles McCloud</u>

(b) Of the initial directors, the terms of directors appointed for positions one through five expire June 1, 2015, and the terms of directors appointed for positions six through nine expire June 1, 2017.

(c) Section 3910.052 does not apply to this section.

(d) This section expires September 1, 2017.

SUBCHAPTER C. POWERS AND DUTIES

Sec. 3910.101. GENERAL POWERS AND DUTIES. The district has the powers and duties necessary to accomplish the purposes for which the district is created.

Sec. 3910.102. IMPROVEMENT PROJECTS AND SERVICES. Subject to Section 3910.113, the district may provide, design, construct, acquire, improve, relocate, operate, maintain, or finance an improvement project or service using any money available to the district, or contract with a governmental or private entity to provide, design, construct, acquire, improve, relocate, operate, maintain, or finance an improvement or service authorized under this chapter or Chapter 375, Local Government Code.

Sec. 3910.103. DEVELOPMENT CORPORATION POWERS. The district, using money available to the district, may exercise the powers given to a development corporation under Chapter 505, Local Government Code, including the power to own, operate, acquire, construct, lease, improve, or maintain a project under that chapter.

Sec. 3910.104. NONPROFIT CORPORATION. (a) The board by resolution may authorize the creation of a nonprofit corporation to assist and act for the district in implementing a project or providing a service authorized by this chapter.

(b) The nonprofit corporation:

(1) has each power of and is considered to be a local government corporation created under Subchapter D, Chapter 431, Transportation Code; and

(2) may implement any project and provide any service authorized by this chapter.

(c) The board shall appoint the board of directors of the nonprofit corporation. The board of directors of the nonprofit corporation shall serve in the same manner as the board of directors of a local government corporation created under Subchapter D, Chapter 431, Transportation Code, except that a board member is not required to reside in the district.

Sec. 3910.105. AGREEMENTS; GRANTS. (a) As provided by Chapter 375, Local Government Code, the district may make an agreement with or accept a gift, grant, or loan from any person.

(b) The implementation of a project is a governmental function or service for the purposes of Chapter 791, Government Code.

Sec. 3910.106. LAW ENFORCEMENT SERVICES. To protect the public interest, the district may contract with a qualified party, including the county or the city, to provide law enforcement services in the district for a fee.

Sec. 3910.107. MEMBERSHIP IN CHARITABLE ORGANIZATIONS. The district may join and pay dues to a charitable or nonprofit organization that performs a service or provides an activity consistent with the furtherance of a district purpose.

Sec. 3910.108. ECONOMIC DEVELOPMENT. (a) The district may engage in activities that accomplish the economic development purposes of the district.

(b) The district may establish and provide for the administration of one or more programs to promote state or local economic development and to stimulate business and commercial activity in the district, including programs to:

(1) make loans and grants of public money; and

(2) provide district personnel and services.

(c) The district may create economic development programs and exercise the economic development powers provided to municipalities by:

(1) Chapter 380, Local Government Code; and

(2) Subchapter A, Chapter 1509, Government Code.

Sec. 3910.109. PARKING FACILITIES. (a) The district may acquire, lease as lessor or lessee, construct, develop, own, operate, and maintain parking facilities or a system of parking facilities, including lots, garages, parking terminals, or other structures or accommodations for parking motor vehicles off the streets and related appurtenances.

(b) The district's parking facilities serve the public purposes of the district and are owned, used, and held for a public purpose even if leased or operated by a private entity for a term of years.

(c) The district's parking facilities are parts of and necessary components of a street and are considered to be a street or road improvement.

(d) The development and operation of the district's parking facilities may be considered an economic development program.

Sec. 3910.110. ANNEXATION OF LAND. The district may annex land as provided by Subchapter J, Chapter 49, Water Code.

Sec. 3910.111. NAVIGATION DISTRICT POWERS. (a) The district has the powers provided by the general law of this state applicable to navigation districts created under Section 59, Article XVI, Texas Constitution, including Chapters 60 and 62, Water Code.

(b) The district may purchase, construct, acquire, own, operate, maintain, improve, or extend, inside and outside the district, a canal, waterway, bulkhead, dock, or other improvement or facility necessary or convenient to accomplish the navigation purposes of the district.

(c) An improvement or facility that is owned, constructed, or financed by the district under this section is subject to any applicable rules, regulations, bylaws, or similar legislative or regulatory acts or policies of the Port of Houston Authority of Harris County, Texas.

(d) This chapter does not supersede or diminish the rights, powers, privileges, and authority of the Port of Houston Authority of Harris County, Texas.

Sec. 3910.112. APPROVAL BY CITY. (a) Except as provided by Subsection (c), the district must obtain the approval of the city for:

(1) the issuance of bonds;

(2) the plans and specifications of an improvement project financed by bonds; and

(3) the plans and specifications of an improvement project related to the use of land owned by the city, an easement granted by the city, or a right-of-way of a street, road, or highway.

(b) The district may not issue bonds until the governing body of the city adopts a resolution or ordinance authorizing the issuance of the bonds.

(c) If the district obtains the approval of the city's governing body of a capital improvements budget for a period not to exceed 10 years, the district may finance the capital improvements and issue bonds specified in the budget without further approval from the city.

(d) The governing body of the city:

(1) is not required to adopt a resolution or ordinance to approve plans and specifications described by Subsection (a); and

(2) may establish an administrative process to approve plans and specifications described by Subsection (a) without the involvement of the governing body.

Sec. 3910.113. COORDINATION WITH EAST END DISTRICT. In determining the improvement projects or services the district provides, the district shall coordinate its efforts with the efforts of the East End district to achieve governmental efficiency and avoid duplication of improvement projects or services. The district may not duplicate an improvement project or service that the East End district provides in the same territory.

Sec. 3910.114. NO EMINENT DOMAIN POWER. The district may not exercise the power of eminent domain.

SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS; ASSESSMENTS

Sec. 3910.151. DISBURSEMENTS AND TRANSFERS OF MONEY. The board by resolution shall establish the number of directors' signatures and the procedure required for a disbursement or transfer of district money.

Sec. 3910.152. MONEY USED FOR IMPROVEMENTS OR SERVICES. The district may acquire, construct, finance, operate, or maintain any improvement or service authorized under this chapter or Chapter 375, Local Government Code, using any money available to the district.

Sec. 3910.153. PETITION REQUIRED FOR FINANCING SERVICES AND IMPROVEMENTS WITH ASSESSMENTS. (a) The board may not finance a service or improvement project with assessments under this chapter unless a written petition requesting that service or improvement has been filed with the board.

(b) A petition filed under Subsection (a) must be signed by the owners of a majority of the assessed value of real property in the district subject to assessment according to the most recent certified tax appraisal roll for the county.

Sec. 3910.154. ASSESSMENTS; LIENS FOR ASSESSMENTS. (a) The board by resolution may impose and collect an assessment for any purpose authorized by this chapter in all or any part of the district.

(b) An assessment, a reassessment, or an assessment resulting from an addition to or correction of the assessment roll by the district, penalties and interest on an assessment or reassessment, an expense of collection, and reasonable attorney's fees incurred by the district:

(1) are a first and prior lien against the property assessed;

(2) are superior to any other lien or claim other than a lien or claim for county, school district, or municipal ad valorem taxes; and

(3) are the personal liability of and a charge against the owners of the property even if the owners are not named in the assessment proceedings.

(c) The lien is effective from the date of the board's resolution imposing the assessment until the date the assessment is paid. The board may enforce the lien in the same manner that the board may enforce an ad valorem tax lien against real property.

(d) The board may make a correction to or deletion from the assessment roll that does not increase the amount of assessment of any parcel of land without providing notice and holding a hearing in the manner required for additional assessments.

Sec. 3910.155. RESIDENTIAL PROPERTY NOT EXEMPT. Section 375.161, Local Government Code, does not apply to a tax authorized or approved by the voters of the district or a required payment for a service provided by the district, including water and sewer services.

Sec. 3910.156. NOTICE TO EAST END DISTRICT. The district shall send to the board of directors of the East End district notice of a hearing regarding an improvement project or service that is to be financed with assessments under this chapter. The district shall send the notice by certified mail, return receipt requested, or by another method determined by the board to provide adequate proof that the notice was timely mailed, not later than the 30th day before the date of the hearing. The notice must contain the information required by Section 375.115(b), Local Government Code.

Sec. 3910.157. TAX AND ASSESSMENT ABATEMENTS. The district may designate reinvestment zones and may grant abatements of district taxes or assessments on property in the zones.

SUBCHAPTER E. TAXES AND BONDS

Sec. 3910.201. ELECTIONS REGARDING TAXES AND BONDS. (a) The district may issue, without an election, bonds, notes, and other obligations secured by:

- (1) revenue other than ad valorem taxes; or
- (2) contract payments described by Section 3910.203.

(b) The district must hold an election in the manner provided by Subchapter L, Chapter 375, Local Government Code, to obtain voter approval before the district may impose an ad valorem tax or issue bonds payable from ad valorem taxes.

(c) Section 375.243, Local Government Code, does not apply to the district.

(d) All or any part of any facilities or improvements that may be acquired by a district by the issuance of its bonds may be submitted as a single proposition or as several propositions to be voted on at the election.

Sec. 3910.202. OPERATION AND MAINTENANCE TAX. (a) If authorized by a majority of the district voters voting at an election held in accordance with Section 3910.201, the district may impose an operation and maintenance tax on taxable property in the district in accordance with Section 49.107, Water Code, for any district purpose, including to:

- (1) maintain and operate the district;
- (2) construct or acquire improvements; or
- (3) provide a service.

(b) The board shall determine the tax rate. The rate may not exceed the rate approved at the election.

(c) Section 49.107(h), Water Code, does not apply to the district.

Sec. 3910.203. CONTRACT TAXES. (a) In accordance with Section 49.108, Water Code, the district may impose a tax other than an operation and maintenance tax and use the revenue derived from the tax to make payments under a contract after the provisions of the contract have been approved by a majority of the district voters voting at an election held for that purpose.

(b) A contract approved by the district voters may contain a provision stating that the contract may be modified or amended by the board without further voter approval.

Sec. 3910.204. AUTHORITY TO BORROW MONEY AND TO ISSUE BONDS AND OTHER OBLIGATIONS. (a) The district may borrow money on terms determined by the board. Section 375.205, Local Government Code, does not apply to a loan, line of credit, or other borrowing from a bank or financial institution secured by revenue other than ad valorem taxes.

(b) The district may issue bonds, notes, or other obligations payable wholly or partly from ad valorem taxes, assessments, impact fees, revenue, contract payments, grants, or other district money, or any combination of those sources of money, to pay for any authorized district purpose.

(c) The limitation on the outstanding principal amount of bonds, notes, and other obligations provided by Section 49.4645, Water Code, does not apply to the district.

Sec. 3910.205. TAXES FOR BONDS. At the time the district issues bonds payable wholly or partly from ad valorem taxes, the board shall provide for the annual imposition of a continuing direct annual ad valorem tax, without limit as to rate or amount, for each year that all or part of the bonds are outstanding as required and in the manner provided by Sections 54.601 and 54.602, Water Code.

Sec. 3910.206. CITY NOT REQUIRED TO PAY DISTRICT OBLIGATIONS. Except as provided by Section 375.263, Local Government Code, the city is not required to pay a bond, note, or other obligation of the district.

SECTION 2. The Harris County Improvement District No. 23 initially includes all territory contained in the following area:

TRACT 1

Being a 102.136 acre (4,449,039 square feet) tract of land situated in the S.M. Harris Survey, Abstract No. 327, the Darius Gregg Survey, Abstract No. 283 and the Harris & Wilson Survey, Abstract No. 32, Harris County, Texas, being a portion of a called 104.25 acre tract described as Tract 1, Exhibit F and a portion of Tract 5, Exhibit F, both described in a special warranty deed dated January 2, 1990 from BROWN & ROOT I, INC. to BROWN & ROOT CORPORATE SERVICES, INC. as recorded under File No. M938947 of the Harris County Official Public Records of Real Property (H.C.O.P.R.R.P.), being all of a called 2.736 acre tract conveyed in a special warranty deed dated May 24, 2004 from KELLOGG BROWN & ROOT, INC. to KBR TECHNICAL SERVICES, INC. as recorded under File No. X640714 of said H.C.O.P.R.R.P. and being all of a called 0.0784 acre tract conveyed in warranty deed dated June 21, 1990 from ADAMS RESOURCES & ENERGY, INC. to BROWN & ROOT CORPORATE SERVICES, INC. as recorded under File No. M691219 of said H.C.O.P.R.R.P., said 102.136 acre tract being all of Blocks 50, 51 and 60 of the L.B. Swiney's Addition, a subdivision of record according to the map or plat thereof recorded under Volume 6, Page 610 of the Harris County Deed Records (H.C.D.R.), being all of Blocks 4 and 25 of the Cage Addition, a subdivision of record according to the map or plat thereof recorded under Volume 43, Page 385 of said H.C.D.R. and being a portion of Lots 1 through 8, Block 4 of the William A. Wilson Company Subdivision, a subdivision of record according to the map or plat thereof recorded under Volume 317, Page 298 of said H.C.D.R., said 102.136 acre tract being more particularly described by metes and bounds as follows with all bearings referenced to the Texas State Plane Coordinate System of 1983 (1993 Adjustment), South Central Zone. All coordinates and distances shown herein are surface values and may be converted to grid by multiplying by a combined scale factor of 0.999889585;

BEGINNING at a 5/8-inch iron rod (N = 13,845,069.64, East = 3,131,004.78) found at the point of intersection of the southerly right-of-way line of Richardson Drive (40' wide) with the easterly right-of-way line of Grove Street (60' wide) for the northwest corner of Block 50 of said L.B. Swiney's Addition and being the most westerly northwest corner of said 104.25 acre tract;

THENCE, North 87°03'43" East, along the southerly right-of-way line of Richardson Drive, a distance of 275.58 feet to a PK nail found for corner at the intersection of the easterly projection of the southerly right-of-way line of Richardson Drive with the southerly projection of the easterly right-of-way line of Gregg Street for an angle point in said 104.25 acre tract;

THENCE, North $02^{\circ}36'08''$ West, along the projected easterly right-of-way line of Gregg Street, passing at a distance of 31.07 feet, the southwest corner of Block 4 of said Cage Addition, same being an angle point in said 104.25 acre tract, and continuing along the easterly right-of-way line of Gregg Street and the westerly line of said Block 4 for a total distance of 231.07 feet to a 5/8-inch iron rod with plastic cap stamped "SURVCON INC." set in the southerly right-of-way line of Clinton Drive (width varies) for the northwest corner of said Block 4;

THENCE, along the southerly right-of-way line of Clinton Drive, the following courses:

North $87^{\circ}23'52''$ East, a distance of 540.00 feet to an "X" in concrete found in the westerly right-of-way line of Bringham Street (40' wide) for angle point and being the northeast corner of Block 25 of said Cage Addition;

North $74^{\circ}45'40''$ East, a distance of 51.25 feet to a 5/8-inch iron rod with plastic cap stamped "SURVCON INC." set in the easterly right-of-way line of Bringham Street for the beginning of a non-tangent curve to the left;

An arc distance of 228.80 feet, along said curve to the left, having a radius of 340.40 feet, a delta angle of $38^{\circ}30'38''$ and a chord bearing and distance of North $61^{\circ}04'34''$ East, 224.51 feet to a 5/8-inch iron rod found for a point of tangency;

North $41^{\circ}49'15''$ East, a distance of 12.60 feet to a 5/8-inch iron rod found for corner;

South $87^{\circ}24'15''$ West, a distance of 11.40 feet to a 5/8-inch iron rod found for corner;

North $41^{\circ}49'15''$ East, a distance of 31.00 feet a point for the beginning of a non-tangent curve to the right, from which a found 5/8-inch iron rod bears North $60^{\circ}15'$ East, 0.33 feet;

An arc distance of 170.31 feet, along said curve to the right, having a radius of 272.90 feet, a delta angle of $35^{\circ}45'21''$ and a chord bearing and distance of North $59^{\circ}41'56''$ East, 167.56 feet to an "X" in concrete found for the end of said curve to the right;

North $87^{\circ}24'15''$ East, passing at a distance of 1,133.91 feet, a 5/8-inch iron rod found for the northwest corner of said 2.736 acre tract, continuing and passing at a distance of 1,193.91 feet, a 5/8-inch iron rod found for the northeast corner of said 2.736 acre tract, and continuing for a total distance of 1,293.20 feet to a 5/8-inch iron rod found for the most northerly northeast corner of said 104.25 acre tract;

South $02^{\circ}51'30''$ East, a distance of 10.55 feet to a 5/8-inch iron rod found for angle point;

North $87^{\circ}08'30''$ East, passing at a distance of 80.00 feet, the northwest corner of said 0.0784 acre tract, and continuing for a total distance of 228.00 feet to a 5/8-inch iron rod found for a cutback corner, same being the most northerly northeast corner of said 0.0784 acre tract;

THENCE, South $47^{\circ}51'30''$ East, along a cutback line, a distance of 21.21 feet to a 5/8-inch iron rod with plastic cap stamped "SURVCON INC." set for corner in the westerly right-of-way line of Hirsch Street (100 feet wide), same being the most easterly northeast corner of said 0.0784 acre tract;

THENCE, South $02^{\circ}51'30''$ East, along said westerly right-of-way line of Hirsch Street and the easterly line of said 0.0784 acre tract, passing at a distance of 179.15 feet, a 1/2-inch iron rod found for the southeast corner of said 0.0784 acre tract and the most easterly northeast corner of said 104.25 acre tract, continuing along said westerly right-of-way line of Hirsch Street and the easterly line of said 104.25 acre tract, passing at a distance of 660.00 feet, a 5/8-inch iron rod found for an angle point in said 104.25 acre tract, same being the northwest corner of a called 0.2865 acre roadway easement conveyed to the City of Houston and described as Tract 4 in deed recorded in Volume 3468, Page 487 of said H.C.D.R., and continuing along the westerly right-of-way easement line of Hirsch Street, for a total distance of 818.07 feet to a point for the beginning of a tangent curve to the right;

THENCE, an arc distance of 1,095.02 feet, continuing along said westerly right-of-way easement line of Hirsch Street and along said curve to the right, having a radius of 1,587.02 feet, a delta angle of $39^{\circ}32'00''$ and a chord bearing and distance of South $16^{\circ}54'30''$ West, 1,073.43 feet to 3/4-inch iron rod found for the point of tangency;

THENCE, South $36^{\circ}40'30''$ West, continuing along said westerly right-of-way easement line of Hirsch Street, a distance of 85.13 feet to a point in the northerly line of Buffalo Bayou and the southerly line of said 104.25 acre tract;

THENCE, along the meanders of the northerly line of Buffalo Bayou and along the southerly line of said 104.25 acre tract, the following courses:

North $81^{\circ}21'02''$ West, a distance of 294.22 feet to a point for corner;

South $81^{\circ}17'51''$ West, a distance of 92.69 feet to a point for corner;

South $71^{\circ}46'20''$ West, a distance of 87.60 feet to a point for corner;

South $56^{\circ}00'12''$ West, a distance of 139.78 feet to a point for corner;

South $42^{\circ}22'06''$ West, a distance of 530.18 feet to a point for corner;

South $86^{\circ}47'52''$ West, a distance of 13.79 feet to a point for corner;

South $43^{\circ}55'05''$ West, a distance of 65.25 feet to a point for corner;

South $74^{\circ}12'42''$ West, a distance of 73.39 feet to a point for corner;

South $80^{\circ}29'10''$ West, a distance of 95.12 feet to a point for corner;

North $62^{\circ}25'33''$ West, a distance of 84.80 feet to a point for corner;

North $23^{\circ}26'39''$ West, a distance of 96.22 feet to a point for corner;

North $48^{\circ}58'41''$ West, a distance of 75.07 feet to a point for corner;

North $22^{\circ}52'13''$ West, a distance of 70.85 feet to a point for corner;

North $00^{\circ}23'51''$ East, a distance of 570.94 feet to a point for the most

southerly corner of said 2.736 acre tract;

North $00^{\circ}03'45''$ East, along the westerly line of said 2.736 acre tract, a distance of 60.38 feet to an angle point in the northwesterly line of said 2.736 acre tract;

North $17^{\circ}43'38''$ West, a distance of 86.97 feet to a point for corner;

North $35^{\circ}56'28''$ West, a distance of 143.97 feet to a point for corner;

North $61^{\circ}18'39''$ West, a distance of 144.29 feet to a point for corner;

North $83^{\circ}06'56''$ West, a distance of 306.10 feet to a point for corner;

South $88^{\circ}11'58''$ West, a distance of 152.95 feet to a point for corner;

North $89^{\circ}23'55''$ West, a distance of 158.35 feet to a point for corner;

North $81^{\circ}40'26''$ West, a distance of 86.39 feet to a point for corner;

North 79°43'08" West, a distance of 97.41 feet to a point in said easterly right-of-way line of Grove Street for the southwest corner of said 104.25 acre tract;

THENCE, North 02°56'17" West, along said easterly right-of-way line of Grove Street and the westerly line of said 104.25 acre tract, passing at a distance of 65.05 feet, a found 5/8-inch iron rod, and continuing for a total distance of 705.08 feet to the POINT OF BEGINNING, containing a computed area of 102.136 acres (4,449,039 square feet) of land. Said 102.136 acre tract being subject to portions of three (3) existing roadways defined as follows: 1.) a 0.542 acre (23,589 square feet) tract within the right-of-way of Richardson Drive between the easterly right-of-way line of Gregg Street and the easterly right-of-way line of Bringhurst Street, 2.) a 0.184 acre (7,997 square feet) tract within the right-of-way of Cage Street between the southerly right-of-way line of Clinton Drive and the northerly right-of-way line of Richardson Drive and 3.) a 0.236 acre (10,280 square feet) tract within the right-of-way of Bringhurst Street between the southerly right-of-way line of Clinton Drive and the northerly right-of-way line of Richardson Drive.

TRACT 2

Being a 4.059 acre (176,821 square feet) tract of land situated in the Darius Gregg Survey, Abstract No. 283 and the Harris & Wilson Survey, Abstract No. 32, Harris County, Texas, being a portion of a called 104.25 acre tract described as Tract 1 of Exhibit F in a special warranty deed dated January 2, 1990 from BROWN & ROOT I, INC. to BROWN & ROOT CORPORATE SERVICES, INC. as recorded under File No. M938947 of the Harris County Official Public Records of Real Property (H.C.O.P.R.R.P.), said 4.059 acre tract being more particularly described by metes and bounds as follows with all bearings referenced to the Texas State Plane Coordinate System of 1983 (1993 Adjustment), South Central Zone. All coordinates and distances shown herein are surface values and may be converted to grid by multiplying by a combined scale factor of 0.999889585:

BEGINNING at a 5/8-inch iron rod (N = 13,844,963.67, East = 3,133,786.01) found in the existing westerly right-of-way line of Hirsch Street (width varies) for an angle point in the easterly line of said 104.25 acre tract, same being the northwest corner of a called 0.2865 acre roadway easement conveyed to the City of Houston and described as Tract 4 in deed recorded in Volume 3468, Page 487 of the Harris County Deed Records (H.C.D.R.);

THENCE, North 87°42'30" East, along the easterly line of said 104.25 acre tract and along the northerly line of said 0.2865 acre roadway easement, a distance of 41.88 feet to an "X" in concrete found for an angle point in the easterly line of said 104.25 acre tract and the northeast corner of said 0.2865 acre roadway easement;

THENCE, South 02°17'32" East, along the easterly line of said 104.25 acre tract, a distance of 1,163.73 feet to a point in the northerly line of Buffalo Bayou;

THENCE, along the meanders of the northerly line of Buffalo Bayou and along the southerly line of said 104.25 acre tract, the following courses:

South 40°14'22" West, a distance of 42.90 feet to a point for corner;

South 75°00'39" West, a distance of 50.16 feet to a point for corner;

South 84°00'51" West, a distance of 77.13 feet to a point for corner;

South 83°31'17" West, a distance of 214.24 feet to a point for corner;

South 74°08'41" West, a distance of 61.85 feet to a point for corner;

North 81°21'02" West, a distance of 18.52 feet to a point for the southwest corner of a called 1,595 square foot roadway easement conveyed to the City of Houston and described as Tract 1 in deed recorded in Volume 3468, Page 487 of said H.C.D.R.;

THENCE, North 36°40'30" East, along the westerly right-of-way easement line of Hirsch Street, a distance of 85.13 feet to a 3/4-inch iron rod found for the beginning of a tangent curve to the left;

THENCE, an arc distance of 1,095.02 feet, continuing along the westerly right-of-way easement line of Hirsch Street and along said curve to the left, having a radius of 1,587.02 feet, a delta angle of 39°32'00" and a chord bearing and distance of North 16°54'30" East, 1,073.43 feet to the point of tangency;

THENCE, North 02°51'30" West, continuing along the westerly right-of-way easement line of Hirsch Street, a distance of 158.07 feet to the POINT OF BEGINNING, containing a computed area of 4.059 acres (176,821 square feet) of land. Said 4.059 acre tract being subject to an existing roadway easement defined as follows: a 2.392 acre (104,206 square feet) tract within the right-of-way easement of Hirsch Street along the westerly line of said 4.059 acre tract.

TRACT 3

Being a 24.983 acre (1,088,253 square feet) tract of land situated in the S.M. Harris Survey, Abstract No. 327, Harris County, Texas, and being all of a called 24.92 acre tract described as Tract 2 of Exhibit F in a special warranty deed dated January 2, 1990 from BROWN & ROOT I, INC. to BROWN & ROOT CORPORATE SERVICES, INC. as recorded under File No. M938947 of the Harris County Official Public Records of Real Property (H.C.O.P.R.R.P.), same being all of Blocks 43, 44, 45 46, 47, 48, 53, 54, 55, 56, 57 and 58 of the L.B. Swiney's Addition, a subdivision of record according to the map or plat thereof recorded under Volume 6, Page 610 of the Harris County Deed Records (H.C.D.R.), said Blocks 43, 44 and 45 also being defined in the Swiney Addition, a subdivision of record according to the map or plat thereof recorded under Volume 1A, Page 65 of the Harris County Map Records (H.C.M.R.), and being all of Blocks 16, 17, 18, 21 and Tract C of the Barnes & Wetmore Addition, a subdivision of record according to the map or plat thereof recorded under Volume 37, Page 77 of said H.C.M.R., and being all of Lots 1, 2, 3, 4, 7, 8, 9, 10 and 11 and a portion of Lot 6 of Block 19, all of Lots 1, 2, 3, 4, 12, 13 and 14 and a portion of Lots 5 and 10 of Block 20 and a portion of Tract B, all of said Barnes & Wetmore Addition, and being a portion of the abandoned public streets by City of Houston Ordinance No.(s) 2601, 2988 and 2986, as recorded in Volume 1779, Page 159, Volume 1825, Page 235 and Volume 3218, Page 132, respectively, all of said H.C.D.R., said 24.983 acre tract being more particularly described by metes and bounds as follows with all bearings referenced to the Texas State Plane Coordinate System of 1983 (1993 Adjustment), South Central Zone. All coordinates and distances shown herein are surface values and may be converted to grid by multiplying by a combined scale factor of 0.999889585:

BEGINNING at a 5/8-inch iron rod (N = 13,845,290.36, East = 3,130,622.97) found at the point of intersection of the southerly right-of-way line of Clinton Drive (width varies) with the westerly right-of-way line of Bayou Street (60' wide) for the common northeast corner of said 24.92 acre tract and Lot 1, Block 43 of said L.B. Swiney's Addition;

THENCE, South $02^{\circ}56'17''$ East, along the westerly right-of-way line of Bayou Street and the easterly line of said 24.92 acre tract, passing at a distance of 750.00 feet, a found 5/8-iron rod, and continuing for a total distance of 811.60 feet to a point in the northerly line of Buffalo Bayou for the common southeast corner of said 24.92 acre tract and said Block 58;

THENCE, along the meanders of the northerly line of Buffalo Bayou and along the southerly line of said 24.92 acre tract, the following courses:

North $84^{\circ}59'39''$ West, a distance of 126.92 feet to a point for corner;

South $85^{\circ}43'56''$ West, a distance of 185.30 feet to a point for corner;

South $72^{\circ}56'47''$ West, a distance of 78.42 feet to a point for corner;

South $56^{\circ}53'10''$ West, a distance of 405.98 feet to a point for corner;

South $60^{\circ}22'55''$ West, a distance of 78.78 feet to a point for corner;

South $72^{\circ}14'30''$ West, a distance of 84.28 feet to a point for corner;

South $84^{\circ}58'16''$ West, a distance of 63.45 feet to a point for corner;

North $87^{\circ}53'15''$ West, a distance of 129.94 feet to a point for the southwest corner of said 24.92 acre tract;

THENCE, along the westerly line of said 24.92 acre tract, the following courses:

North $06^{\circ}46'38''$ West, a distance of 263.23 feet to a point for corner, from which a found 5/8-inch iron rod bears South $73^{\circ}45'$ West, 0.30 feet;

North $12^{\circ}46'38''$ West, a distance of 185.40 feet to a point for corner, from which a found 5/8-inch iron rod bears South $88^{\circ}16'$ East, 0.33 feet;

North $22^{\circ}58'38''$ West, a distance of 192.60 feet to a point for corner, from which a found 5/8-inch iron rod bears South $00^{\circ}00'$ West, 0.21 feet;

North $15^{\circ}42'38''$ West, a distance of 131.20 feet to a point for corner, from which a found 5/8-inch iron rod bears South $44^{\circ}08'$ East, 0.23 feet;

North $05^{\circ}54'38''$ West, a distance of 286.20 feet to a 60d nail found for corner;

North $02^{\circ}42'02''$ East, a distance of 29.48 feet to a point for corner in the southerly right-of-way line of Clinton Drive for the northwest corner of said 24.92 acre tract, from which a found 5/8-inch iron rod bears South $83^{\circ}37'$ East, 0.20 feet;

THENCE, North $87^{\circ}03'43''$ East, along the southerly right-of-way line of Clinton Drive, a distance of 1,238.93 feet to the POINT OF BEGINNING, containing a computed area of 24.983 acres (1,088,253 square feet) of land. Said 24.983 acre tract being subject to portions of three (3) existing roadways defined as follows: 1.) a 0.753 acre (32,800 square feet) tract within the right- of-way of Richardson Drive between the westerly right-of-way line of Bayou Street and a line 200 feet west of the westerly right-of-way line of Meadow Street, 2.) a 0.275 acre (12,000 square feet) tract within the right-of-way of Meadow Street between the southerly right-of-way line of Clinton Drive and the northerly right-of-way line of Richardson Drive and 3.) a

0.275 acre (12,000 square feet) tract within the right-of-way of Sydnor Street between the southerly right-of-way line of Clinton Drive and the northerly right-of-way line of Richardson Drive.

TRACTS 4-7

Being 4.592 acres (200,000 square feet) of land situated in the S. M. Harris Survey, Abstract No. 327 and being out of the L.B. Swiney's Addition, a subdivision of record according to the map or plat thereof recorded under Volume 6, Page 610 of the Harris County Deed Records (H.C.D.R.). Said 4.592 acre tract being comprised of four (4) tracts defined as follows:

TRACT 4

A 1.148 acre (50,000 square feet) tract of land, being all of Lots 1 through 10, Block 52 of said L.B. Swiney's Addition, being a portion of Tracts 4 and 5 of Exhibit F as described in deed dated January 2, 1990 from BROWN & ROOT I, INC. to BROWN & ROOT CORPORATE SERVICES, INC. as recorded under File No. M938947 of the Harris County Official Public Records of Real Property (H.C.O.P.R.R.P.).

TRACT 5

A 1.148 acre (50,000 square feet) tract of land, being all of Lots 1 through 10, Block 49 of said L.B. Swiney's Addition and described as follows: All of Lots 1 through 7 and Lot 10, Block 49, being a portion of Tract 4 of Exhibit F as described in said deed recorded under File No. M938947 of said H.C.O.P.R.R.P.; and all of Lots 8 and 9, Block 49 described as a called 10,000 square foot tract of land addressed in a May 22, 1996 motion under City of Houston Ordinance 96-456 as recorded under File No. S023877 of said H.C.O.P.R.R.P., said 10,000 square foot tract of land being conveyed in a special warranty deed dated July 18, 1996 from the City of Houston to BROWN & ROOT CORPORATE SERVICES, INC. as recorded under File No. S023876 of said H.C.O.P.R.R.P.

TRACT 6

A 1.148 acre (50,000 square feet) tract of land, being all of Lots 1 through 10, Block 42 of said L.B. Swiney's Addition, being all of Tracts 7, 10, 11 and 13 and a portion of Tract 5 of Exhibit F as described in said deed recorded under File No. M938947 of said H.C.O.P.R.R.P.

TRACT 7

A 1.148 acre (50,000 square feet) tract of land, being all of Lots 1 through 10, Block 41 of said L.B. Swiney's Addition, being all of Tracts 6, 8, 9, 12 and 14 and a portion of Tract 5 of Exhibit F as described in said deed recorded under File No. M938947 of said H.C.O.P.R.R.P.

SECTION 3. Section 2, Chapter 358, Acts of the 82nd Legislature, Regular Session, 2011, is amended to read as follows:

Sec. 2. BOUNDARIES. The Near Northside Management District initially includes all the territory contained in the following area:

In Harris County, Texas, the territory enclosed by Loop 610 as the north boundary, Lockwood Dr. as the east boundary, Buffalo Bayou [~~Interstate 10~~] as the south boundary, and Jensen Dr. as the west boundary.

SECTION 4. (a) The legal notice of the intention to introduce this Act, setting forth the general substance of this Act, has been published as provided by law, and the notice and a copy of this Act have been furnished to all persons, agencies, officials, or entities to which they are required to be furnished under Section 59, Article XVI, Texas Constitution, and Chapter 313, Government Code.

(b) The governor, one of the required recipients, has submitted the notice and Act to the Texas Commission on Environmental Quality.

(c) The Texas Commission on Environmental Quality has filed its recommendations relating to this Act with the governor, lieutenant governor, and speaker of the house of representatives within the required time.

(d) The general law relating to consent by political subdivisions to the creation of districts with conservation, reclamation, and road powers and the inclusion of land in those districts has been complied with.

(e) All requirements of the constitution and laws of this state and the rules and procedures of the legislature with respect to the notice, introduction, and passage of this Act have been fulfilled and accomplished.

SECTION 5. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2013.

The amendment was read.

Senator Ellis moved that the Senate do not concur in the House amendment, but that a conference committee be appointed to adjust the differences between the two Houses on the bill.

The motion prevailed without objection.

The Presiding Officer asked if there were any motions to instruct the conference committee on **SB 690** before appointment.

There were no motions offered.

The Presiding Officer announced the appointment of the following conferees on the part of the Senate: Senators Ellis, Chair; Garcia, Hinojosa, Taylor, and Nichols.

SENATE BILL 700 WITH HOUSE AMENDMENTS (Motion In Writing)

Senator Hegar submitted a Motion In Writing to call **SB 700** from the President's table for consideration of the House amendments to the bill.

The Motion In Writing prevailed without objection.

The Presiding Officer laid the bill and the House amendments before the Senate.

Amendment

Amend **SB 700** by substituting in lieu thereof the following:

A BILL TO BE ENTITLED AN ACT

relating to energy and water management planning and reporting by state agencies and institutions of higher education.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. The heading to Section 447.009, Government Code, is amended to read as follows:

Sec. 447.009. ENERGY AND WATER MANAGEMENT PLANNING; REPORTING.

SECTION 2. Section 447.009, Government Code, is amended by amending Subsection (c) and adding Subsection (e) to read as follows:

(c) The state energy conservation office shall prepare guidelines for preparation of the plan described in Subsection (a)(3) and develop a template for state agencies and institutions of higher education to use in creating the plan. Each state agency and institution of higher education shall set percentage goals for reducing the agency's or institution's use of energy and water and include those goals in the agency's or institution's comprehensive energy and water management plan. A state agency or an institution of higher education that occupies a state-owned building shall prepare and implement a five-year energy and water management plan and shall submit that plan to the office upon request. The agency or institution shall update its plan annually [biennially]. A state agency or an institution of higher education that occupies a building not owned by the state shall cooperate with the office in addressing the energy or water management of that building.

(e) Not later than December 1 of each even-numbered year, the state energy conservation office shall submit a report to the governor and the Legislative Budget Board on the status and effectiveness of the utility management and conservation efforts of state agencies and institutions of higher education. The report must include information submitted to the office from each state agency and institution of higher education. The office shall post the report on the office's Internet website.

SECTION 3. This Act takes effect September 1, 2013.

Floor Amendment No. 1

Amend **CSSB 700** (house committee printing) on page 2, line 10, after the period, by inserting "This subsection expires September 1, 2019."

The amendments were read.

Senator Hegar moved that the Senate do not concur in the House amendments, but that a conference committee be appointed to adjust the differences between the two Houses on the bill.

The motion prevailed without objection.

The Presiding Officer asked if there were any motions to instruct the conference committee on **SB 700** before appointment.

There were no motions offered.

The Presiding Officer announced the appointment of the following conferees on the part of the Senate: Senators Hegar, Chair; Birdwell, Schwertner, Rodríguez, and Zaffirini.

SENATE BILL 1458 WITH HOUSE AMENDMENTS

Senator Duncan called **SB 1458** from the President's table for consideration of the House amendments to the bill.

The Presiding Officer laid the bill and the House amendments before the Senate.

Floor Amendment No. 1

Amend **SB 1458** (house committee printing) on page 6, line 25, by striking "August 31, 1999" and substituting "August 31, 2004".

Floor Amendment No. 2

Amend **SB 1458** (house committee printing) as follows:

(1) On page 2, lines 9 through 11, strike "does not have at least five years of service credit in the retirement system on or before August 31, 2014, or who".

(2) On page 3, lines 21 through 23, strike "does not have at least five years of service credit in the retirement system on or before August 31, 2014, or who".

(3) On page 5, lines 13 through 15, strike "does not have at least five years of service credit in the retirement system on or before August 31, 2014, or who".

(4) Strike page 14, line 18, through page 15, line 15.

(5) Strike page 15, line 22, through page 16, line 26.

(6) On page 17, line 2, strike "Section" and substitute "Sections 821.006 and".

(7) Add the following appropriately numbered SECTIONS to the bill:

SECTION _____. Section 821.006, Government Code, is amended by adding Subsections (c), (d), and (e) to read as follows:

(c) Notwithstanding Subsections (a) and (b), the retirement system may provide a one-time supplemental payment to an annuitant eligible to receive:

(1) a standard retirement annuity payment;

(2) an optional retirement annuity payment as either a retiree or beneficiary;

(3) a life annuity payment under Section 824.402(a)(4);

(4) an annuity for a guaranteed period of 60 months under Section 824.402(a)(3); or

(5) an alternate payee annuity payment under Section 804.005.

(d) A one-time supplemental payment under Subsection (c) is authorized, even if the amortization period for the unfunded actuarial liabilities of the retirement system exceeds 30 years by one or more years, only if the board of trustees determines that at the time of the supplemental payment the payment can be made while preserving the ability of the retirement system to meet at least 80 percent of the system's pension obligations.

(e) The funding for a one-time supplemental payment under Subsection (c) must come from the earnings the retirement system makes on its investments as provided by this subsection. The supplemental payment may be made at any time during the period beginning September 1, 2013, and ending December 31, 2015, only if, during the preceding fiscal year, the return on investments, as provided by the actuarial valuation on August 31 of that year, exceeds eight percent by an amount sufficient to pay for the supplemental payment. Subsections (c) and (d) and this subsection expire January 1, 2016.

SECTION _____. Section 821.006, Government Code, as amended by this Act, is not intended to supplant the power or discretion of the legislature to provide supplemental payments to annuitants of the Teacher Retirement System of Texas. That

section provides an additional tool by which the legislature may provide those annuitants with a much-needed one-time supplemental payment without requesting additional funds from general revenue.

SECTION _____. (a) The Teacher Retirement System of Texas shall make a one-time supplemental payment of a retirement or death benefit, as provided by Section 821.006, Government Code, as amended by this Act, and this section.

(b) The supplemental payment is payable not later than December 31, 2015, and, to the extent practicable, on a date or dates that coincide with the regular annuity payment payable to each eligible annuitant.

(c) The amount of the supplemental payment is equal to the lesser of:

(1) the gross amount of the regular annuity payment to which the eligible annuitant is otherwise entitled for the month of August 2013; or

(2) \$2,400.

(d) The supplemental payment is payable without regard to any forfeiture of benefits under Section 824.601, Government Code. The Teacher Retirement System of Texas shall make applicable tax withholding and other legally required deductions before disbursing the supplemental payment. A supplemental payment under this section is in addition to and not in lieu of the regular monthly annuity payment to which the eligible annuitant is otherwise entitled.

(e) Subject to Subsection (f) of this section, to be eligible for the supplemental payment, a person must be, for the month of August 2013, and disregarding any forfeiture of benefits under Section 824.601, Government Code, an annuitant eligible to receive:

(1) a standard retirement annuity payment;

(2) an optional retirement annuity payment as either a retiree or beneficiary;

(3) a life annuity payment under Section 824.402(a)(4), Government Code;

(4) an annuity for a guaranteed period of 60 months under Section 824.402(a)(3), Government Code; or

(5) an alternate payee annuity payment under Section 804.005, Government Code.

(f) If the annuitant is a retiree or a beneficiary under an optional retirement payment plan, to be eligible for the supplemental payment, the effective date of the retirement of the member of the Teacher Retirement System of Texas must have been on or before December 31, 2010. If the annuitant is a beneficiary under Section 824.402(a)(3) or (4), Government Code, to be eligible for the supplemental payment, the date of death of the member of the retirement system must have been on or before December 31, 2010. The supplemental payment shall be made to an alternate payee who is an annuitant under Section 804.005, Government Code, only if the annuity payment to the alternate payee commenced on or before December 31, 2010. The supplemental payment is in addition to the guaranteed number of payments under Section 824.402(a)(3), 824.204(c)(3) or (4), or 824.308(c)(3) or (4), Government Code, and may not be counted as one of the guaranteed monthly payments.

(g) The supplemental payment does not apply to payments under:

(1) Section 824.304(a), Government Code, relating to disability retirees with less than 10 years of service credit;

(2) Section 824.804(b), Government Code, relating to participants in the deferred retirement option plan with regard to payments from their deferred retirement option plan accounts;

(3) Section 824.501(a), Government Code, relating to retiree survivor beneficiaries who receive a survivor annuity in an amount fixed by statute; or

(4) Section 824.404(a), Government Code, relating to active member survivor beneficiaries who receive a survivor annuity in an amount fixed by statute.

(h) Except as provided by this section, the board of trustees of the Teacher Retirement System of Texas shall determine the eligibility for and the amount and timing of a supplemental payment and the manner in which the payment is made.

SECTION _____. The change in law made by this Act to Chapter 1575, Insurance Code, applies only to a person who becomes a member of the Teacher Retirement System of Texas on or after September 1, 2014. A person who becomes a member of the retirement system before September 1, 2014, is governed by the law in effect immediately before that date, and that law is continued in effect for that purpose.

(8) Renumber the SECTIONS of the bill accordingly.

Floor Amendment No. 3

Amend **SB 1458** (house committee printing) as follows:

(1) On page 1, line 8, strike "Subsections (a-2), (b-2), and (d-2)" and substitute "Subsections (a-2), (a-3), (b-2), (b-3), (d-2), and (d-3)".

(2) On page 2, line 9, strike "This" and substitute "Except as provided by Subsection (a-3), this".

(3) On page 2, between lines 20 and 21, insert the following:

(a-3) Subsection (a-2) does not apply to a member who is a peace officer licensed under Subchapter G, Chapter 1701, Occupations Code, and who is employed and commissioned as a peace officer under Section 37.081 or 51.203, Education Code, and assigned to the duty of a peace officer at the time the member retires. A person described by this subsection is subject to Subsection (a) or (a-1), as appropriate. This subsection does not apply to a member who is employed as security personnel under Section 37.081, Education Code, and assigned to the duty of security personnel at the time the member retires.

(4) On page 3, line 21, strike "This" and substitute "Except as provided by Subsection (b-3), this".

(5) On page 4, between lines 9 and 10, insert the following:

(b-3) Subsection (b-2) does not apply to a member who is a peace officer licensed under Subchapter G, Chapter 1701, Occupations Code, and who is employed and commissioned as a peace officer under Section 37.081 or 51.203, Education Code, and assigned to the duty of a peace officer at the time the member retires. A person described by this subsection is subject to Subsection (b) or (b-1), as appropriate. This subsection does not apply to a member who is employed as security personnel under Section 37.081, Education Code, and assigned to the duty of security personnel at the time the member retires.

(6) On page 5, line 13, strike "This" and substitute "Except as provided by Subsection (d-3), this".

(7) On page 5, between lines 24 and 25, insert the following:

(d-3) Subsection (d-2) does not apply to a member who is a peace officer licensed under Subchapter G, Chapter 1701, Occupations Code, and who is employed and commissioned as a peace officer under Section 37.081 or 51.203, Education Code, and assigned to the duty of a peace officer at the time the member retires. A person described by this subsection is subject to Subsection (d) or (d-1), as appropriate. This subsection does not apply to a member who is employed as security personnel under Section 37.081, Education Code, and assigned to the duty of security personnel at the time the member retires.

The amendments were read.

Senator Duncan moved that the Senate do not concur in the House amendments, but that a conference committee be appointed to adjust the differences between the two Houses on the bill.

The motion prevailed without objection.

The Presiding Officer asked if there were any motions to instruct the conference committee on **SB 1458** before appointment.

There were no motions offered.

The Presiding Officer announced the appointment of the following conferees on the part of the Senate: Senators Duncan, Chair; Watson, Davis, Williams, and Seliger.

CONFERENCE COMMITTEE ON HOUSE BILL 396

Senator Huffman called from the President's table, for consideration at this time, the request of the House for a conference committee to adjust the differences between the two Houses on **HB 396** and moved that the request be granted.

The motion prevailed without objection.

The Presiding Officer asked if there were any motions to instruct the conference committee on **HB 396** before appointment.

There were no motions offered.

Accordingly, the Presiding Officer announced the appointment of the following conferees on the part of the Senate: Senators Huffman, Chair; Patrick, Van de Putte, Fraser, and Uresti.

CONFERENCE COMMITTEE ON HOUSE BILL 429

Senator Zaffirini called from the President's table, for consideration at this time, the request of the House for a conference committee to adjust the differences between the two Houses on **HB 429** and moved that the request be granted.

The motion prevailed without objection.

The Presiding Officer asked if there were any motions to instruct the conference committee on **HB 429** before appointment.

There were no motions offered.

Accordingly, the Presiding Officer announced the appointment of the following conferees on the part of the Senate: Senators Zaffirini, Chair; Hinojosa, Nichols, Taylor, and Carona.

CONFERENCE COMMITTEE ON HOUSE BILL 773

Senator Schwertner called from the President's table, for consideration at this time, the request of the House for a conference committee to adjust the differences between the two Houses on **HB 773** and moved that the request be granted.

The motion prevailed without objection.

The Presiding Officer asked if there were any motions to instruct the conference committee on **HB 773** before appointment.

There were no motions offered.

Accordingly, the Presiding Officer announced the appointment of the following conferees on the part of the Senate: Senators Schwertner, Chair; Patrick, Campbell, Lucio, and Paxton.

HOUSE BILL 1897 ON SECOND READING

Senator Carona moved to suspend the regular order of business to take up for consideration **HB 1897** at this time on its second reading:

HB 1897, Relating to the exemption from ad valorem taxation of pollution control property.

The motion prevailed by the following vote: Yeas 23, Nays 8.

Yeas: Carona, Davis, Deuell, Duncan, Ellis, Eltife, Estes, Garcia, Hegar, Hinojosa, Huffman, Lucio, Nelson, Rodríguez, Seliger, Taylor, Uresti, Van de Putte, Watson, West, Whitmire, Williams, Zaffirini.

Nays: Birdwell, Campbell, Fraser, Hancock, Nichols, Patrick, Paxton, Schwertner.

The bill was read second time.

Senator Carona offered the following amendment to the bill:

Floor Amendment No. 1

Amend **HB 1897** (senate committee printing) by striking all below the enacting clause and substituting the following:

SECTION 1. Section 11.31, Tax Code, is amended by adding Subsection (e-1) to read as follows:

(e-1) The executive director shall issue a determination letter required by Subsection (d) to the person seeking the exemption, and the commission shall take final action on the initial appeal under Subsection (e) if an appeal is made, not later than the first anniversary of the date the person submits the information required by Subsection (c).

SECTION 2. Section 42.43, Tax Code, is amended by adding Subsections (j) and (k) to read as follows:

(j) A property owner is not entitled to a refund under this section resulting from the final determination of an appeal of the denial of an exemption under Section 11.31, wholly or partly, unless the property owner is entitled to the refund under Subsection (a) or has entered into a written agreement with the chief appraiser that

authorizes the refund as part of an agreement related to the taxation of the property pending a final determination by the Texas Commission on Environmental Quality under Section 11.31.

(k) Not later than the 10th day after the date a property owner and the chief appraiser enter into a written agreement described by Subsection (j), the chief appraiser shall provide to each taxing unit that taxes the property a copy of the agreement. The agreement is void if a taxing unit that taxes the property objects in writing to the agreement on or before the 60th day after the date the taxing unit receives a copy of the agreement.

SECTION 3. Not later than September 1, 2014, the Texas Commission on Environmental Quality shall adopt rules to implement Section 11.31(e-1), Tax Code, as added by this Act.

SECTION 4. Section 42.43(k), Tax Code, as added by this Act, applies only to an agreement between a property owner and a chief appraiser entered into on or after the effective date of this Act.

SECTION 5. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2013.

The amendment to **HB 1897** was read.

Senator West offered the following amendment to Floor Amendment No. 1:

Floor Amendment No. 2

Amend Floor Amendment No. 1 to **HB 1897** (senate committee printing) by adding the following SECTION, appropriately numbered, to the bill and renumbering subsequent SECTIONS of the bill accordingly:

SECTION _____. (a) The legislature finds that current rules adopted by the Texas Commission on Environmental Quality regarding qualification of property for exemption from taxation under Section 11.31, Tax Code, are consistent with the legislature's desire to exempt only property used, constructed, acquired, or installed wholly or partly to meet or exceed laws, rules, or regulations adopted by any environmental protection agency of the United States, Texas, or a political subdivision of Texas, for the prevention, monitoring, control, or reduction of air, water, or land pollution. The legislature further finds that current unique market forces are a deterrent to landfill methane capture, and the limited exemption set forth in this section will prevent the loss of facilities that help the state in reducing pollution.

(b) Subchapter B, Chapter 11, Tax Code, is amended by adding Section 11.311 to read as follows:

Sec. 11.311. TEMPORARY EXEMPTION: LANDFILL-GENERATED GAS CONVERSION FACILITIES. (a) This section applies only to real and personal property that is used in the manner described by Subsection (b) on January 1, 2014.

(b) A person is entitled to an exemption from taxation of the real and personal property the person owns that is located on or in close proximity to a landfill and is used to:

- (1) collect gas generated by the landfill;
- (2) compress and transport the gas;

- (3) process the gas so that it may be:
 - (A) delivered into a natural gas pipeline; or
 - (B) used as a transportation fuel in methane-powered on-road or off-road vehicles or equipment; and
- (4) deliver the gas:
 - (A) into a natural gas pipeline; or
 - (B) to a methane fueling station.

(c) Property described by this section is considered to be property used as a facility, device, or method for the control of air, water, or land pollution.

(d) This section expires December 31, 2015.

(c) Section 403.302(d), Government Code, is amended to read as follows:

(d) For the purposes of this section, "taxable value" means the market value of all taxable property less:

(1) the total dollar amount of any residence homestead exemptions lawfully granted under Section 11.13(b) or (c), Tax Code, in the year that is the subject of the study for each school district;

(2) one-half of the total dollar amount of any residence homestead exemptions granted under Section 11.13(n), Tax Code, in the year that is the subject of the study for each school district;

(3) the total dollar amount of any exemptions granted before May 31, 1993, within a reinvestment zone under agreements authorized by Chapter 312, Tax Code;

(4) subject to Subsection (e), the total dollar amount of any captured appraised value of property that:

(A) is within a reinvestment zone created on or before May 31, 1999, or is proposed to be included within the boundaries of a reinvestment zone as the boundaries of the zone and the proposed portion of tax increment paid into the tax increment fund by a school district are described in a written notification provided by the municipality or the board of directors of the zone to the governing bodies of the other taxing units in the manner provided by former Section 311.003(e), Tax Code, before May 31, 1999, and within the boundaries of the zone as those boundaries existed on September 1, 1999, including subsequent improvements to the property regardless of when made;

(B) generates taxes paid into a tax increment fund created under Chapter 311, Tax Code, under a reinvestment zone financing plan approved under Section 311.011(d), Tax Code, on or before September 1, 1999; and

(C) is eligible for tax increment financing under Chapter 311, Tax Code;

(5) the total dollar amount of any captured appraised value of property that:

(A) is within a reinvestment zone:

(i) created on or before December 31, 2008, by a municipality with a population of less than 18,000; and

(ii) the project plan for which includes the alteration, remodeling, repair, or reconstruction of a structure that is included on the National Register of Historic Places and requires that a portion of the tax increment of the zone be used for the improvement or construction of related facilities or for affordable housing;

(B) generates school district taxes that are paid into a tax increment fund created under Chapter 311, Tax Code; and

(C) is eligible for tax increment financing under Chapter 311, Tax Code;

(6) the total dollar amount of any exemptions granted under Section 11.251 or 11.253, Tax Code;

(7) the difference between the comptroller's estimate of the market value and the productivity value of land that qualifies for appraisal on the basis of its productive capacity, except that the productivity value estimated by the comptroller may not exceed the fair market value of the land;

(8) the portion of the appraised value of residence homesteads of individuals who receive a tax limitation under Section 11.26, Tax Code, on which school district taxes are not imposed in the year that is the subject of the study, calculated as if the residence homesteads were appraised at the full value required by law;

(9) a portion of the market value of property not otherwise fully taxable by the district at market value because of:

(A) action required by statute or the constitution of this state, other than Section 11.311, Tax Code, that, if the tax rate adopted by the district is applied to it, produces an amount equal to the difference between the tax that the district would have imposed on the property if the property were fully taxable at market value and the tax that the district is actually authorized to impose on the property, if this subsection does not otherwise require that portion to be deducted; or

(B) action taken by the district under Subchapter B or C, Chapter 313, Tax Code, before the expiration of the subchapter;

(10) the market value of all tangible personal property, other than manufactured homes, owned by a family or individual and not held or used for the production of income;

(11) the appraised value of property the collection of delinquent taxes on which is deferred under Section 33.06, Tax Code;

(12) the portion of the appraised value of property the collection of delinquent taxes on which is deferred under Section 33.065, Tax Code; and

(13) the amount by which the market value of a residence homestead to which Section 23.23, Tax Code, applies exceeds the appraised value of that property as calculated under that section.

(d) This section applies only to ad valorem taxes imposed for a tax year beginning on or after the effective date of this section.

(e) Notwithstanding any other provision of this Act, this section takes effect January 1, 2014.

The amendment to Floor Amendment No. 1 to **HB 1897** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 2 except as follows:

Nays: Birdwell, Patrick.

Question recurring on the adoption of Floor Amendment No. 1 to **HB 1897**, the amendment as amended was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 1 as amended.

On motion of Senator Carona and by unanimous consent, the caption was amended to conform to the body of the bill as amended.

HB 1897 as amended was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading except as follows:

Nays: Birdwell, Campbell, Fraser, Hancock, Nichols, Patrick, Paxton, Schwertner.

HOUSE BILL 1897 ON THIRD READING

Senator Carona moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HB 1897** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 25, Nays 6.

Yeas: Carona, Davis, Deuell, Duncan, Ellis, Eltife, Estes, Garcia, Hancock, Hegar, Hinojosa, Huffman, Lucio, Nelson, Nichols, Rodríguez, Seliger, Taylor, Uresti, Van de Putte, Watson, West, Whitmire, Williams, Zaffirini.

Nays: Birdwell, Campbell, Fraser, Patrick, Paxton, Schwertner.

The bill was read third time and was passed by the following vote: Yeas 23, Nays 8.

Yeas: Carona, Davis, Deuell, Duncan, Ellis, Eltife, Estes, Garcia, Hegar, Hinojosa, Huffman, Lucio, Nelson, Rodríguez, Seliger, Taylor, Uresti, Van de Putte, Watson, West, Whitmire, Williams, Zaffirini.

Nays: Birdwell, Campbell, Fraser, Hancock, Nichols, Patrick, Paxton, Schwertner.

COMMITTEE SUBSTITUTE HOUSE BILL 2818 ON SECOND READING

On motion of Senator Carona and by unanimous consent, the regular order of business was suspended to take up for consideration **CSHB 2818** at this time on its second reading:

CSHB 2818, Relating to certain local option elections and the permits and licenses that can be issued in areas that approved the sale of certain alcoholic beverages in a local option election.

The bill was read second time.

Senator Carona offered the following amendment to the bill:

Floor Amendment No. 1

Amend **CSHB 2818** by adding the following appropriately numbered SECTIONS to the bill and renumbering subsequent SECTIONS of the bill as appropriate:

SECTION _____. Section 11.05, Alcoholic Beverage Code, is amended to read as follows:

Sec. 11.05. **UNAUTHORIZED USE OF PERMIT.** A ~~No~~ permittee may not consent to or allow the use or display of the permittee's ~~his~~ permit by a person other than the person to whom the permit was issued.

SECTION _____. Section 11.46, Alcoholic Beverage Code, is amended by adding Subsection (d) to read as follows:

(d) The commission or administrator shall refuse to issue an original permit to a person convicted of an offense under Section 101.76 for a period of 10 years from the date of the conviction.

SECTION _____. Section 11.61, Alcoholic Beverage Code, is amended by adding Subsection (d-1) to read as follows:

(d-1) Notwithstanding Section 11.64, the commission or administrator shall cancel an original or renewal permit if it is found, after notice and hearing, that the permittee was convicted of an offense under Section 101.76.

SECTION _____. Subchapter A, Chapter 61, Alcoholic Beverage Code, is amended by adding Section 61.16 to read as follows:

Sec. 61.16. **UNAUTHORIZED USE OF LICENSE.** A licensee may not consent to or allow the use or display of the licensee's license by a person other than the person to whom the license was issued.

SECTION _____. Section 61.42, Alcoholic Beverage Code, is amended by adding Subsection (d) to read as follows:

(d) The county judge, commission, or administrator shall refuse to approve or issue a license to a person convicted of an offense under Section 101.76 for a period of 10 years from the date of the conviction.

SECTION _____. Subchapter C, Chapter 61, Alcoholic Beverage Code, is amended by adding Section 61.713 to read as follows:

Sec. 61.713. **CANCELLATION FOR IMPROPER DISPLAY OR USE OF LICENSE.** Notwithstanding Section 61.76 or 61.761, the commission or administrator shall cancel an original or renewal license if it is found, after notice and hearing, that the licensee was convicted of an offense under Section 101.76.

SECTION _____. Subchapter D, Chapter 101, Alcoholic Beverage Code, is amended by adding Section 101.76 to read as follows:

Sec. 101.76. **UNLAWFUL DISPLAY OR USE OF PERMIT OR LICENSE.**
(a) A person commits an offense if the person allows another person to display or use a permit or license issued by the commission in any manner not allowed by law.

(b) A person commits an offense if the person displays or uses a permit or license issued by the commission to another person in any manner not allowed by law.

(c) An offense under this section is a Class A misdemeanor.

The amendment to **CSHB 2818** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 1.

On motion of Senator Carona and by unanimous consent, the caption was amended to conform to the body of the bill as amended.

CSHB 2818 as amended was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading.

**COMMITTEE SUBSTITUTE
HOUSE BILL 2818 ON THIRD READING**

Senator Carona moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **CSHB 2818** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 31, Nays 0.

The bill was read third time and was passed by the following vote: Yeas 31, Nays 0.

**COMMITTEE SUBSTITUTE
HOUSE BILL 346 ON SECOND READING**

Senator Carona moved to suspend the regular order of business and Senate Rule 5.14(a) to take up for consideration **CSHB 346** at this time on its second reading:

CSHB 346, Relating to the accessing and use of electronically readable personal identification information obtained from driver's licenses or personal identification certificates.

The motion prevailed.

Senators Birdwell, Campbell, Nichols, Patrick, Paxton, Schwertner, and Uresti asked to be recorded as voting "Nay" on suspension of the regular order of business.

The bill was read second time.

Senator Carona offered the following amendment to the bill:

Floor Amendment No. 1

Amend **CSHB 346** (senate committee printing) in SECTION 1 of the bill as follows:

- (1) In the recital (page 1, line 26), between "(b)" and "and (e)" insert ", (c),".
- (2) In the recital (page 1, line 26), strike "Subsection (l)" and substitute "Subsections (e-1) and (l)".
- (3) In amended Section 521.126(b), Transportation Code (page 1, line 28), between "(e)," and "(g)," insert "(e-1),".
- (4) In amended Section 521.126(e), Transportation Code (page 1, line 37), strike "(b) [(b)(1)]" and substitute "(b)(1)".
- (5) In amended Section 521.126(e)(1), Transportation Code (page 1, line 43), after the underlined semicolon, insert "or".
- (6) Strike amended Section 521.126(e)(2), Transportation Code (page 1, lines 44-49), and substitute the following:

(2) accesses or uses as electronically readable information a driver's license number or a name printed on a driver's license as part of a transaction initiated by the license or certificate holder to provide information encrypted in a manner:

(A) consistent with PCI DSS Standard 3.4 to a check services company or fraud prevention services company governed by the Fair Credit Reporting Act (15 U.S.C. Section 1681 et seq.) for the purpose of effecting, administering, or enforcing the transaction; and

(B) that does not involve the sale, transfer, or other dissemination of a name or driver's license number to a third party for any purpose, including any marketing, advertising, or promotional activities.

(7) Strike amended Section 521.126(e)(3), Transportation Code (page 1, lines 50-55), and substitute the following:

(e-1) The prohibition provided by Subsection (b) does not apply to:

(1) a check services company or a fraud prevention services company governed by the Fair Credit Reporting Act (15 U.S.C. Section 1681 et seq.) that, for the purpose of preventing fraud when effecting, administering, or enforcing the transaction:

(A) accesses or uses as electronically readable information a driver's license number or a name printed on a driver's license; or

(B) compiles or maintains a database of electronically readable driver's license numbers or names printed on driver's licenses and periodically removes the numbers or names from the database that are at least four years old; or

(8) In amended Section 521.126(e)(4), Transportation Code (page 1, line 56), strike "(4) is" and substitute "(2)".

The amendment to **CSHB 346** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 1.

On motion of Senator Carona and by unanimous consent, the caption was amended to conform to the body of the bill as amended.

CSHB 346 as amended was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading except as follows:

Nays: Birdwell, Campbell, Nichols, Patrick, Paxton, Schwertner, Uresti.

COMMITTEE SUBSTITUTE HOUSE BILL 346 ON THIRD READING

Senator Carona moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **CSHB 346** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 25, Nays 6.

Yeas: Carona, Davis, Deuell, Duncan, Ellis, Eltife, Estes, Fraser, Garcia, Hancock, Hegar, Hinojosa, Huffman, Lucio, Nelson, Paxton, Rodríguez, Seliger, Taylor, Van de Putte, Watson, West, Whitmire, Williams, Zaffirini.

Nays: Birdwell, Campbell, Nichols, Patrick, Schwertner, Uresti.

The bill was read third time and was passed by the following vote: Yeas 24, Nays 7.

Yeas: Carona, Davis, Deuell, Duncan, Ellis, Eltife, Estes, Fraser, Garcia, Hancock, Hegar, Hinojosa, Huffman, Lucio, Nelson, Rodríguez, Seliger, Taylor, Van de Putte, Watson, West, Whitmire, Williams, Zaffirini.

Nays: Birdwell, Campbell, Nichols, Patrick, Paxton, Schwertner, Uresti.

SENATE BILL 123 WITH HOUSE AMENDMENT

Senator Rodríguez called **SB 123** from the President's table for consideration of the House amendment to the bill.

The Presiding Officer laid the bill and the House amendment before the Senate.

Floor Amendment No. 1

Amend **SB 123** (house committee printing) on page 1, line 18, by striking "shall" and substituting "may [~~shall~~"]".

The amendment was read.

Senator Rodríguez moved to concur in the House amendment to **SB 123**.

The motion prevailed by the following vote: Yeas 30, Nays 1.

Nays: Birdwell.

SENATE BILL 209 WITH HOUSE AMENDMENT

Senator Huffman called **SB 209** from the President's table for consideration of the House amendment to the bill.

The Presiding Officer laid the bill and the House amendment before the Senate.

Floor Amendment No. 1

Amend **SB 209** (house committee report) as follows:

(1) In SECTION 5 of the bill, strike Sec. 33.0055(a) and substitute the following: Sec. 33.0055. PUBLIC MEETING. (a) The Commission shall in each even numbered year hold a public hearing to consider comment from the public regarding the commission's mission and operations. Such comments shall be considered in a manner which does not compromise the confidentiality of matters considered by the commission.

The amendment was read.

Senator Huffman moved to concur in the House amendment to **SB 209**.

The motion prevailed by the following vote: Yeas 31, Nays 0.

SENATE BILL 495 WITH HOUSE AMENDMENTS

Senator Huffman called **SB 495** from the President's table for consideration of the House amendments to the bill.

The Presiding Officer laid the bill and the House amendments before the Senate.

Floor Amendment No. 1

Amend **SB 495** (house committee printing) on page 11 by striking lines 24 through 27 and substituting the following:

Sec. 34.014. FUNDING. The department may accept gifts and grants from any

Floor Amendment No. 2

Amend **SB 495** (house committee printing) on page 12, line 9, by striking "34.005(a)(3)" and substituting "34.005(3)".

The amendments were read.

Senator Huffman moved to concur in the House amendments to **SB 495**.

The motion prevailed by the following vote: Yeas 31, Nays 0.

SENATE BILL 1556 WITH HOUSE AMENDMENTS

Senator Seliger called **SB 1556** from the President's table for consideration of the House amendments to the bill.

The Presiding Officer laid the bill and the House amendments before the Senate.

Amendment

Amend **SB 1556** by substituting in lieu thereof the following:

A BILL TO BE ENTITLED
AN ACT

relating to the establishment of a school safety certification program and the School Safety Task Force.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter D, Chapter 37, Education Code, is amended by adding Sections 37.1081 and 37.1082 to read as follows:

Sec. 37.1081. SCHOOL SAFETY CERTIFICATION PROGRAM. (a) The Texas School Safety Center, in consultation with the School Safety Task Force established under Section 37.1082, shall develop a school safety certification program.

(b) The Texas School Safety Center shall award a school safety certificate to a school district that:

(1) has adopted and implemented a multihazard emergency operations plan as required under Section 37.108 and that includes in that plan:

(A) measures for security of facilities and grounds;

(B) measures for communication with parents and the media in the event of an emergency; and

(C) an outline of safety training for school employees;

(2) demonstrates to the center with current written self-audit processes that the district conducts at least one drill per year for each of the following types of drills:

(A) a school lockdown drill;

(B) an evacuation drill;

(C) a weather-related emergency drill;

(D) a reverse evacuation drill; and

(E) a shelter-in-place drill;

(3) is in compliance with Sections 37.108(b) and (c); and

(4) meets any other eligibility criteria as recommended by the School Safety

Task Force.

Sec. 37.1082. SCHOOL SAFETY TASK FORCE. (a) The School Safety Task Force is established to:

(1) study, on an ongoing basis, best practices for school multihazard emergency operations planning; and

(2) based on those studies, make recommendations to the legislature, the Texas School Safety Center, and the governor's office of homeland security.

(b) The task force is composed of:

(1) the chief of the Texas Division of Emergency Management, or the chief's designee;

(2) the training director of the Advanced Law Enforcement Rapid Response Training Center at Texas State University–San Marcos, or the training director's designee;

(3) the chairperson of the Texas School Safety Center, or the chairperson's designee; and

(4) the agency director of the Texas A&M Engineering Extension Service, or the agency director's designee.

(c) The chief of the Texas Division of Emergency Management, or the chief's designee, shall serve as the presiding officer of the task force.

(d) A member of the task force is not entitled to compensation for service on the task force but is entitled to reimbursement for actual and necessary expenses incurred in performing task force duties.

(e) In performing the task force's duties under this section for schools, the task force shall consult with and consider recommendations from school district and school personnel, including school safety personnel and educators, and from first responders, emergency managers, local officials, representatives of appropriate nonprofit organizations, and other interested parties with knowledge and experience concerning school emergency operations planning.

(f) Not later than September 1 of each even-numbered year, the task force shall prepare and submit to the legislature a report concerning the results of the task force's most recent study, including any recommendations for statutory changes the task force considers necessary or appropriate to improve school multihazard emergency operations.

SECTION 2. Section 46.0081, Education Code, is amended to read as follows:

Sec. 46.0081. SECURITY CRITERIA IN DESIGN OF INSTRUCTIONAL FACILITIES. A school district that constructs a new instructional facility or conducts a major renovation of an existing instructional facility using funds allotted to the district under this subchapter shall consider, in the design of the instructional facility, appropriate security criteria [~~developed by the Texas School Safety Center under Section 37.2051~~].

SECTION 3. Section 37.2051, Education Code, is repealed.

SECTION 4. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2013.

Floor Amendment No. 1

Amend **CSSB 1556** (house committee report) as follows:

(1) On page 2, between lines 9 and 10, insert the following:

(c) The certification program is abolished and this section expires September 1, 2017.

(2) On page 3, between lines 20 and 21, insert the following:

(g) The task force is abolished and this section expires September 1, 2017.

The amendments were read.

Senator Huffman moved to concur in the House amendments to **SB 1556**.

The motion prevailed by the following vote: Yeas 31, Nays 0.

SENATE BILL 1367 WITH HOUSE AMENDMENT

Senator Duncan called **SB 1367** from the President's table for consideration of the House amendment to the bill.

The Presiding Officer laid the bill and the House amendment before the Senate.

Amendment

Amend **SB 1367** by substituting in lieu thereof the following:

A BILL TO BE ENTITLED
AN ACT

relating to abolishing the Texas Health Insurance Pool.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. DEFINITIONS. In this Act:

(1) "Board" means the board of directors of the pool.

(2) "Commissioner" means the commissioner of insurance.

(3) "Department" means the Texas Department of Insurance.

(4) "Health benefit exchange" has the meaning assigned by Section 1369.201, Insurance Code.

(5) "Pool" means the Texas Health Insurance Pool established under Chapter 1506, Insurance Code, as that chapter existed before its repeal by this Act.

SECTION 2. PLAN FOR DISSOLUTION. As soon as practicable after the effective date of this Act, the board shall:

(1) develop a plan for:

(A) dissolving the board and the pool after the pool's obligations to issue and continue health benefit coverage terminate under Sections 3 and 4 of this Act; and

(B) transferring to the commissioner and the department:

(i) any continuing obligations of the board and the pool;

(ii) any assets of the pool;

(iii) any rights of the board or the pool that accrued before the dissolution of the board or the pool or that accrue with respect to coverage issued by the pool before the pool's dissolution; and

(iv) any authority previously held by the board the continuation of which is necessary or appropriate; and

(2) submit the plan to the commissioner for the commissioner's approval.

SECTION 3. ACCEPTANCE OF ENROLLEES. The latest date on which the pool may issue health benefit coverage is the later of:

(1) December 31, 2013; or

(2) the earliest date on which health benefit coverage is reasonably available on a guaranteed issue basis to each class of individuals eligible for health benefit coverage through the pool immediately before the effective date of this Act, as determined by the commissioner.

SECTION 4. TERMINATION OF POOL COVERAGE. Health benefit coverage that is issued to an individual by the pool and that is otherwise in force terminates on the later of:

(1) January 1, 2014; or

(2) the earliest date on which the individual:

(A) is enrolled in comparable health benefit coverage; or

(B) could reasonably be expected to have obtained health benefit coverage on a guaranteed issue basis, as determined by the commissioner.

SECTION 5. EXERCISE OF POOL'S RECOVERY RIGHTS. The department may exercise any authority to recover overpayments or other amounts the pool would have been authorized to recover or collect had the pool not been dissolved, including amounts recoverable under the pool's subrogation rights.

SECTION 6. TRANSFER OF CERTAIN FUNDS; ASSESSMENT AUTHORITY CONTINUED. (a) Any fund in which money belonging to the pool is kept and any other assets of the pool shall be transferred to the department on dissolution of the pool. That money and any other money recovered or otherwise collected by the department under this Act on behalf of the pool shall be used by the department to satisfy obligations of the pool in accordance with this Act, Chapter 1506, Insurance Code, as that chapter existed before its repeal by this Act, and the dissolution plan.

(b) The authority of the board to make assessments under Subchapter F, Chapter 1506, Insurance Code, as that subchapter existed before its repeal by this Act, is continued and may be exercised by the commissioner until the commissioner determines that all financial obligations of the board and the pool have been satisfied.

(c) Money collected by the department under Subsections (a) and (b) of this section shall be deposited to an account in the Texas Treasury Safekeeping Trust Company to be used for the purposes described by this Act. The money deposited to the account may be used to pay fees for the Texas Treasury Safekeeping Trust Company account. The department may transfer money into the treasury local operating fund to disburse the money as required by this Act.

(d) When the commissioner determines that all financial obligations of the board and the pool have been satisfied, the commissioner shall make a final accounting with respect to pool finances and:

(1) make any necessary final assessment under this section; or
(2) refund any surplus assessments or other surplus money collected on behalf of the pool, other than money described by Subsection (e) of this section:

(A) on a pro rata basis to the health benefit plan issuers that paid the assessments to the extent possible; or

(B) on another equitable basis to the extent pro rata refunds are not possible.

(e) If money paid or payable under Subsection (m), Section 843.342 and Subsection (l), Section 1301.137, Insurance Code, is no longer necessary to finance premium discounts as prescribed by Section 1506.260, Insurance Code, as that section existed immediately before the effective date of this Act, the money shall be distributed and used as follows:

(1) \$5 million shall be distributed to the corporation established under Chapter 182, Health and Safety Code, to be used for a purpose provided by that chapter; and

(2) any money available after the amount required by Subdivision (1) of this subsection has been distributed in accordance with that subdivision shall be distributed to the fund established under Subchapter F, Chapter 1508, Insurance Code, to be used:

(A) before January 1, 2014, for a purpose provided by that subchapter; and

(B) on and after January 1, 2014, for any other purpose authorized by the commissioner by rule to improve access to health benefit coverage for individuals without coverage.

(f) Money paid or payable under Subsection (m), Section 843.342 and Subsection (l), Section 1301.137, Insurance Code, is subject to audit by the State Auditor's Office.

SECTION 7. DELAYED IMPLEMENTATION. The commissioner by rule may delay the implementation of any part of Sections 1 through 6 of this Act or the pool dissolution plan established under this Act if:

(1) the guaranteed issue of health benefit coverage is delayed;

(2) the operation of a health benefit exchange in this state is delayed; or

(3) the commissioner determines that health benefit coverage expected to be available on a guaranteed issue basis to a class of individuals eligible for coverage under Chapter 1506, Insurance Code, immediately before the effective date of this Act, is not reasonably available to those individuals in this state.

SECTION 8. REPEALER. (a) Effective January 1, 2014, the following laws are repealed:

(1) Subsections (a-1) and (a-2), Section 1506.007, Insurance Code;

(2) Subsections (b) and (c), Section 1506.205, Insurance Code;

(3) Subsection (b), Section 1251.255, Insurance Code; and

(4) Section 1271.305, Insurance Code.

(b) Effective September 1, 2015, Chapter 1506, Insurance Code, is repealed.

SECTION 9. EFFECTIVE DATE. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2013.

The amendment was read.

Senator Duncan moved to concur in the House amendment to **SB 1367**.

The motion prevailed by the following vote: Yeas 31, Nays 0.

SENATE BILL 1803 WITH HOUSE AMENDMENTS

Senator Huffman called **SB 1803** from the President's table for consideration of the House amendments to the bill.

The Presiding Officer laid the bill and the House amendments before the Senate.

Amendment

Amend **SB 1803** by substituting in lieu thereof the following:

A BILL TO BE ENTITLED AN ACT

relating to investigations of and payment holds relating to allegations of fraud or abuse and investigations of and hearings on overpayments and other amounts owed by providers in connection with the Medicaid program or other health and human services programs.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 531.1011, Government Code, is amended to read as follows:

Sec. 531.1011. DEFINITIONS. For purposes of this subchapter:

(1) "Abuse" means:

(A) a practice by a provider that is inconsistent with sound fiscal, business, or medical practices and that results in:

(i) an unnecessary cost to the Medicaid program; or

(ii) the reimbursement of services that are not medically necessary or that fail to meet professionally recognized standards for health care; or

(B) a practice by a recipient that results in an unnecessary cost to the Medicaid program.

(2) "Allegation of fraud" means an allegation of Medicaid fraud received by the commission from any source that has not been verified by the state, including an allegation based on:

(A) a fraud hotline complaint;

(B) claims data mining;

(C) data analysis processes; or

(D) a pattern identified through provider audits, civil false claims cases, or law enforcement investigations.

(3) "Credible allegation of fraud" means an allegation of fraud that has been verified by the state. An allegation is considered to be credible when the commission has:

(A) verified that the allegation has indicia of reliability; and

(B) reviewed all allegations, facts, and evidence carefully and acts judiciously on a case-by-case basis.

(4) "Fraud" means an intentional deception or misrepresentation made by a person with the knowledge that the deception could result in some unauthorized benefit to that person or some other person, including any act that constitutes fraud under applicable federal or state law.

(5) ~~(2)~~ "Furnished" refers to items or services provided directly by, or under the direct supervision of, or ordered by a practitioner or other individual (either as an employee or in the individual's own capacity), a provider, or other supplier of services, excluding services ordered by one party but billed for and provided by or under the supervision of another.

(6) "Payment hold" ~~(3) "Hold on payment"~~ means the temporary denial of reimbursement under the Medicaid program for items or services furnished by a specified provider.

(7) ~~(4)~~ "Practitioner" means a physician or other individual licensed under state law to practice the individual's profession.

(8) ~~(5)~~ "Program exclusion" means the suspension of a provider from being authorized under the Medicaid program to request reimbursement of items or services furnished by that specific provider.

(9) ~~(6)~~ "Provider" means a person, firm, partnership, corporation, agency, association, institution, or other entity that was or is approved by the commission to:

(A) provide medical assistance under contract or provider agreement with the commission; or

(B) provide third-party billing vendor services under a contract or provider agreement with the commission.

SECTION 2. Section 531.102, Government Code, is amended by amending Subsections (f) and (g) and adding Subsections (l), (m), (n), (o), and (p) to read as follows:

(f)(1) If the commission receives a complaint or allegation of Medicaid fraud or abuse from any source, the office must conduct a preliminary investigation as provided by Section 531.118(c) [an integrity review] to determine whether there is a sufficient basis to warrant a full investigation. A preliminary investigation [An integrity review] must begin not later than the 30th day after the date the commission receives a complaint or allegation or has reason to believe that fraud or abuse has occurred. A preliminary investigation [An integrity review] shall be completed not later than the 90th day after it began.

(2) If the findings of a preliminary investigation [an integrity review] give the office reason to believe that an incident of fraud or abuse involving possible criminal conduct has occurred in the Medicaid program, the office must take the following action, as appropriate, not later than the 30th day after the completion of the preliminary investigation [integrity review]:

(A) if a provider is suspected of fraud or abuse involving criminal conduct, the office must refer the case to the state's Medicaid fraud control unit, provided that the criminal referral does not preclude the office from continuing its investigation of the provider, which investigation may lead to the imposition of appropriate administrative or civil sanctions; or

(B) if there is reason to believe that a recipient has defrauded the Medicaid program, the office may conduct a full investigation of the suspected fraud, subject to Section 531.118(c).

(g)(1) Whenever the office learns or has reason to suspect that a provider's records are being withheld, concealed, destroyed, fabricated, or in any way falsified, the office shall immediately refer the case to the state's Medicaid fraud control unit. However, such criminal referral does not preclude the office from continuing its investigation of the provider, which investigation may lead to the imposition of appropriate administrative or civil sanctions.

(2) In addition to other instances authorized under state or federal law, the office shall impose without prior notice a payment hold on [payment of] claims for reimbursement submitted by a provider to compel production of records, when requested by the state's Medicaid fraud control unit, or on the determination that a credible allegation of fraud exists, subject to Subsections (l) and (m), as applicable, and the criteria adopted under Subsection (n)(3) [on receipt of reliable evidence that the circumstances giving rise to the hold on payment involve fraud or willful misrepresentation under the state Medicaid program in accordance with 42 C.F.R. Section 455.23, as applicable]. The office must notify the provider of the payment hold [on payment] in accordance with 42 C.F.R. Section 455.23(b). In addition to the requirements of 42 C.F.R. Section 455.23(b), the notice of payment hold provided under this subdivision must also include:

(A) the specific basis for the hold, including identification of the claims supporting the allegation at that point in the investigation and a representative sample of any documents that form the basis for the hold; and

(B) a description of administrative and judicial due process remedies, including the provider's right to seek informal resolution, a formal administrative appeal hearing, or both.

(3) On timely written request by a provider subject to a payment hold [on payment] under Subdivision (2), other than a hold requested by the state's Medicaid fraud control unit, the office shall file a request with the State Office of Administrative Hearings or the appeals division of the commission, as requested by the provider, for an expedited administrative hearing regarding the hold. The provider must request an expedited administrative hearing under this subdivision not later than the 30th ~~10th~~ day after the date the provider receives notice from the office under Subdivision (2). Unless otherwise determined by the administrative law judge for good cause at an expedited administrative hearing before the State Office of Administrative Hearings under this subdivision, the state and the provider shall each be responsible for:

(A) one-half of the costs charged by the State Office of Administrative Hearings;

(B) one-half of the costs for transcribing the hearing;

(C) the party's own costs related to the hearing, including the costs associated with preparation for the hearing, discovery, depositions, and subpoenas, service of process and witness expenses, travel expenses, and investigation expenses; and

(D) all other costs associated with the hearing that are incurred by the party, including attorney's fees.

(4) The executive commissioner and the State Office of Administrative Hearings shall jointly adopt rules that require a provider, before an expedited administrative hearing before the State Office of Administrative Hearings under Subdivision (3), to advance security for the costs for which the provider is responsible under that subdivision.

(5) Following an expedited administrative hearing under Subdivision (3), a provider subject to a payment hold, other than a hold requested by the state's Medicaid fraud control unit, may appeal a final administrative order by filing a petition for judicial review in a district court in Travis County.

(6) The executive commissioner [~~commissioner~~] shall adopt rules that allow a provider subject to a [~~hold on~~] payment hold under Subdivision (2), other than a hold requested by the state's Medicaid fraud control unit, to seek an informal resolution of the issues identified by the office in the notice provided under that subdivision. A provider must request [~~seek~~] an initial informal resolution meeting under this subdivision not later than the deadline prescribed by Subdivision (3) for requesting an expedited administrative hearing. On receipt of a timely request, the office shall schedule an initial informal resolution meeting not later than the 60th day after the date the office receives the request, but the office shall schedule the meeting on a later date, as determined by the office, if requested by the provider. The office shall give notice to the provider of the time and place of the initial informal resolution meeting not later than the 30th day before the date the meeting is to be held. A provider may request a second informal resolution meeting not later than the 20th day after the date of the initial informal resolution meeting. On receipt of a timely request, the office shall schedule a second informal resolution meeting not later than the 45th day after the date the office receives the request, but the office shall schedule the meeting on a later date, as determined by the office, if requested by the provider. The office shall give notice to the provider of the time and place of the second informal resolution meeting not later than the 20th day before the date the meeting is to be held. A provider must have an opportunity to provide additional information before the second informal resolution meeting for consideration by the office. A provider's decision to seek an informal resolution under this subdivision does not extend the time by which the provider must request an expedited administrative hearing under Subdivision (3). However, a hearing initiated under Subdivision (3) shall be stayed [~~at the office's request~~] until the informal resolution process is completed.

(7) [~~(5)~~] The office shall, in consultation with the state's Medicaid fraud control unit, establish guidelines under which payment holds [~~on payment~~] or program exclusions:

- (A) may permissively be imposed on a provider; or
- (B) shall automatically be imposed on a provider.

(I) The office shall employ a medical director who is a licensed physician under Subtitle B, Title 3, Occupations Code, and the rules adopted under that subtitle by the Texas Medical Board, and who preferably has significant knowledge of the Medicaid program. The medical director shall ensure that any investigative findings based on medical necessity or the quality of medical care have been reviewed by a qualified

expert as described by the Texas Rules of Evidence who preferably has knowledge of Medicaid program rules and requirements before the office imposes a payment hold or seeks recoupment of an overpayment, damages, or penalties.

(m) The office shall employ a dental director who is a licensed dentist under Subtitle D, Title 3, Occupations Code, and the rules adopted under that subtitle by the State Board of Dental Examiners, and who preferably has significant knowledge of the Medicaid program. The dental director shall ensure that any investigative findings based on the necessity of dental services or the quality of dental care have been reviewed by a qualified expert as described by the Texas Rules of Evidence who preferably has knowledge of Medicaid program rules and requirements before the office imposes a payment hold or seeks recoupment of an overpayment, damages, or penalties.

(n) The executive commissioner shall, in conjunction with the office and in consultation with the state's Medicaid fraud control unit, adopt rules for the office that establish:

(1) criteria for initiating a full fraud or abuse investigation, conducting the investigation, and collecting evidence;

(2) training requirements for Medicaid provider fraud or abuse investigators; and

(3) criteria for determining, in accordance with state and federal law, when good cause exists to:

(A) not impose a payment hold on a provider;

(B) discontinue a payment hold imposed on a provider;

(C) partially discontinue a payment hold imposed on a provider; and

(D) convert a full payment hold imposed on a provider to a partial payment hold.

(o) In determining what constitutes good cause for purposes of Subsection (n)(3), the executive commissioner shall consider:

(1) a specific request by a law enforcement agency that the office not impose a payment hold on a provider or discontinue a payment hold imposed on a provider;

(2) a determination by the office that other available remedies implemented by the office or commission could more effectively or quickly protect Medicaid funds than imposing or continuing a payment hold;

(3) evidence submitted by a provider that convinces the office that a payment hold should be discontinued or partially imposed;

(4) a determination by the office that a Medicaid recipient's access to items or services will be jeopardized by the imposition of a payment hold;

(5) a determination by the office that a payment hold should be discontinued because the state's Medicaid fraud control unit or a law enforcement agency declines to cooperate in certifying that the unit or agency is continuing to investigate the credible allegation of fraud that is the basis of the payment hold;

(6) a determination by the office that imposing a full or partial payment hold is not in the best interest of the Medicaid program; and

(7) a determination by the office that a partial payment hold will ensure that potentially fraudulent claims under the Medicaid program will not be continued to be paid.

(p) An employee of the office may bring a whistleblower suit in accordance with Chapter 554.

SECTION 3. Subchapter C, Chapter 531, Government Code, is amended by adding Sections 531.118, 531.119, 531.120, 531.1201, and 531.1202 to read as follows:

Sec. 531.118. PRELIMINARY INVESTIGATIONS OF ALLEGATIONS OF FRAUD OR ABUSE AND FRAUD REFERRALS. (a) The commission shall maintain a record of all allegations of fraud or abuse against a provider containing the date each allegation was received or identified and the source of the allegation, if available. The record is confidential under Section 531.1021(g) and is subject to Section 531.1021(h).

(b) If the commission receives an allegation of fraud or abuse against a provider from any source, the commission's office of inspector general shall conduct a preliminary investigation of the allegation as provided by Section 531.102(f)(1).

(c) In conducting a preliminary investigation, the office must review the allegations of fraud or abuse and all facts and evidence relating to the allegation and must prepare a preliminary investigation report before the allegation of fraud or abuse may proceed to a full investigation. The preliminary investigation report must document the allegation, the evidence reviewed, if available, the procedures used to conduct the preliminary investigation, the findings of the preliminary investigation, and the office's determination of whether a full investigation is warranted.

(d) If the state's Medicaid fraud control unit or any other law enforcement agency accepts a fraud referral from the office for investigation, a payment hold based on a credible allegation of fraud may be continued until:

(1) that investigation and any associated enforcement proceedings are complete; or

(2) the state's Medicaid fraud control unit, another law enforcement agency, or other prosecuting authorities determine that there is insufficient evidence of fraud by the provider.

(e) If the state's Medicaid fraud control unit or any other law enforcement agency declines to accept a fraud referral from the office for investigation, a payment hold based on a credible allegation of fraud must be discontinued unless the commission has alternative federal or state authority under which it may impose a payment hold or the office makes a fraud referral to another law enforcement agency.

(f) On a quarterly basis, the office must request a certification from the state's Medicaid fraud control unit and other law enforcement agencies as to whether each matter accepted by the unit or agency on the basis of a credible allegation of fraud referral continues to be under investigation and that the continuation of the payment hold is warranted.

Sec. 531.119. WEBSITE POSTING. The commission's office of inspector general shall post on its publicly available website a description in plain English of, and a video explaining, the processes and procedures the office uses to determine whether to impose a payment hold on a provider under this subchapter.

Sec. 531.120. NOTICE AND INFORMAL RESOLUTION OF PROPOSED RECOUPMENT OF OVERPAYMENT OR DEBT. (a) The commission or the commission's office of inspector general shall provide a provider with written notice of any proposed recoupment of an overpayment or debt and any damages or penalties relating to a proposed recoupment of an overpayment or debt arising out of a fraud or abuse investigation. The notice must include:

(1) the specific basis for the overpayment or debt;
(2) a description of facts and supporting evidence;
(3) a representative sample of any documents that form the basis for the overpayment or debt;
(4) the extrapolation methodology;
(5) the calculation of the overpayment or debt amount;
(6) the amount of damages and penalties, if applicable; and
(7) a description of administrative and judicial due process remedies, including the provider's right to seek informal resolution, a formal administrative appeal hearing, or both.

(b) The executive commissioner shall adopt rules that allow a provider who is the subject of a proposed recoupment of an overpayment or debt to seek informal resolution of the issues identified in the notice provided under Subsection (a).

(c) The rules adopted under Subsection (b) must require a provider who seeks informal resolution of the issues identified in the notice provided under Subsection (a) to request an initial informal resolution meeting not later than the 30th day after the date the provider receives the notice. On receipt of a timely request, the office shall schedule the initial informal resolution meeting not later than the 60th day after the date the office receives the request, but the office shall schedule the meeting on a later date, as determined by the office, if requested by the provider. The office shall give notice to the provider of the time and place of the initial informal resolution meeting not later than the 30th day before the date the meeting is to be held.

(d) The rules adopted under Subsection (b) must allow a provider to request a second informal resolution meeting not later than the 20th day after the date of the initial informal resolution meeting. On receipt of a timely request, the office shall schedule a second informal resolution meeting not later than the 45th day after the date the office receives the request, but the office shall schedule the meeting on a later date, as determined by the office, if requested by the provider. The office shall give notice to the provider of the time and place of the second informal resolution meeting not later than the 20th day before the date the meeting is to be held. A provider must have an opportunity to provide additional information before the second informal resolution meeting for consideration by the office.

(e) Not later than the 60th day after the date of the initial informal resolution meeting or, if a second informal resolution meeting is requested by the provider, after the second informal resolution meeting, or on a later date at the request of a provider, the commission or the office shall provide the provider with written notice of the commission's or office's final determination of whether the commission or office will seek to recoup an overpayment or debt from the provider.

(f) If a provider does not request an informal resolution meeting under this section, not later than the 60th day after the date the provider receives the notice under Subsection (a), the commission or the office shall provide the provider with written notice of the commission's or office's final determination of whether the commission or office will seek to recoup an overpayment or debt from the provider.

(g) Nothing in this section shall be construed to require a provider to request an informal resolution meeting under this section before requesting an appeal under Section 531.1201 of the commission's or office's final determination to recoup an overpayment or debt from the provider.

Sec. 531.1201. APPEAL OF DETERMINATION TO RECOUP OVERPAYMENT OR DEBT. (a) If, after a final determination, the commission or the commission's office of inspector general seeks to recoup from a provider an overpayment or debt arising out of a fraud or abuse investigation in an amount that is less than \$1 million, the provider may appeal the determination not later than the 15th day after the date the provider receives the notice under Section 531.120(e) or (f), as applicable, by requesting in writing that the commission or office set an administrative hearing on the determination. On receipt of a timely written request for an administrative hearing from the provider under this section, the commission or the office shall file a docketing request with the State Office of Administrative Hearings or the appeals division of the commission, as requested by the provider, for an administrative hearing on the final determination to recoup the overpayment or debt and any associated damages and penalties.

(b) If, after a final determination, the commission or the commission's office of inspector general seeks to recoup an overpayment or debt arising out of a fraud or abuse investigation in an amount of \$1 million or more from a provider, the provider may appeal the determination not later than the 15th day after the date the provider receives the notice under Section 531.120(e) or (f), as applicable, by:

(1) requesting in writing that the commission or office file a docketing request with the State Office of Administrative Hearings for an administrative hearing on the final determination to recoup an overpayment or debt and any associated damages and penalties; or

(2) filing a petition to appeal the final determination to recoup an overpayment or debt and any associated damages and penalties in a district court in Travis County.

(c) If a provider requests that the commission or office set an administrative hearing under Subsection (b)(1), the provider may not appeal any administrative order issued by an administrative law judge relating to the commission's or office's final determination to recoup an overpayment or debt and any associated damages and penalties from the provider in a district court.

(d) Unless otherwise determined by the administrative law judge for good cause, at any administrative hearing under this section before the State Office of Administrative Hearings, the state and the provider shall each be responsible for:

(1) one-half of the costs charged by the State Office of Administrative Hearings;

(2) one-half of the costs for transcribing the hearing;

(3) the party's own costs related to the hearing, including the costs associated with preparation for the hearing, discovery, depositions, and subpoenas, service of process and witness expenses, travel expenses, and investigation expenses; and

(4) all other costs associated with the hearing that are incurred by the party, including attorney's fees.

(e) The executive commissioner and the State Office of Administrative Hearings shall jointly adopt rules that require a provider, before an administrative hearing under this section before the State Office of Administrative Hearings, to advance security for the costs for which the provider is responsible under Subsection (d).

Sec. 531.1202. PRESENCE OF NEUTRAL THIRD PARTY AT INFORMAL RESOLUTION MEETINGS. The commission shall employ a person whose salary is paid by the commission and who is independent of the commission's office of inspector general to attend the informal resolution meetings held under Sections 531.102(g)(6) and 531.120(c) and (d) as a neutral third-party observer. The person shall report to the executive commissioner on the proceedings and outcome of each informal resolution meeting.

SECTION 4. The heading to Section 32.0291, Human Resources Code, is amended to read as follows:

Sec. 32.0291. PREPAYMENT REVIEWS AND PAYMENT
[POSTPAYMENT] HOLDS.

SECTION 5. Sections 32.0291(b) and (c), Human Resources Code, are amended to read as follows:

(b) Subject to Section 531.102, Government Code, and notwithstanding
[Notwithstanding] any other law, the department may impose a payment
[postpayment] hold on [payment of] future claims submitted by a provider [if the
department has reliable evidence that the provider has committed fraud or wilful
misrepresentation regarding a claim for reimbursement under the medical assistance
program. The department must notify the provider of the postpayment hold not later
than the fifth working day after the date the hold is imposed].

(c) A payment hold authorized by this section is governed by the requirements
and procedures specified for a payment hold under Section 531.102, Government
Code, including the notice requirements under Subsection (g) of that section. [On
timely written request by a provider subject to a postpayment hold under Subsection
(b), the department shall file a request with the State Office of Administrative
Hearings for an expedited administrative hearing regarding the hold. The provider
must request an expedited hearing under this subsection not later than the 10th day
after the date the provider receives notice from the department under Subsection (b).
The department shall discontinue the hold unless the department makes a prima facie
showing at the hearing that the evidence relied on by the department in imposing the
hold is relevant, credible, and material to the issue of fraud or wilful
misrepresentation.]

SECTION 6. Section 32.0291(d), Human Resources Code, is repealed.

SECTION 7. If before implementing any provision of this Act a state agency determines that a waiver or authorization from a federal agency is necessary for the implementation of that provision, the agency affected by the provision shall request the waiver or authorization and may delay implementing that provision until the waiver or authorization is granted.

SECTION 8. This Act takes effect September 1, 2013.

Floor Amendment No. 1

Amend **CSSB 1803** (house committee printing) as follows:

(1) Between page 2, line 27, and page 3, line 1, insert the following:

(7) "Physician" includes an individual licensed to practice medicine in this state, a professional association composed solely of physicians, a partnership composed solely of physicians, a single legal entity authorized to practice medicine owned by two or more physicians, and a nonprofit health corporation certified by the Texas Medical Board under Chapter 162, Occupations Code.

(2) On page 3, line 1, strike "(7)" and substitute "(8)".

(3) On page 3, line 4, strike "(8)" and substitute "(9)".

(4) On page 3, line 8, strike "(9)" and substitute "(10)".

(5) On page 3, lines 16 and 17, strike "Subsections (l), (m), (n), (o), and (p)" and substitute "Subsections (l), (m), and (n)".

(6) On page 5, lines 4 and 5, strike ", and the criteria adopted under Subsection (n)(3)".

(7) On page 5, lines 25 and 26, strike "or the appeals division of the commission, as requested by the provider.".

(8) On page 6, lines 5 and 6, strike "before the State Office of Administrative Hearings under this subdivision".

(9) On page 6, lines 20 and 21, strike "before the State Office of Administrative Hearings under Subdivision (3)".

(10) On page 8, lines 20 and 21, strike "who preferably has knowledge of Medicaid program rules and requirements".

(11) On page 9, lines 3 and 4, strike "who preferably has knowledge of Medicaid program rules and requirements".

(12) Strike page 9, line 7, through page 10, line 24, and substitute the following:

(n) To the extent permitted under federal law, the office, acting through the commission, shall adopt rules establishing the criteria for initiating a full-scale fraud or abuse investigation, conducting the investigation, collecting evidence, accepting and approving a provider's request to post a surety bond to secure potential recoupments in lieu of a payment hold or other asset or payment guarantee, and establishing minimum training requirements for Medicaid provider fraud or abuse investigators.

(13) On page 11, line 11, strike "as provided by Section 531.102(f)(1)." and substitute the following:

to determine whether there is a sufficient basis to warrant a full investigation. A preliminary investigation must begin not later than the 30th day after the date the commission receives or identifies an allegation of fraud or abuse.

(14) Strike page 13, line 13, through page 17, line 18, and substitute the following:

(b) A provider must request an initial informal resolution meeting under this section not later than the 30th day after the date the provider receives notice under Subsection (a). On receipt of a timely request, the office shall schedule an initial informal resolution meeting not later than the 60th day after the date the office receives the request, but the office shall schedule the meeting on a later date, as determined by the office if requested by the provider. The office shall give notice to the provider of the time and place of the initial informal resolution meeting not later than the 30th day before the date the meeting is to be held. A provider may request a second informal resolution meeting not later than the 20th day after the date of the initial informal resolution meeting. On receipt of a timely request, the office shall schedule a second informal resolution meeting not later than the 45th day after the date the office receives the request, but the office shall schedule the meeting on a later date, as determined by the office if requested by the provider. The office shall give notice to the provider of the time and place of the second informal resolution meeting not later than the 20th day before the date the meeting is to be held. A provider must have an opportunity to provide additional information before the second informal resolution meeting for consideration by the office.

Sec. 531.1201. APPEAL OF DETERMINATION TO RECOUP OVERPAYMENT OR DEBT. (a) A provider must request an appeal under this section not later than the 15th day after the date the provider is notified that the commission or the commission's office of inspector general will seek to recover an overpayment or debt from the provider. On receipt of a timely written request by a provider who is the subject of a recoupment of overpayment or recoupment of debt arising out of a fraud or abuse investigation, the office of inspector general shall file a docketing request with the State Office of Administrative Hearings or the Health and Human Services Commission appeals division, as requested by the provider, for an administrative hearing regarding the proposed recoupment amount and any associated damages or penalties. The office shall file the docketing request under this section not later than the 60th day after the date of the provider's request for an administrative hearing or not later than the 60th day after the completion of the informal resolution process, if applicable.

(b) Unless otherwise determined by the administrative law judge for good cause, at any administrative hearing under this section before the State Office of Administrative Hearings, the state and the provider shall each be responsible for:

(1) one-half of the costs charged by the State Office of Administrative Hearings;

(2) one-half of the costs for transcribing the hearing;

(3) the party's own costs related to the hearing, including the costs associated with preparation for the hearing, discovery, depositions, and subpoenas, service of process and witness expenses, travel expenses, and investigation expenses; and

(4) all other costs associated with the hearing that are incurred by the party, including attorney's fees.

(c) The executive commissioner and the State Office of Administrative Hearings shall jointly adopt rules that require a provider, before an administrative hearing under this section before the State Office of Administrative Hearings, to advance security for the costs for which the provider is responsible under Subsection (b).

(d) Following an administrative hearing under Subsection (a), a provider who is the subject of a recoupment of overpayment or recoupment of debt arising out of a fraud or abuse investigation may appeal a final administrative order by filing a petition for judicial review in a district court in Travis County.

Sec. 531.1202. RECORD OF INFORMAL RESOLUTION MEETINGS. The commission shall, at no expense to the provider who requested the meeting, provide for an informal resolution meeting held under Section 531.102(g)(6) or 531.120(b) to be recorded. The recording of an informal resolution meeting shall be made available to the provider who requested the meeting.

Floor Amendment No. 2

Amend **CSSB 1803** (house committee printing) by adding the following appropriately numbered SECTION to the bill and renumbering subsequent SECTIONS of the bill accordingly:

SECTION _____. The House Public Health Committee, the House Human Services Committee, and the Senate Health and Human Services Committee shall periodically request and review information from the Health and Human Services Commission and the commission's office of inspector general to monitor the enforcement of and the protections provided by the changes in law made by this Act and to recommend additional changes in law to further the purposes of this Act. In performing the duties required under this section, the House Public Health Committee and the House Human Services Committee shall perform the duties jointly and the Senate Health and Human Services Committee shall perform the duties independently.

The amendments were read.

Senator Huffman moved to concur in the House amendments to **SB 1803**.

The motion prevailed by the following vote: Yeas 31, Nays 0.

COMMITTEE SUBSTITUTE HOUSE BILL 2836 ON SECOND READING

On motion of Senator Patrick and by unanimous consent, the regular order of business was suspended to take up for consideration **CSHB 2836** at this time on its second reading:

CSHB 2836, Relating to the administration of certain state assessment instruments to public school students and to a study of the essential knowledge and skills of the required public school curriculum and of certain state assessment instruments.

The bill was read second time.

Senator West offered the following amendment to the bill:

Floor Amendment No. 1

Amend **CSHB 2836** (senate committee report) by adding the following appropriately numbered SECTIONS to the bill and renumbering subsequent SECTIONS of the bill accordingly:

SECTION _____. Chapter 11, Education Code, is amended by adding Subchapter I to read as follows:

SUBCHAPTER I. TEXAS ACHIEVEMENT SCHOOL DISTRICT

Sec. 11.401. TEXAS ACHIEVEMENT SCHOOL DISTRICT ESTABLISHED.

(a) The Texas Achievement School District is hereby established as a school district under this code and an intermediate educational unit under 34 C.F.R. Section 222.50 for the purpose of educating students attending a campus removed from the jurisdiction of a school district under Section 39.1071.

(b) In this subchapter, "prior system" means the school district from which a campus that is transferred to the jurisdiction of the achievement school district was removed.

(c) The commissioner shall select the superintendent of the achievement school district. The superintendent shall report to the commissioner under a written contract for services.

(d) The achievement school district does not have authority to impose taxes but has authority to seek and expend federal funding and grant funding and to otherwise seek, obtain, and expend funding with the same authority as an independent school district.

(e) The achievement school district may provide for the supervision, management, and operation of each campus placed under the district's jurisdiction and receive, control, and expend the local, state, and federal funding attributable to that campus, with all the same power and authority as the prior system, subject to the requirements of this subchapter and Section 39.1071, and with any other power or authority otherwise granted by law.

(f) The achievement school district is entitled to the same level of services provided to other school districts by regional education service centers, and to participate in any state program available to school districts, including a purchasing program. In addition, using funds appropriated for the regional education service centers, the commissioner shall direct that appropriate administrative facilities and support be made available to serve as the central administrative offices of the district.

(g) The achievement school district may not contract with a private entity for providing educational services to the students attending a campus transferred to the district, other than an eligible entity, as defined by Section 12.101, that holds a charter granted under Chapter 12 and has:

(1) operated one or more open-enrollment charter schools in this state for three or more consecutive years;

(2) achieved a district rating of exemplary or recognized under Subchapter G, Chapter 39, or the equivalent under subsequent laws or rules regarding accountability ratings for three of the preceding five years;

(3) documented success in whole school interventions that increased the educational and performance levels of students in campuses that received unacceptable performance ratings under Section 39.054; and

(4) demonstrated success in educating populations of students similar to the populations of students enrolled at the campus transferred to the district.

(h) The achievement school district may employ such staff as the superintendent deems necessary.

Sec. 11.402. APPLICABILITY OF LAWS, RULES, AND ORDINANCES TO ACHIEVEMENT SCHOOL DISTRICT. (a) Except as expressly provided by law, the achievement school district is subject to federal and state laws and rules governing public schools and to municipal zoning ordinances governing public schools.

(b) Except as provided by Subsection (c) and as expressly provided by other law, the achievement school district is subject to a provision of this title to the extent and in the manner that such provision applies to an open-enrollment charter school under Subchapter D, Chapter 12.

(c) A teacher employed by the achievement school district must be certified under Subchapter B, Chapter 21, and may only teach a subject in which the teacher is certified.

(d) The performance of a campus under the jurisdiction of the achievement school district may not be used for purposes of determining the prior system's performance rating under Section 39.054.

(e) With respect to the operation of the achievement school district, any requirement in Chapter 551 or 552, Government Code, or another law that concerns open meetings or the availability of information that applies to a school district, the board of trustees of a school district, or public school students applies to the achievement school district, the superintendent of the district, or students attending the district.

Sec. 11.403. IMMUNITY. The achievement school district is immune from liability to the same extent as any other school district, and the district's employees and volunteers are immune from liability to the same extent as other school district employees and volunteers.

Sec. 11.404. MEMBERSHIP IN TEACHER RETIREMENT SYSTEM OF TEXAS BY ACHIEVEMENT SCHOOL DISTRICT EMPLOYEES. (a) An employee of the achievement school district who qualifies for membership in the Teacher Retirement System of Texas shall be covered under the system to the same extent a qualified employee of any other school district is covered.

(b) For each employee of the achievement school district covered under the system, the district is responsible for making any contribution that otherwise would be the legal responsibility of the district, and the state is responsible for making contributions to the same extent it would be legally responsible if the employee were that of another school district.

Sec. 11.405. FUNDING OF STUDENTS ENROLLED IN ACHIEVEMENT SCHOOL DISTRICT. (a) The achievement school district is entitled to receive for the education of students transferred to the district funding under Chapter 42 equal to

the amount of funding per student in weighted average daily attendance to which the prior system would be entitled under Chapter 42 if the prior system were a school district without a tier one local share for purposes of Section 42.253.

(b) In determining funding for the achievement school district under Subsection (a), adjustments under Sections 42.102, 42.103, 42.104, and 42.105 are based on the actual adjustment for the prior system. In addition to the funding provided by Subsection (a), the achievement school district is entitled to receive enrichment funding under Section 42.302 based on the actual amount for the prior system.

(c) In determining funding for the achievement school district under Subsection (a), the commissioner shall apply the same adjustment factor provided under Section 42.101 to calculate the regular program allotment as for the prior system. This subsection expires September 1, 2015.

(d) The achievement school district is entitled to funds that are available to other school districts from the agency or the commissioner in the form of grants or other discretionary funding. The district is entitled to a pro rata share of all revenue to the prior system from the agency or the commissioner in the form of grants or other discretionary funding.

(e) The achievement school district is entitled to share in the available school fund apportionment and other privileges in the same manner as the prior system. The district shall report its student attendance and receive funding in the same manner as any other district.

(f) For purposes of calculating the amount of the prior system's obligations and entitlements under Chapters 41 and 42, students transferred to the achievement school district who would otherwise have attended the prior system are not counted in calculating the average daily attendance of the prior system.

(f-1) For purposes of calculating the prior system's allotments under Chapter 46, students transferred to the achievement school district who would otherwise have attended the prior system are counted in calculating the average daily attendance of the prior system.

(g) The commissioner shall adopt rules under this section.

Sec. 11.406. FACILITIES SUPPORT FOR STUDENTS ENROLLED IN ACHIEVEMENT SCHOOL DISTRICT. The achievement school district is entitled to use any school building and all facilities and property otherwise part of the campus and recognized as part of the facilities or assets of the campus before the campus was placed in the district. The district is entitled to access to such additional facilities as were typically available to the campus, its students, and faculty and staff before the campus was placed in the district. Such use may not be restricted, except that the achievement school district is responsible for and obligated to provide for routine maintenance and repair such that the facilities and property are maintained in as good an order as when the right of use was acquired by the district.

Sec. 11.407. OTHER SUPPORT FOR STUDENTS ENROLLED IN ACHIEVEMENT SCHOOL DISTRICT. The achievement school district may require the prior system to provide school support or student support services for a campus transferred from the prior system's jurisdiction, including student transportation, school food service, or student assessment for special education eligibility that are compliant with all laws and regulations governing such services. The achievement

school district shall reimburse the actual cost of such services to the prior system. If a dispute arises between the achievement school district and the prior system regarding the actual cost of services to be reimbursed, the commissioner or the commissioner's designee shall determine the cost to be reimbursed.

Sec. 11.408. EXPENDITURES FOR SUPPORT OF STUDENTS ENROLLED IN ACHIEVEMENT SCHOOL DISTRICT. Funds received by the achievement school district under Section 11.405 shall be used for the operation and administration of campuses transferred from prior systems to the district.

Sec. 11.409. ACHIEVEMENT CHARTER SCHOOLS. (a) The achievement school district may design and grant campus charters under Section 12.0521(a)(1) to new campuses created by the district for the purpose of applying the district's experience and expertise in turning around persistently low-performing campuses. The district shall develop a statewide plan under this section to be submitted in the manner provided by Section 39.332.

(b) New charters under this section are eligible for funding under Section 11.405. Any administrative cost of charter-authorizing activities under this section may be paid from funds appropriated to the agency.

(c) An entity granted a charter under this section is not eligible for an additional charter under this section or an expansion amendment if it fails to achieve and maintain an acceptable rating in its third year of operation at a campus.

SECTION _____. Subchapter C, Chapter 12, Education Code, is amended by adding Section 12.0523 to read as follows:

Sec. 12.0523. AUTHORIZATION FOR FAILING CAMPUS. (a) The commissioner may grant a charter to an eligible entity as defined by Section 12.101(a) in consultation with parents of students enrolled in the district and assigned to the attendance zone of the feeder pattern for the campus for the operation of a school campus with unacceptable performance under Chapter 39 for three consecutive school years if the commissioner determines that the campus has not instituted meaningful change as provided by Section 39.107(a).

(b) The name of the campus may be changed only on agreement by the holder of the charter under this section and the affected school district.

(c) The commissioner shall adopt rules necessary to implement this section.

SECTION _____. Subsection (f), Section 39.106, Education Code, is amended to read as follows:

(f) Notwithstanding any other provision of this subchapter, if the commissioner determines that a campus for which an intervention is ordered under Subsection (a) is not fully implementing the campus intervention team's recommendations or targeted improvement plan or updated plan, the commissioner may order the reconstitution of the campus as provided by Section 39.107 or the removal of the campus to the achievement school district established by Subchapter I, Chapter 11.

SECTION _____. The heading to Section 39.107, Education Code, is amended to read as follows:

Sec. 39.107. RECONSTITUTION, REMOVAL, OR GRANT OF CHARTER; REPURPOSING, ALTERNATIVE MANAGEMENT, AND CLOSURE.

SECTION _____. Section 39.107, Education Code, is amended by amending Subsections (a) and (a-1) and adding Subsections (a-2), (a-3), (a-4), (a-5), (a-6), and (k-1) to read as follows:

(a) After a campus has been identified as unacceptable for two consecutive school years, the commissioner shall determine whether the district has instituted meaningful change, including reconstituting the staff or leadership at the campus. If the commissioner determines that the campus has instituted meaningful change, the commissioner may take action under Subsection (a-1) and reevaluate the campus under this subsection following the conclusion of the subsequent school year. If the commissioner determines that the campus has not instituted meaningful change, the commissioner shall, based on the commissioner's determination of the best remedy for the campus:

(1) order the reconstitution of the campus under this section;

(2) order the removal of the campus to the achievement school district as provided by Section 39.1071; or

(3) grant a charter to an eligible entity in the manner provided by Section 12.0523.

(a-1) At the request of the board of trustees of the district, the commissioner may annually for two consecutive years grant the district extraordinary powers to address performance deficiencies in accordance with the following limitations:

(1) the commissioner may only grant powers specifically requested by the board;

(2) the board must provide evidence that the power or powers requested will enable the district to overcome identified barriers to performance growth;

(3) the commissioner may not grant a district powers or related waivers or exemptions not available to the achievement school district; and

(4) when the grant of an extraordinary power expires at the end of the first or second year in which it is operative, as determined by the commissioner, the campus will be removed to the achievement school district if the commissioner determines that the campus has not achieved a performance growth level that enables the campus to achieve acceptable performance within four years.

(a-2) In making a determination regarding action to be taken under this section, the commissioner shall seek and give considerable weight to recommendations from parents of students enrolled at the campus and members of the community who reside in the attendance zone of the campus.

(a-3) In reconstituting a campus, a campus intervention team, with the involvement and advice of the school community partnership team, if applicable, shall assist the campus in:

(1) developing an updated targeted improvement plan;

(2) submitting the updated targeted improvement plan to the board of trustees of the school district for approval and presenting the plan in a public hearing as provided by Section 39.106(e-1);

(3) obtaining approval of the updated plan from the commissioner; and

(4) executing the plan on approval by the commissioner.

(a-4) The campus intervention team or a school community partnership team shall develop information regarding campus performance and available options for improving campus performance that may be provided to interested parties on request.

(a-5) Notwithstanding Subsection (a), the commissioner may refrain from taking action otherwise required under that subsection against a campus based on campus performance for the 2014-2015 school year and preceding school years. If the commissioner takes action, the commissioner may not order the reconstitution of the campus and may only take other actions authorized by law. This subsection expires September 1, 2016.

(a-6) In ordering the reconstitution of a campus or as an alternative to reconstitution, the commissioner may order, if a school district requests the order, that:

(1) except as expressly provided by other law, the reconstituted campus and its employees and students are subject to a provision of this title to the extent and in the same manner that such provision applies to an open-enrollment charter school and its employees and students under Subchapter D, Chapter 12; or

(2) the reconstituted campus, by agreement between the school district and the achievement school district, be transferred to or operated by the achievement school district.

(k-1) A managing entity may not assume management of a campus under this section if a member of the entity's management and leadership team provided any input to the commissioner regarding the commissioner's determination under Subsection (a).

SECTION _____. Subchapter E, Chapter 39, Education Code, is amended by adding Section 39.1071 to read as follows:

Sec. 39.1071. REMOVAL OF CAMPUS TO ACHIEVEMENT SCHOOL DISTRICT. (a) In this section, "prior system" has the meaning assigned by Section 11.401(b).

(b) As provided by Section 39.107, the commissioner may order the removal of the campus to the achievement school district established by Subchapter I, Chapter 11, if action by the commissioner is required under Section 39.107.

(c) The students assigned to attend the campus or the students who would have been eligible to attend the campus if the campus had remained in the prior system may choose to attend the campus under the jurisdiction of the achievement school district or may exercise an option, made available by the prior system, to attend another campus remaining under the jurisdiction of the prior system.

(d) Only students who were eligible to attend a campus under the prior system or who would have been eligible to attend the campus if the campus had remained in the prior system may attend that campus at the achievement school district. All such students are eligible to attend the campus notwithstanding any contrary provision of law.

(e) Effective on a date determined by the commissioner after consulting with the superintendent of the achievement school district, a campus subject to this section shall be removed from the jurisdiction of the school district and transferred to the jurisdiction of the achievement school district. On that date, the school district or charter holder from which the campus was removed becomes the prior system.

(f) The removed campus shall be reorganized and reformed, as necessary, and operated by the achievement school district.

(g) The superintendent of the achievement school district shall decide which educators may be retained at that campus in the superintendent's sole discretion. If the achievement school district does not retain an educator, that educator may be assigned to another position by the prior system.

(h) A certified teacher with regular and direct responsibility for providing classroom instruction to students who is employed at the removed campus by the prior system shall be given priority consideration for employment in a comparable position by the achievement school district's superintendent. A person employed by the prior system at a removed campus may choose to remain in the employ of the prior system, and in that case, the prior system shall retain and reassign the person consistent with the prior system's contractual obligations or policies regarding the retention and reassignment of employees.

(i) For the purposes of any benefit or right requiring continuous service or based on years of service, the prior system shall grant a leave of absence to a person employed by the achievement school district who was employed at a campus when the campus was removed under this section. The prior system shall consider the period during which the achievement school district operates the campus to be service time with the prior system if the employee returns to the prior system's employment, but the prior system is not required to provide benefits during such leave.

(j) The benefits and privileges of any person employed in a campus by the achievement school district who was not employed by the prior system at the time the campus was removed to the achievement school district shall be those determined by the achievement school district at the time of such employment in compliance with applicable law.

(k) The achievement school district shall retain jurisdiction over any campus removed to the district until the commissioner, on the recommendation of the achievement school district's superintendent, enters into an agreement with the prior system for return of the campus to the prior system.

(l) When a campus in the achievement school district achieves an acceptable level of performance under this chapter, the commissioner shall direct the achievement school district to seek agreement for the return of the campus to the prior system. An agreement between the commissioner and the prior system for the return of the campus shall include:

(1) details for the operation of the campus by the prior system, including provisions for the continuation of the programs that have provided the basis for the academic achievement by the students and any charter granted under Section 11.409;

(2) provisions for the employment status of all persons employed by the achievement school district who were not employed by the prior system at the time the campus was removed to the achievement school district; and

(3) provisions for the means and timetable for the campus's transition and return to the prior system.

(m) If a campus has been operating under arrangements established by the achievement school district for three years, or two years if the commissioner determines that the campus has not made meaningful progress during those two years, and the campus has failed during that period of three or two years, as applicable, to achieve an acceptable level of performance under this chapter, the commissioner shall:

(1) take the following action:

(A) direct the superintendent of the achievement school district to organize a new campus of the achievement school district for the purpose of educating the students attending the campus initially removed from the prior system under this section in the manner determined by the superintendent as most likely to bring the campus to an acceptable level of performance, which may be done by designing and granting a campus charter under Section 12.0521(a)(1), as provided by Section 11.409; or

(B) in accordance with a proposal for improving campus performance submitted by the prior system, return the campus to the prior system;

(2) if the campus remains in the jurisdiction of the achievement school district, address the achievement school district's failure to turn around the campus within three years in the next statewide plan under Section 11.409; and

(3) record these steps for annual reporting as required by Section 39.332.

(n) For purposes of this subsection, "parent" has the meaning assigned by Section 12.051. If the commissioner is presented, in the time and manner specified by commissioner rule, a written petition signed by the parents of a majority of the students enrolled at a campus to which Subsection (m) applies specifying an action described by Section 39.107(e)(1), (2), or (3) that the parents request the commissioner to order, the commissioner shall, except as otherwise authorized by this section, order the specific action requested. For purposes of this subsection, the signature of only one parent of a student is required.

(o) If a campus governing body established by the achievement school district presents to the commissioner, in the time and manner specified by commissioner rule, a written request that the commissioner order specific action described by Section 39.107(e)(1) or (2) other than the specific action requested in the parents' petition and a written explanation of the basis for the governing body's request, the commissioner may order the action requested by the governing body.

(p) If the commissioner determines that the basis for the unsatisfactory performance of a campus for two consecutive school years is limited to a specific condition that may be remedied with targeted technical assistance, the commissioner may require the district to contract for the appropriate technical assistance instead of removal under this section.

(q) On request, the commissioner and the superintendent of the achievement school district shall provide information concerning the new operations and performance of a campus to the prior system.

(r) Notwithstanding any other provision of this code, the funding for a campus operated by the achievement school district must be not less than the funding of the other campuses in the prior system on a per student basis so that the achievement

school district receives at least the same funding the campus would otherwise have received, provided that the prior system receives the same amount per student in a given year.

(s) A campus operated by the achievement school district may change its name only on agreement of the prior system and the achievement school district.

(t) The commissioner may adopt rules necessary to implement this section.

SECTION _____. Section 39.108, Education Code, is amended to read as follows:

Sec. 39.108. ANNUAL REVIEW. (a) The commissioner shall review annually the performance of a district or campus subject to this subchapter to determine the appropriate actions to be implemented under this subchapter. The commissioner must review at least annually the performance of a district for which the accreditation status or rating has been lowered due to insufficient student performance and may not raise the accreditation status or rating until the district has demonstrated improved student performance. If the review reveals a lack of improvement, the commissioner shall increase the level of state intervention and sanction unless the commissioner finds good cause for maintaining the current status.

(b) The review required by Subsection (a) shall form the basis of the reporting required by Section 39.332(b)(24).

SECTION _____. Subsection (b), Section 39.332, Education Code, is amended by adding Subdivision (24) to read as follows:

(24) The report must contain a listing and description of the status of each campus under the jurisdiction of the achievement school district and a summary of the reforms implemented and progress of the campus.

SECTION _____. This Act applies beginning with the 2014-2015 school year.

SECTION _____. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2013.

The amendment to **CSHB 2836** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 1 except as follows:

Nays: Birdwell, Campbell, Nichols.

Senator Huffman offered the following amendment to the bill:

Floor Amendment No. 2

Amend **CSHB 2836** (Senate Committee Printing) by adding the following appropriately numbered SECTION to the bill and renumbering subsequent SECTIONS of the bill accordingly:

SECTION ___. Section 39.055, Education Code, is amended to read as follows:

Sec. 39.055. STUDENT ORDERED BY A JUVENILE COURT OR STUDENT IN RESIDENTIAL FACILITY NOT CONSIDERED FOR ACCOUNTABILITY PURPOSES. Notwithstanding any other provision of this code except to the extent otherwise provided under Section 39.054(f), for purposes of determining the performance of a school district, ~~or~~ campus, or open-enrollment

charter school under this chapter, a student ordered by a juvenile court into a residential program or facility operated by or under contract with the Texas Juvenile Justice Department [~~Youth Commission, the Texas Juvenile Probation Commission~~], a juvenile board, or any other governmental entity or any student who is receiving treatment in a residential facility is not considered to be a student of the school district in which the program or facility is physically located or of an open-enrollment charter school, as applicable. The performance of such a student on an assessment instrument or other student achievement indicator adopted under Section 39.053 or reporting indicator adopted under Section 39.301 shall be determined, reported, and considered separately from the performance of students attending a school of the district in which the program or facility is physically located or an open-enrollment charter school, as applicable.

The amendment to **CSHB 2836** was read and was adopted by a viva voce vote.

All Members are deemed to have voted "Yea" on the adoption of Floor Amendment No. 2.

On motion of Senator Patrick and by unanimous consent, the caption was amended to conform to the body of the bill as amended.

CSHB 2836 as amended was passed to third reading by a viva voce vote.

All Members are deemed to have voted "Yea" on the passage to third reading except as follows:

Nays: Birdwell.

COMMITTEE SUBSTITUTE HOUSE BILL 2836 ON THIRD READING

Senator Patrick moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **CSHB 2836** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 30, Nays 1.

Nays: Birdwell.

The bill was read third time and was passed by the following vote: Yeas 30, Nays 1. (Same as previous roll call)

CONFERENCE COMMITTEE REPORT ON HOUSE BILL 1160

Senator Nelson submitted the following Conference Committee Report:

Austin, Texas

May 21, 2013

Honorable David Dewhurst
President of the Senate

Honorable Joe Straus
Speaker of the House of Representatives

Sirs:

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on **HB 1160** have had the same under consideration, and beg to report it back with the recommendation that it do pass.

NELSON

ELTIFE

WATSON

DEUELL

NICHOLS

On the part of the Senate

GEREN

FRULLO

KUEMPEL

PADDIE

SCHAEFER

On the part of the House

The Conference Committee Report on **HB 1160** was filed with the Secretary of the Senate.

**CONFERENCE COMMITTEE REPORT ON
SENATE BILL 176**

Senator Carona submitted the following Conference Committee Report:

Austin, Texas

May 20, 2013

Honorable David Dewhurst
President of the Senate

Honorable Joe Straus
Speaker of the House of Representatives

Sirs:

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on **SB 176** have had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

CARONA

DAVIS

ELLIS

NELSON

WILLIAMS

On the part of the Senate

FLYNN

ELKINS

GUILLEN

PICKETT

ZEDLER

On the part of the House

**A BILL TO BE ENTITLED
AN ACT**

relating to the distribution of certain consultants' reports.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter B, Chapter 2254, Government Code, is amended by adding Section 2254.041 to read as follows:

Sec. 2254.041. DISTRIBUTION OF CONSULTANT REPORTS. (a) A consulting services contract must include provisions that allow the state agency contracting with the consultant and any other state agency and the legislature, at the contracting state agency's discretion, to distribute the consultant report, if any, and to post the report on the agency's Internet website or the website of a standing committee of the legislature.

(b) This section does not affect the application of Chapter 552 to a consultant's report.

SECTION 2. (a) Except as provided by Subsection (b) of this section, Section 2254.041, Government Code, as added by this Act, applies only to a consulting services contract entered into on or after the effective date of this Act. A consulting services contract entered into before the effective date of this Act is governed by the law in effect on the date the contract is entered into, and that law is continued in effect for that purpose.

(b) Section 2254.041, Government Code, as added by this Act, does not apply to a consulting services contract entered into on or after the effective date of this Act if:

(1) the state agency entered into negotiations for the consulting services contract before the effective date of this Act; and

(2) the contract is executed before December 31, 2013.

SECTION 3. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2013.

The Conference Committee Report on **SB 176** was filed with the Secretary of the Senate.

CONFERENCE COMMITTEE REPORT ON SENATE BILL 901

Senator Fraser submitted the following Conference Committee Report:

Austin, Texas

May 21, 2013

Honorable David Dewhurst

President of the Senate

Honorable Joe Straus

Speaker of the House of Representatives

Sirs:

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on **SB 901** have had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

FRASER
DEUEL
ELTIFE

PADDIE
CRADDICK
CROWNOVER

ESTES
HINOJOSA
On the part of the Senate

GEREN
THOMPSON, SENFRONIA
On the part of the House

A BILL TO BE ENTITLED
AN ACT

relating to standards and practices applicable to the transportation and storage of certain substances.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subdivision (1), Section 91.251, Natural Resources Code, is amended to read as follows:

(1) "Intrastate gas pipeline facility" has the meaning assigned by the United States Department of Transportation under [~~Chapter 601, Title 49, United States Code~~ 49 U.S.C. Section 60101 et seq.~~;~~] and its subsequent amendments or a succeeding law.

SECTION 2. Subsection (b), Section 91.252, Natural Resources Code, is amended to read as follows:

(b) This subchapter does not apply to a storage facility that is:

(1) part of an interstate gas pipeline facility as defined by the United States Department of Transportation; and

(2) subject to federal minimum standards adopted under [~~Chapter 601, Title 49, United States Code~~ 49 U.S.C. Section 60101 et seq.~~;~~] and its subsequent amendments or a succeeding law.

SECTION 3. Subdivision (2), Section 117.001, Natural Resources Code, is amended to read as follows:

(2) "Hazardous liquid" means:

(A) petroleum or any petroleum product; ~~and~~

(B) nonpetroleum fuel, including biofuel, that is flammable, toxic, or corrosive or would be harmful to the environment if released in significant quantities; and

(C) a ~~any~~ substance or material, other than liquefied natural gas, ~~[which is in liquid state, excluding liquefied natural gas, when transported by pipeline facilities and which has been]~~ determined by the United States secretary of transportation to pose an unreasonable risk to life or property when transported by a hazardous liquid pipeline facility in a liquid state ~~[pipeline facilities].~~

SECTION 4. Subsection (a), Section 117.011, Natural Resources Code, is amended to read as follows:

(a) The commission has jurisdiction over all pipeline transportation of hazardous liquids or carbon dioxide and over all hazardous liquid or carbon dioxide pipeline facilities as provided by 49 U.S.C. Section 60101 et seq. and its subsequent amendments or a succeeding law.

SECTION 5. Subsection (c), Section 117.012, Natural Resources Code, is amended to read as follows:

(c) The safety standards adopted by the commission in its rules must be compatible with those standards established by the United States secretary of transportation under 49 U.S.C. Section 60101 et seq. and its subsequent amendments or a succeeding law [the Hazardous Liquid Pipeline Safety Act of 1979 (Pub.L.No. 96-129)].

SECTION 6. Subsection (a), Section 117.013, Natural Resources Code, is amended to read as follows:

(a) Each owner or operator of a pipeline engaged in the transportation of hazardous liquids or carbon dioxide within this state shall maintain records, make reports, and provide any information the commission may require under the jurisdiction granted by [the Hazardous Liquid Pipeline Safety Act of 1979 (Pub.L.No. 96-129) and] this chapter and 49 U.S.C. Section 60101 et seq. and its subsequent amendments or a succeeding law.

SECTION 7. Section 117.015, Natural Resources Code, is amended to read as follows:

Sec. 117.015. COMPLIANCE WITH FEDERAL LAW. The commission shall make reports and certifications to the United States Department of Transportation and shall take any other actions necessary to comply with 49 U.S.C. Section 60101 et seq. and its subsequent amendments or a succeeding law [the Hazardous Liquid Pipeline Safety Act of 1979 (Pub.L. No. 96-129)].

SECTION 8. Subdivision (3), Section 211.001, Natural Resources Code, is amended to read as follows:

(3) "Salt dome storage of hazardous liquids" means the storage of a hazardous liquid in any salt formation or bedded salt formation storage facility, but does not include a facility that has been defined by the federal Department of Transportation as part of an interstate pipeline facility and that is subject to federal minimum standards adopted under 49 U.S.C. Section 60101 et seq. and its subsequent amendments or a succeeding law [the Hazardous Liquid Pipeline Safety Act of 1979 (49 U.S.C. Section 2001 et seq.)].

SECTION 9. Subsection (c), Section 211.002, Natural Resources Code, is amended to read as follows:

(c) "Safety standards or practices" means any regulation of an activity or facility covered by this chapter or that is incompatible with the safety standards or practices enacted or adopted by federal or state government pursuant to 49 U.S.C. Section 60101 et seq. and its subsequent amendments or a succeeding law [the Hazardous Liquid Pipeline Safety Act of 1979, as amended].

SECTION 10. Subsection (a), Section 211.012, Natural Resources Code, is amended to read as follows:

(a) The commission by rule shall adopt safety standards and practices for the salt dome storage of hazardous liquids and the facilities used for that purpose. Safety standards and practices adopted by the commission for a storage facility that is part of an intrastate pipeline facility, as defined by the federal Department of Transportation under 49 U.S.C. Section 60101 et seq. and its subsequent amendments or a succeeding law [the Hazardous Liquid Pipeline Safety Act of 1979 (49 U.S.C. Section 2001 et seq.)], must be compatible with federal minimum standards. The rules shall require:

(1) the installation and periodic testing of safety devices at a salt dome storage facility;

(2) the establishment of emergency notification procedures for the operator of a facility in the event of a release of a hazardous substance that poses a substantial risk to the public;

(3) fire prevention and response procedures;

(4) employee and third-party contractor safety training with respect to the operation of the facility; and

(5) other requirements that the commission finds necessary and reasonable for the safe construction, operation, and maintenance of salt dome storage facilities.

SECTION 11. Subsections (a), (b), and (c), Section 121.201, Utilities Code, are amended to read as follows:

(a) The railroad commission may:

(1) by rule prescribe or adopt safety standards for the transportation of gas and for gas pipeline facilities, including safety standards related to the prevention of damage to such a facility resulting from the movement of earth by a person in the vicinity of the facility, other than movement by tillage that does not exceed a depth of 16 inches;

(2) by rule require an operator that does not file operator organization information under Section 91.142, Natural Resources Code, to provide the information to the commission in the form of an application;

(3) by rule require record maintenance and reports;

(4) inspect records and facilities to determine compliance with safety standards prescribed or adopted under Subdivision (1);

(5) make certifications and reports from time to time;

(6) seek designation by the United States secretary of transportation as an agent to conduct safety inspections of interstate gas pipeline facilities located in this state; and

(7) by rule take any other requisite action in accordance with 49 U.S.C. Section 60101 et seq. and its subsequent amendments[;] or a succeeding law.

(b) The power granted by Subsection (a):

(1) does not apply to the transportation of gas or to gas facilities subject to the exclusive control of the United States but applies to the transportation of gas and gas pipeline facilities in this state to the maximum degree permissible under 49 U.S.C. Section 60101 et seq. and its subsequent amendments[;] or a succeeding law; and

(2) is granted to provide exclusive state control over safety standards and practices applicable to the transportation of gas and gas pipeline facilities within the borders of this state to the maximum degree permissible under that law.

(c) A term that is used in this section and defined by [~~Chapter 601, Title 49, United States Code~~]49 U.S.C. Section 60101 et seq. and its subsequent amendments[;] or a succeeding law has the meaning assigned by that [~~chapter or the succeeding~~] law.

SECTION 12. Section 121.452, Utilities Code, is amended to read as follows:

Sec. 121.452. APPLICABILITY. This subchapter does not apply to:

(1) an extension of an existing sour gas pipeline facility that is in compliance with the railroad commission's rules for oil, gas, or geothermal resource operation in a hydrogen sulfide area if:

(A) the extension is not longer than five miles;

(B) the nominal pipe size is not larger than six inches in diameter; and

(C) the railroad commission is given notice of the construction of the extension not later than 24 hours before the start of construction;

(2) a new or an extension of a low-pressure gathering system; or

(3) an interstate gas pipeline facility, as defined by 49 U.S.C. Section 60101 and its subsequent amendments or a succeeding law, that is used for the transportation of sour gas.

SECTION 13. Subsection (c), Section 26.344, Water Code, is amended to read as follows:

(c) An interstate pipeline facility, including gathering lines, or an aboveground storage tank connected to such a facility is exempt from regulation under this subchapter if the pipeline facility is regulated under 49 U.S.C. Section 60101 et seq. and its subsequent amendments or a succeeding law[-

~~[(1) the Natural Gas Pipeline Safety Act of 1968 (49 U.S.C. Section 1671 et seq.); or~~

~~[(2) the Hazardous Liquid Pipeline Safety Act of 1979 (49 U.S.C. Section 2001 et seq.)].~~

SECTION 14. Section 26.360, Water Code, is amended to read as follows:

Sec. 26.360. PRIVATIZATION OF PROGRAM. Notwithstanding other provisions of this subchapter, the commission by rule may authorize the privatization of any part of the program established under this subchapter. An entity that satisfies the commission's requirements under this subchapter is not subject to additional penalties.

SECTION 15. This Act takes effect September 1, 2013.

The Conference Committee Report on **SB 901** was filed with the Secretary of the Senate.

CONFERENCE COMMITTEE REPORT ON SENATE BILL 200

Senator Patrick submitted the following Conference Committee Report:

Austin, Texas

May 21, 2013

Honorable David Dewhurst
President of the Senate

Honorable Joe Straus
 Speaker of the House of Representatives

Sirs:

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on **SB 200** have had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

PATRICK
 NICHOLS
 WHITMIRE
 HUFFMAN

ANCHIA
 COOK
 MARTINEZ, "MANDO"
 EILAND
 CALLEGARI

On the part of the Senate

On the part of the House

A BILL TO BE ENTITLED
 AN ACT

relating to the continuation and functions of the State Pension Review Board.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subsection (a), Section 801.102, Government Code, is amended to read as follows:

(a) The board is composed of seven ~~[nine]~~ members.

SECTION 2. Section 801.1021, Government Code, is amended to read as follows:

Sec. 801.1021. CONFLICT PROVISIONS. (a) In this section, "Texas trade association" means a cooperative and voluntarily joined statewide association of business or professional competitors in this state designed to assist its members and its industry or profession in dealing with mutual business or professional problems and in promoting their common interest.

(b) A person is not eligible for appointment as a member of the board if the person or the person's spouse:

(1) is employed by or participates in the management of a business entity or other organization receiving funds from the board;

(2) owns or controls, directly or indirectly, more than a 10 percent interest in a business entity or other organization receiving funds from the board; or

(3) uses or receives a substantial amount of tangible goods, services, or funds from the board, other than compensation or reimbursement authorized by law for board membership, attendance, or expenses.

(c) ~~(b)~~ A person may not serve as a member of the board or act as the general counsel to the board if the person is required to register as a lobbyist under Chapter 305 because of the person's activities for compensation on behalf of a profession related to the operation of the board.

(d) A person may not be a member of the board and may not be a board employee employed in a "bona fide executive, administrative, or professional capacity," as that phrase is used for purposes of establishing an exemption to the overtime provisions of the federal Fair Labor Standards Act of 1938 (29 U.S.C. Section 201 et seq.), if:

(1) the person is an officer, employee, or paid consultant of a Texas trade association in the field of pensions; or

(2) the person's spouse is an officer, manager, or paid consultant of a Texas trade association in the field of pensions.

SECTION 3. Section 801.106, Government Code, is amended to read as follows:

Sec. 801.106. TERMS OF OFFICE. Members of the board hold office for staggered terms of six years, with the terms of two or three members, as appropriate, expiring on January 31 of each odd-numbered year.

SECTION 4. Subsection (a), Section 801.1061, Government Code, is amended to read as follows:

(a) It is a ground for removal from the board that a member:

(1) does not have at the time of taking office the qualifications required by Section 801.103 ~~[or 801.104]~~;

(2) does not maintain during service on the board the qualifications required by Section 801.103 ~~[or 801.104]~~;

(3) is ineligible for membership under Section 801.1021;

(4) cannot, because of illness or disability, discharge the member's duties for a substantial part of the member's term; or

(5) is absent from more than half of the regularly scheduled board meetings that the member is eligible to attend during a calendar year without an excuse approved by a majority vote of the board.

SECTION 5. Section 801.107, Government Code, is amended to read as follows:

Sec. 801.107. SUNSET PROVISION. The State Pension Review Board is subject to Chapter 325 (Texas Sunset Act). Unless continued in existence as provided by that chapter, the board is abolished and this chapter expires September 1, 2025 ~~[2013]~~.

SECTION 6. Subchapter C, Chapter 801, Government Code, is amended by adding Section 801.2012 to read as follows:

Sec. 801.2012. NEGOTIATED RULEMAKING AND ALTERNATIVE DISPUTE RESOLUTION PROCEDURES. (a) The board shall develop and implement a policy to encourage the use of:

(1) negotiated rulemaking procedures under Chapter 2008 for the adoption of board rules; and

(2) appropriate alternative dispute resolution procedures under Chapter 2009 to assist in the resolution of internal and external disputes under the board's jurisdiction.

(b) The board's procedures relating to alternative dispute resolution must conform, to the extent possible, to any model guidelines issued by the State Office of Administrative Hearings for the use of alternative dispute resolution by state agencies.

(c) The board shall:

(1) coordinate the implementation of the policy adopted under Subsection (a);

(2) provide training as needed to implement the procedures for negotiated rulemaking or alternative dispute resolution; and

(3) collect data concerning the effectiveness of those procedures.

SECTION 7. Subchapter C, Chapter 801, Government Code, is amended by adding Section 801.208 to read as follows:

Sec. 801.208. EDUCATION AND TRAINING. As authorized by Section 801.113(e), the board may develop and conduct training sessions and other educational activities for trustees and administrators of public retirement systems. In exercising the board's authority under this section, the board may:

(1) conduct live training seminars on an Internet website at intervals the board considers necessary to keep trustees and administrators reasonably informed;

(2) maintain archives of previous seminars reasonably accessible to trustees and administrators on the Internet website; and

(3) use technologies and innovations the board considers appropriate to educate the greatest practicable number of trustees and administrators.

SECTION 8. Section 802.001, Government Code, is amended by adding Subdivision (1-a) to read as follows:

(1-a) "Defined contribution plan" means a plan provided by the governing body of a public retirement system that provides for an individual account for each participant and for benefits based solely on the amount contributed to the participant's account, and any income, expenses, gains and losses, and any forfeitures of accounts of other participants that may be allocated to the participant's account.

SECTION 9. Section 802.002, Government Code, is amended by amending Subsection (b) and adding Subsections (c) and (d) to read as follows:

(b) If a public ~~[an exempt]~~ retirement system or program that is exempt under Subsection (a) is required by law to make an actuarial valuation of the assets of the system or program and publish actuarial information about the system or program, the actuary making the valuation and the governing body publishing the information must include the information required by Section 802.101(b).

(c) Notwithstanding any other law, a defined contribution plan is exempt from Sections 802.101, 802.1012, 802.1014, 802.103, 802.104, and 802.202(d). This subsection may not be construed to exempt any plan from Section 802.105 or 802.106(h).

(d) Notwithstanding any other law, a retirement system that is organized under the Texas Local Fire Fighters Retirement Act (Article 6243e, Vernon's Texas Civil Statutes) for a fire department consisting exclusively of volunteers as defined by that Act is exempt from Sections 802.101, 802.1012, 802.1014, 802.102, 802.103, 802.104, and 802.202(d). This subsection may not be construed to exempt any plan from Section 802.105 or 802.106(h).

SECTION 10. Subchapter B, Chapter 802, Government Code, is amended by adding Section 802.1014 to read as follows:

Sec. 802.1014. ACTUARIAL EXPERIENCE STUDY. (a) In this section, "actuarial experience study" means a study in which actuarial assumptions are reviewed in light of relevant experience factors, important trends, and economic projections with the purpose of determining whether actuarial assumptions require adjustment.

(b) Except as provided by Subsection (c), a public retirement system that conducts an actuarial experience study shall submit to the board a copy of the actuarial experience study before the 31st day after the date of the study's adoption.

(c) This section does not apply to the Employees Retirement System of Texas, the Teacher Retirement System of Texas, the Texas County and District Retirement System, the Texas Municipal Retirement System, or the Judicial Retirement System of Texas Plan Two.

SECTION 11. Section 802.102, Government Code, is amended to read as follows:

Sec. 802.102. AUDIT. The governing body of a public retirement system shall have the accounts of the system audited at least annually by a certified public accountant in accordance with generally accepted auditing standards. A general audit of a governmental entity, as defined by Section 802.1012, does not satisfy the requirement of this section.

SECTION 12. Section 802.103, Government Code, is amended by adding Subsection (d) to read as follows:

(d) A general audit of a governmental entity, as defined by Section 802.1012, does not satisfy the requirement of this section.

SECTION 13. Subsection (h), Section 802.106, Government Code, is amended to read as follows:

(h) A public retirement system shall submit to the board [~~State Pension Review Board~~] copies of the summarized information required by Subsections (a) and (b) [~~—A system shall submit a copy of the information required by Subsection (a)] before the 31st day after the date of publication or [~~and a copy of the information required by Subsection (b) before the 271st day after~~] the date a change is adopted, as appropriate.~~

SECTION 14. (a) Subtitle A, Title 8, Government Code, is amended by adding Chapter 807 to read as follows:

CHAPTER 807. PROHIBITION ON INVESTMENT IN IRAN

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 807.001. DEFINITIONS. In this chapter:

(1) "Active business operations" means all business operations that are not inactive business operations.

(2) "Board" means the State Pension Review Board.

(3) "Business operations" means engaging in commerce in any form in Iran, including by acquiring, developing, maintaining, owning, selling, possessing, leasing, or operating equipment, facilities, personnel, products, services, personal property, real property, or any other apparatus of business or commerce.

(4) "Company" means a sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, limited liability company, or other entity or business association whose securities are publicly traded, including a wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of those entities or business associations, that exists to make a profit.

(5) "Direct holdings" means, with respect to a company, all securities of that company held directly by a state governmental entity in an account or fund in which a state governmental entity owns all shares or interests.

(6) "Inactive business operations" means the mere continued holding or renewal of rights to property previously operated to generate revenue but not presently deployed to generate revenue.

(7) "Indirect holdings" means, with respect to a company, all securities of that company held in an account or fund, such as a mutual fund, managed by one or more persons not employed by a state governmental entity, in which the state governmental entity owns shares or interests together with other investors not subject to the provisions of this chapter. The term does not include money invested under a plan described by Section 401(k) or 457 of the Internal Revenue Code of 1986.

(8) "Listed company" means a company listed by the board under Section 807.051.

(9) "Military equipment" means weapons, arms, military supplies, and equipment that readily may be used for military purposes, including radar systems and military-grade transport vehicles.

(10) "Scrutinized company" means a company that engages in scrutinized business operations described by Section 807.002.

(11) "State governmental entity" means:

(A) the Employees Retirement System of Texas, including a retirement system administered by that system;

(B) the Teacher Retirement System of Texas;

(C) the Texas Municipal Retirement System;

(D) the Texas County and District Retirement System; and

(E) the Texas Emergency Services Retirement System.

Sec. 807.002. SCRUTINIZED BUSINESS OPERATIONS. A company engages in scrutinized business operations if:

(1) the company has business operations that involve contracts with or providing supplies or services to the government of Iran, a company in which the government of Iran has any direct or indirect equity share, a consortium or project commissioned by the government of Iran, or a company involved in a consortium or project commissioned by the government of Iran; or

(2) the company supplies military equipment to Iran.

Sec. 807.003. EXCEPTION. Notwithstanding any provision of this chapter, a company that the United States government affirmatively declares to be excluded from its federal sanctions regime relating to Iran is not subject to divestment or the investment prohibition under this chapter.

Sec. 807.004. OTHER LEGAL OBLIGATIONS. With respect to actions taken in compliance with this chapter, including all good faith determinations regarding companies as required by this chapter, a state governmental entity is exempt from any conflicting statutory or common law obligations, including any obligations with respect to making investments, divesting from any investment, preparing or maintaining any list of companies, or choosing asset managers, investment funds, or investments for the state governmental entity's securities portfolios.

Sec. 807.005. INDEMNIFICATION OF STATE GOVERNMENTAL ENTITIES, EMPLOYEES, AND OTHERS. In a cause of action based on an action, inaction, decision, divestment, investment, company communication, report, or other determination made or taken in connection with this chapter, the state shall, without

regard to whether the person performed services for compensation, indemnify and hold harmless for actual damages, court costs, and attorney's fees adjudged against, and defend:

(1) an employee, a member of the governing body, or any other officer of a state governmental entity;

(2) a contractor of a state governmental entity;

(3) a former employee, a former member of the governing body, or any other former officer of a state governmental entity who was an employee or officer when the act or omission on which the damages are based occurred;

(4) a former contractor of a state governmental entity who was a contractor when the act or omission on which the damages are based occurred; and

(5) a state governmental entity.

Sec. 807.006. NO PRIVATE CAUSE OF ACTION. (a) A person, including a member, retiree, or beneficiary of a retirement system to which this chapter applies, an association, a research firm, a company, or any other person may not sue or pursue a private cause of action against the state, a state governmental entity, an employee, a member of the governing body, or any other officer of a state governmental entity, or a contractor of a state governmental entity, for any claim or cause of action, including breach of fiduciary duty, or for violation of any constitutional, statutory, or regulatory requirement in connection with any action, inaction, decision, divestment, investment, company communication, report, or other determination made or taken in connection with this chapter.

(b) A person who files suit against the state, a state governmental entity, an employee, a member of the governing body, or any other officer of a state governmental entity, or a contractor of a state governmental entity, is liable for paying the costs and attorney's fees of a person sued in violation of this section.

Sec. 807.007. INAPPLICABILITY OF REQUIREMENTS INCONSISTENT WITH FIDUCIARY RESPONSIBILITIES AND RELATED DUTIES. A state governmental entity is not subject to a requirement of this chapter if the state governmental entity determines that the requirement would be inconsistent with its fiduciary responsibility with respect to the investment of entity assets or other duties imposed by law relating to the investment of entity assets, including the duty of care established under Section 67, Article XVI, Texas Constitution.

Sec. 807.008. RELIANCE ON COMPANY RESPONSE. The board and a state governmental entity may rely on a company's response to a notice or communication made under this chapter without conducting any further investigation, research, or inquiry.

SUBCHAPTER B. DUTIES REGARDING INVESTMENTS

Sec. 807.051. LISTED COMPANIES. (a) The board shall prepare and maintain, and provide to each state governmental entity, a list of all scrutinized companies. In maintaining the list, the board may review and rely, as appropriate in the board's judgment, on publicly available information regarding companies with business operations in Iran, including information provided by the state, nonprofit organizations, research firms, international organizations, and governmental entities.

(b) The board shall update the list annually or more often as the board considers necessary, but not more often than quarterly, based on information from, among other sources, those listed in Subsection (a).

(c) Not later than the 30th day after the date the list of scrutinized companies is first provided or updated, the board shall file the list with the presiding officer of each house of the legislature and the attorney general.

Sec. 807.052. IDENTIFICATION OF INVESTMENT IN LISTED COMPANIES. Not later than the 14th day after the date a state governmental entity receives the list provided under Section 807.051, the state governmental entity shall notify the board of the listed companies in which the state governmental entity owns direct holdings or indirect holdings.

Sec. 807.053. NOTICE TO LISTED COMPANY ENGAGED IN INACTIVE BUSINESS OPERATIONS. For each listed company identified under Section 807.052 that is engaged in only scrutinized inactive business operations, the state governmental entity shall send a written notice informing the company of this chapter and encouraging the company to continue to refrain from initiating active business operations in Iran until it is able to avoid being considered a listed company. The state governmental entity shall continue the correspondence as the entity, in its sole discretion, considers necessary, but is not required to initiate correspondence more often than semiannually.

Sec. 807.054. ACTIONS RELATING TO LISTED COMPANY ENGAGED IN ACTIVE BUSINESS OPERATIONS. (a) For each listed company identified under Section 807.052 that is engaged in scrutinized active business operations, the state governmental entity shall send a written notice informing the company of its listed company status and warning the company that it may become subject to divestment by state governmental entities.

(b) The notice must offer the company the opportunity to clarify its Iran-related activities and must encourage the company, not later than the 90th day after the date the company receives notice under this section, to either cease its scrutinized business operations or convert the operations to inactive business operations in order to avoid qualifying for divestment by state governmental entities.

(c) If, during the time provided by Subsection (b), the company ceases scrutinized business operations, the board shall remove the company from the list maintained under Section 807.051 and this chapter will no longer apply to the company unless it resumes scrutinized business operations.

(d) If, during the time provided by Subsection (b), the company converts its scrutinized active business operations to inactive business operations, the company is subject to all provisions of this chapter relating to inactive business operations.

(e) If, after the time provided by Subsection (b) expires, the company continues to have scrutinized active business operations, the state governmental entity shall sell, redeem, divest, or withdraw all publicly traded securities of the company, except securities described by Section 807.056, according to the schedule provided by Section 807.055.

Sec. 807.055. DIVESTMENT OF ASSETS. (a) A state governmental entity required to sell, redeem, divest, or withdraw all publicly traded securities of a listed company shall comply with the following schedule:

(1) at least 50 percent of those assets must be removed from the state governmental entity's assets under management not later than the 270th day after the date the company receives notice under Section 807.054 or Subsection (b) unless the state governmental entity determines, based on a good faith exercise of its fiduciary discretion and subject to Subdivision (2), that a later date is more prudent; and

(2) 100 percent of those assets must be removed from the state governmental entity's assets under management not later than the 450th day after the date the company receives notice under Section 807.054 or Subsection (b).

(b) If a company that ceased scrutinized active business operations after receiving notice under Section 807.054 resumes scrutinized active business operations, the state governmental entity shall send a written notice to the company informing it that the state governmental entity will sell, redeem, divest, or withdraw all publicly traded securities of the scrutinized company according to the schedule in Subsection (a).

(c) Except as provided by Subsection (a), a state governmental entity may delay the schedule for divestment under that subsection only to the extent that the state governmental entity determines, in the state governmental entity's good faith judgment, that divestment from listed companies will likely result in a loss in value or a benchmark deviation described by Section 807.057(a). If a state governmental entity delays the schedule for divestment, the state governmental entity shall submit a report to the presiding officer of each house of the legislature and the attorney general stating the reasons and justification for the state governmental entity's delay in divestment from listed companies. The report must include documentation supporting its determination that the divestment would result in a loss in value or benchmark deviation described by Section 807.057(a), including objective numerical estimates. The state governmental entity shall update the report every six months.

Sec. 807.056. INVESTMENTS EXEMPTED FROM DIVESTMENT. A state governmental entity is not required to divest from any indirect holdings in actively or passively managed investment funds or private equity funds. The state governmental entity shall submit letters to the managers of investment funds containing listed companies requesting that they consider removing those companies from the fund or create a similar actively or passively managed fund with indirect holdings devoid of listed companies. If the manager creates a similar fund with substantially the same management fees and same level of investment risk and anticipated return, the state governmental entity may replace all applicable investments with investments in the similar fund in a time frame consistent with prudent fiduciary standards.

Sec. 807.057. AUTHORIZED INVESTMENT IN LISTED COMPANIES. (a) A state governmental entity may cease divesting from or may reinvest in one or more listed companies if clear and convincing evidence shows that:

(1) the state governmental entity has suffered or will suffer a loss in the hypothetical value of all assets under management by the state governmental entity as a result of having to divest from listed companies under this chapter; or

(2) an individual portfolio that uses a benchmark-aware strategy would be subject to an aggregate expected deviation from its benchmark as a result of having to divest from listed companies under this chapter.

(b) A state governmental entity may cease divesting from or may reinvest in a listed company as provided by this section only to the extent necessary to ensure that the state governmental entity does not suffer a loss in value or deviate from its benchmark as described by Subsection (a).

(c) Before a state governmental entity may cease divesting from or may reinvest in a listed company under this section, the state governmental entity must provide a written report to the presiding officer of each house of the legislature and the attorney general setting forth the reason and justification, supported by clear and convincing evidence, for its decisions to cease divestment, to reinvest, or to remain invested in a listed company.

(d) The state governmental entity shall update the report required by Subsection (c) semiannually, as applicable.

(e) This section does not apply to reinvestment in a company that is no longer a listed company.

Sec. 807.058. PROHIBITED INVESTMENTS. Except as provided by Sections 807.003 and 807.057, a state governmental entity may not acquire securities of a listed company.

SUBCHAPTER C. EXPIRATION; REPORT; ENFORCEMENT

Sec. 807.101. EXPIRATION OF CHAPTER. This chapter expires on the earlier of:

(1) the date the United States revokes its sanctions against the government of Iran; or

(2) the date the United States Congress or the president of the United States, through legislation or executive order, declares that mandatory divestment of the type provided for in this chapter interferes with the conduct of United States foreign policy.

Sec. 807.102. REPORT. Not later than December 31 of each year, each state governmental entity shall file a publicly available report with the presiding officer of each house of the legislature and the attorney general that:

(1) identifies all securities sold, redeemed, divested, or withdrawn in compliance with Section 807.055;

(2) identifies all prohibited investments under Section 807.058; and

(3) summarizes any changes made under Section 807.056.

Sec. 807.103. ENFORCEMENT. The attorney general may bring any action necessary to enforce this chapter.

(b) Not later than January 1, 2014, the State Pension Review Board shall prepare and provide to each state governmental entity, as defined by Section 807.001, Government Code, as added by this Act, the list of scrutinized companies required by Section 807.051, Government Code, as added by this Act.

(c) Notwithstanding any other provision of this Act, this section takes effect January 1, 2014.

SECTION 15. (a) Sections 22 and 22A, Texas Local Fire Fighters Retirement Act (Article 6243e, Vernon's Texas Civil Statutes), are amended to read as follows:

Sec. 22. APPEALS FROM LOCAL BOARD DECISIONS. (a) A person aggrieved by a decision of a board of trustees relating to eligibility for or amount of benefits payable by a retirement system may appeal the decision to the State Office of Administrative Hearings [fire fighters' pension commissioner].

(b) An appeal under this section is begun by delivering a notice of appeal with the chairman, secretary, or secretary-treasurer of the board of trustees that made the decision. The notice must be delivered not later than the 20th day after the date of the decision and contain a brief description of the reasons or grounds for appeal. The aggrieved person must file a copy of the notice with the State Pension Review Board [~~fire fighters' pension commissioner~~].

(b-1) As soon as practicable after receiving a notice of appeal under Subsection (b) of this section the State Pension Review Board shall refer the matter to the State Office of Administrative Hearings by submitting notice of the appeal to that office.

(c) An appeal under this section [~~to the fire fighters' pension commissioner~~] is held in Austin and is a contested case under Chapter 2001, Government Code, [the Administrative Procedure and Texas Register Act (Article 6252-13a, Vernon's Texas Civil Statutes)] conducted as a de novo hearing by the State Office of Administrative Hearings.

Sec. 22A. ATTORNEY. A board of trustees may employ an attorney to represent the board in one or all legal matters, including a hearing on appeal to the State Office of Administrative Hearings [~~fire fighters' pension commissioner~~]. At the request of a board of trustees, the city attorney of the municipality of which the board is a part shall, without additional compensation, represent the board in one or all legal matters.

(b) Subsection (a) of this section takes effect only on the failure of legislation by the 83rd Legislature, Regular Session, 2013, providing for the abolition of the office of the fire fighters' pension commissioner and the transfer and disposition of its functions relating to the Texas Emergency Services Retirement System and the Texas local firefighters retirement systems to become law.

SECTION 16. Section 28(h), Texas Local Fire Fighters Retirement Act (Article 6243e, Vernon's Texas Civil Statutes), is amended to read as follows:

(h) A retirement system established under this Act is exempt from Subchapter C, Chapter 802, Government Code, except Sections 802.202, 802.205, and 802.207.

SECTION 17. Section 801.104 and Subsection (c), Section 802.103, Government Code, are repealed.

SECTION 18. (a) The change in law made by this Act to Section 801.1021, Government Code, regarding prohibitions on members of the State Pension Review Board does not affect the entitlement of a member serving on the board immediately before September 1, 2013, to continue to serve and function as a member of the board for the remainder of the member's term. The change in law made to that section applies only to a member appointed on or after September 1, 2013.

(b) Section 802.1014, Government Code, as added by this Act, applies only to an actuarial experience study conducted on or after the effective date of this Act. An actuarial experience study conducted before the effective date of this Act is governed by the law in effect immediately before that date, and that law is continued in effect for that purpose.

(c) Section 802.102, Government Code, as amended by this Act, is intended to clarify existing law with respect to the audit required by that section.

(d) Subsection (d), Section 802.103, Government Code, as added by this Act, is intended to clarify existing law with respect to the annual financial report required by Section 802.103, Government Code.

(e) Subsection (h), Section 802.106, Government Code, as amended by this Act, applies only to a change in statutes or ordinances governing a retirement system described by Subsection (b), Section 802.106, Government Code, that is adopted on or after the effective date of this Act. A change in statutes or ordinances that is adopted before the effective date of this Act is governed by the law in effect immediately before that date, and that law is continued in effect for that purpose.

SECTION 19. (a) A person who is serving as a member of the State Pension Review Board appointed under Section 801.103, Government Code, on the effective date of this Act continues to serve until the person's term expires.

(b) The governor shall make appointments to fill vacancies on the State Pension Review Board so that board members' terms of office expire in compliance with Section 801.106, Government Code, as amended by this Act, and, if necessary for compliance with that section, a person may be appointed to a term of office that expires in less than six years.

(c) The term of a person who is serving as a member of the State Pension Review Board appointed under Section 801.104, Government Code, expires on the effective date of this Act.

SECTION 20. Contingent on the failure of legislation by the 83rd Legislature, Regular Session, 2013, providing for the abolition of the office of the fire fighters' pension commissioner and the transfer and disposition of its functions relating to the Texas Emergency Services Retirement System and the Texas local firefighters retirement systems to become law, the State Pension Review Board shall provide any necessary assistance, including educational training, technical assistance, and other information to retirement systems organized under the Texas Local Fire Fighters' Retirement Act (Article 6243e, Vernon's Texas Civil Statutes).

SECTION 21. This Act takes effect September 1, 2013.

The Conference Committee Report on **SB 200** was filed with the Secretary of the Senate.

CO-AUTHOR OF SENATE BILL 1086

On motion of Senator Campbell, Senator Zaffirini will be shown as Co-author of **SB 1086**.

CO-AUTHOR OF SENATE BILL 1578

On motion of Senator Duncan, Senator Davis will be shown as Co-author of **SB 1578**.

CO-SPONSORS OF HOUSE BILL 8

On motion of Senator Van de Putte, Senators Hinojosa and Rodríguez will be shown as Co-sponsors of **HB 8**.

CO-SPONSOR OF HOUSE BILL 48

On motion of Senator Patrick, Senator Campbell will be shown as Co-sponsor of **HB 48**.

CO-SPONSOR OF HOUSE BILL 97

On motion of Senator Van de Putte, Senator Hinojosa will be shown as Co-sponsor of **HB 97**.

CO-SPONSOR OF HOUSE BILL 148

On motion of Senator Paxton, Senator Patrick will be shown as Co-sponsor of **HB 148**.

CO-SPONSOR OF HOUSE BILL 217

On motion of Senator Uresti, Senator Garcia will be shown as Co-sponsor of **HB 217**.

CO-SPONSORS OF HOUSE BILL 500

On motion of Senator Hegar, Senators Campbell and Patrick will be shown as Co-sponsors of **HB 500**.

CO-SPONSOR OF HOUSE BILL 508

On motion of Senator Patrick, Senator Campbell will be shown as Co-sponsor of **HB 508**.

CO-SPONSOR OF HOUSE BILL 581

On motion of Senator Lucio, Senator Hinojosa will be shown as Co-sponsor of **HB 581**.

CO-SPONSOR OF HOUSE BILL 724

On motion of Senator Zaffirini, Senator Hinojosa will be shown as Co-sponsor of **HB 724**.

CO-SPONSORS OF HOUSE BILL 742

On motion of Senator Watson, Senators Hinojosa and West will be shown as Co-sponsors of **HB 742**.

CO-SPONSOR OF HOUSE BILL 800

On motion of Senator Deuell, Senator Campbell will be shown as Co-sponsor of **HB 800**.

CO-SPONSOR OF HOUSE BILL 870

On motion of Senator Hegar, Senator West will be shown as Co-sponsor of **HB 870**.

CO-SPONSORS OF HOUSE BILL 950

On motion of Senator Davis, Senators Ellis, Garcia, West, and Zaffirini will be shown as Co-sponsors of **HB 950**.

CO-SPONSOR OF HOUSE BILL 1009

On motion of Senator Hancock, Senator Patrick will be shown as Co-sponsor of **HB 1009**.

CO-SPONSOR OF HOUSE BILL 1076

On motion of Senator Paxton, Senator Campbell will be shown as Co-sponsor of **HB 1076**.

CO-SPONSOR OF HOUSE BILL 1086

On motion of Senator Eltife, Senator Garcia will be shown as Co-sponsor of **HB 1086**.

CO-SPONSOR OF HOUSE BILL 1120

On motion of Senator Davis, Senator Hinojosa will be shown as Co-sponsor of **HB 1120**.

CO-SPONSOR OF HOUSE BILL 1129

On motion of Senator Van de Putte, Senator Hinojosa will be shown as Co-sponsor of **HB 1129**.

CO-SPONSORS OF HOUSE BILL 1228

On motion of Senator Davis, Senators Hinojosa and Zaffirini will be shown as Co-sponsors of **HB 1228**.

CO-SPONSOR OF HOUSE BILL 1318

On motion of Senator Whitmire, Senator Ellis will be shown as Co-sponsor of **HB 1318**.

CO-SPONSOR OF HOUSE BILL 2029

On motion of Senator Davis, Senator Hinojosa will be shown as Co-sponsor of **HB 2029**.

CO-SPONSORS OF HOUSE BILL 2448

On motion of Senator Whitmire, Senators Garcia and Hinojosa will be shown as Co-sponsors of **HB 2448**.

CO-SPONSOR OF HOUSE BILL 2766

On motion of Senator Whitmire, Senator Hinojosa will be shown as Co-sponsor of **HB 2766**.

CO-SPONSOR OF HOUSE BILL 3142

On motion of Senator Estes, Senator Campbell will be shown as Co-sponsor of **HB 3142**.

CO-SPONSOR OF HOUSE BILL 3153

On motion of Senator West, Senator Lucio will be shown as Co-sponsor of **HB 3153**.

CO-SPONSORS OF HOUSE BILL 3276

On motion of Senator Deuell, Senators Davis, Hinojosa, and Lucio will be shown as Co-sponsors of **HB 3276**.

CO-SPONSOR OF HOUSE CONCURRENT RESOLUTION 111

On motion of Senator Van de Putte, Senator Zaffirini will be shown as Co-sponsor of **HCR 111**.

CO-SPONSOR OF HOUSE JOINT RESOLUTION 62

On motion of Senator Van de Putte, Senator Hinojosa will be shown as Co-sponsor of **HJR 62**.

CO-SPONSOR OF HOUSE JOINT RESOLUTION 133

On motion of Senator Deuell, Senator Campbell will be shown as Co-sponsor of **HJR 133**.

RESOLUTIONS OF RECOGNITION

The following resolutions were adopted by the Senate:

Memorial Resolutions

SR 1025 by Hinojosa, In memory of Elizabeth M. "Lisa" Garcia.

SR 1027 by Schwertner, In memory of Thomas J. "Jiggs" Singley.

HCR 126 (Van de Putte), Paying tribute to the life of World War II veteran Juan C. Marquez of El Paso and commemorating the posthumous presentation of his military awards.

HCR 129 (Van de Putte), In memory of U.S. Army Sergeant Joshua C. Michael of Converse.

HCR 130 (Van de Putte), In memory of United States Navy Seaman Benjamin D. Rast.

HCR 131 (Van de Putte), In memory of Robert Mitchell Wilson of Arlington.

HCR 132 (Van de Putte), In memory of U.S. Army Private First Class Genaro Bedoy of Amarillo.

HCR 133 (Van de Putte), In memory of U.S. Marine Corps Major Nathan W. Anderson of Amarillo.

HCR 134 (Van de Putte), In memory of U.S. Navy Petty Officer Third Class Clayton R. Beauchamp of Weatherford.

HCR 135 (Van de Putte), In memory of U.S. Army Staff Sergeant Nicholas P. Bellard of El Paso.

HCR 136 (Van de Putte), In memory of U.S. Army Sergeant Robert John Billings of Amarillo.

HCR 137 (Van de Putte), In memory of U.S. Army Staff Sergeant Scott H. Burgess of Franklin.

HCR 138 (Van de Putte), In memory of U.S. Army Sergeant John P. Castro of Andrews.

HCR 139 (Van de Putte), In memory of U.S. Marine Corps Lance Corporal John F. Farias of New Braunfels.

- HCR 140** (Van de Putte), In memory of U.S. Army Chief Warrant Officer Bradley J. Gaudet of Gladewater.
- HCR 141** (Van de Putte), In memory of U.S. Marine Corps Lance Corporal Mark R. Goyet of Sinton.
- HCR 142** (Van de Putte), In memory of U.S. Army Specialist Alex Hernandez III of Round Rock.
- HCR 143** (Van de Putte), In memory of U.S. Marine Corps Private First Class Josue Ibarra of Midland.
- HCR 144** (Van de Putte), In memory of U.S. Army Sergeant Adam Huckstep-La Porte of Round Rock.
- HCR 145** (Van de Putte), In memory of U.S. Army Sergeant Tanner S. Higgins of Yantis.
- HCR 146** (Van de Putte), In memory of U.S. Army Specialist Kurt W. Kern of McAllen.
- HCR 147** (Van de Putte), In memory of U.S. Army Private Andrew M. Krippner of Garland.
- HCR 148** (Van de Putte), In memory of U.S. Army Staff Sergeant Roberto Loeza of El Paso.
- HCR 149** (Van de Putte), In memory of U.S. Army Staff Sergeant Mecolus C. McDaniel of Fort Hood.
- HCR 150** (Van de Putte), In memory of U.S. Army Sergeant Enrique Mondragon of The Colony.
- HCR 151** (Van de Putte), In memory of U.S. Army Sergeant James M. Darrough of Austin.
- HCR 152** (Van de Putte), In memory of U.S. Air Force Captain Nathan J. Nylander of Hockley.
- HCR 153** (Van de Putte), In memory of U.S. Army Lieutenant Colonel David E. Cabrera of Abilene.
- HCR 154** (Van de Putte), In memory of U.S. Army Sergeant Joshua D. Powell of Quitman.
- HCR 155** (Van de Putte), In memory of U.S. Army Master Sergeant Charles L. Price III of Milam.
- HCR 156** (Van de Putte), In memory of U.S. Army Private First Class Joel A. Ramirez of Waxahachie.
- HCR 157** (Van de Putte), In memory of U.S. Army Chief Warrant Officer 2 Thalia S. Ramirez of San Antonio.
- HCR 158** (Van de Putte), In memory of U.S. Army Second Lieutenant Clovis T. Ray of San Antonio.

- HCR 159** (Van de Putte), In memory of U.S. Army Sergeant Paul A. Rivera of Round Rock.
- HCR 160** (Van de Putte), In memory of U.S. Army Sergeant Rodolfo Rodriguez, Jr., of Pharr.
- HCR 161** (Van de Putte), In memory of U.S. Marine Corps Lance Corporal Benjamin W. Schmidt of San Antonio.
- HCR 162** (Van de Putte), In memory of U.S. Marine Corps Staff Sergeant Jeremy D. Smith of Arlington.
- HCR 163** (Van de Putte), In memory of U.S. Army Master Sergeant Benjamin A. Stevenson of Canyon Lake.
- HCR 164** (Van de Putte), In memory of U.S. Army Sergeant Steven L. Talamantez of Laredo.
- HCR 165** (Van de Putte), In memory of U.S. Army First Lieutenant Robert F. Welch III of Denton.
- HCR 166** (Van de Putte), In memory of U.S. Marine Corps Sergeant Wade D. Wilson of Normangee.
- HCR 167** (Van de Putte), In memory of U.S. Army First Lieutenant Andres Zermeno of San Antonio.
- HCR 168** (Van de Putte), In memory of U.S. Army Staff Sergeant Estevan Altamirano of Edcouch.
- HCR 169** (Van de Putte), In memory of U.S. Army First Sergeant Russell R. Bell of Tyler.
- HCR 170** (Van de Putte), In memory of U.S. Army Staff Sergeant Jeremie S. Border of Mesquite.
- HCR 171** (Van de Putte), In memory of U.S. Navy Culinary Specialist Second Class Milton W. Brown of Dallas.
- HCR 172** (Van de Putte), In memory of U.S. Army Specialist Charles J. Wren of Beeville.
- HCR 173** (Van de Putte), In memory of U.S. Army First Lieutenant Dustin D. Vincent of Mesquite.
- HCR 174** (Van de Putte), In memory of U.S. Navy Petty Officer Second Class Jorge Luis Velasquez of Houston.
- HCR 175** (Van de Putte), In memory of U.S. Army Staff Sergeant Houston M. Taylor of Hurst.
- HCR 176** (Van de Putte), In memory of U.S. Army Sergeant First Class Riley G. Stephens of Tolar.
- HCR 177** (Van de Putte), In memory of U.S. Army Specialist Riley S. Spaulding of Sheridan.

- HCR 178** (Van de Putte), In memory of U.S. Army Sergeant Glenn M. Sewell of Live Oak.
- HCR 179** (Van de Putte), In memory of U.S. Army Specialist Philip C. S. Schiller of The Colony.
- HCR 180** (Van de Putte), In memory of U.S. Army Specialist Michael C. Roberts of Watauga.
- HCR 181** (Van de Putte), In memory of U.S. Army Corporal Juan Pantoja Navarro of Austin.
- HCR 182** (Van de Putte), In memory of U.S. Army Private First Class Anthony M. Nunn of Burnet.
- HCR 183** (Van de Putte), In memory of U.S. Army Private First Class Cody R. Norris of Houston.
- HCR 184** (Van de Putte), In memory of U.S. Army Staff Sergeant Nelson D. Trent of Austin.
- HCR 185** (Van de Putte), In memory of U.S. Army Chief Warrant Officer 2 Jose L. Montenegro, Jr., of Houston.
- HCR 186** (Van de Putte), In memory of U.S. Army Sergeant Jacob Molina of Houston.
- HCR 187** (Van de Putte), In memory of U.S. Navy Special Warfare Operator Chief Petty Officer Stephen Matthew Mills of Fort Worth.
- HCR 188** (Van de Putte), In memory of U.S. Army Staff Sergeant Kashif M. Memon of Houston.
- HCR 189** (Van de Putte), In memory of U.S. Navy Petty Officer Brian K. Lundy of Austin.
- HCR 190** (Van de Putte), In memory of U.S. Marine Corps Corporal Joseph D. Logan of Willis.
- HCR 191** (Van de Putte), In memory of U.S. Army Private First Class Payton A. Jones of Marble Falls.
- HCR 192** (Van de Putte), In memory of U.S. Army Sergeant John E. Hansen of Austin.
- HCR 193** (Van de Putte), In memory of U.S. Marine Corps Staff Sergeant Joseph H. Fankhauser of Mason.
- HCR 194** (Van de Putte), In memory of U.S. Army Specialist Krystal M. Fitts of Houston.
- HCR 195** (Van de Putte), In memory of U.S. Army Private First Class Jesse W. Dietrich of Venus.
- HCR 196** (Van de Putte), In memory of U.S. Army Private First Class David A. Drake of Lumberton.

Congratulatory Resolutions

SR 1023 by Hinojosa, Commending Aaron M. Garcia for achieving the rank of Eagle Scout.

SR 1024 by Hinojosa, Commending Vito G. Recio for achieving the rank of Eagle Scout.

SR 1026 by Hinojosa, Recognizing Debora Melvin for being named the 2013 General Aviation Airport Manager of the Year.

SR 1028 by Watson, Recognizing Ella Cook on the occasion of her retirement.

HCR 116 (Ellis), Honoring Ambassador Ron Kirk for his service as United States Trade Representative.

HCR 120 (Seliger), Honoring Conquer Chiari for its efforts in behalf of those with Chiari Malformation.

HCR 125 (Van de Putte), Congratulating the Honorable Charlie Gonzalez on his retirement from the United States House of Representatives.

Official Designation Resolution

HCR 112 (Schwertner), Designating April 2013 as Civitan International Awareness Month.

RECESS

On motion of Senator Whitmire, the Senate at 11:11 p.m. recessed until 10:30 a.m. tomorrow.

APPENDIX

COMMITTEE REPORTS

The following committee reports were received by the Secretary of the Senate in the order listed:

May 21, 2013

FINANCE — **HB 2972**

CRIMINAL JUSTICE — **HCR 57, HB 3952**

BUSINESS AND COMMERCE — **HCR 80, HB 1951**

INTERGOVERNMENTAL RELATIONS — **HB 3350**

BILLS AND RESOLUTIONS ENROLLED

May 20, 2013

SB 128, SB 164, SB 172, SB 193, SB 362, SB 382, SB 390, SB 409, SB 428, SB 430, SB 502, SB 531, SB 546, SB 552, SB 563, SB 569, SB 603, SB 604, SB 607, SB 706, SB 717, SB 769, SB 771, SB 793, SB 845, SB 848, SB 874,

SB 886, SB 889, SB 890, SB 916, SB 951, SB 967, SB 1006, SB 1010, SB 1012, SB 1071, SB 1072, SB 1073, SB 1075, SB 1099, SB 1125, SB 1415, SB 1481, SB 1662, SB 1822, SB 1824, SB 1829, SB 1830, SB 1840, SB 1843, SB 1857, SB 1876, SB 1892, SB 1903, SCR 1, SCR 12, SCR 17, SCR 18, SCR 30, SJR 54, SR 1012, SR 1013, SR 1014, SR 1015, SR 1016, SR 1018, SR 1019, SR 1020, SR 1021

SENT TO SECRETARY OF STATE

May 21, 2013

SJR 18, SJR 42

