

## **BILL ANALYSIS**

Senate Research Center  
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S.B. 691  
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Education  
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### **DIGEST**

Currently, approximately 75 percent of Texas public libraries are in facilities that are inadequate by nationally recognized standards; there are no state or federal resources available to assist local governments with public library construction projects. Texas public libraries rank 46th in public library expenditures and 43rd in public library materials expenditures in the United States. S.B. 691 would authorize the creation of a permanent, non-expendable endowment fund, the interest from which would direct financial aid to Texas public libraries.

### **PURPOSE**

As proposed, S.B. 691 establishes the financing and administration of a program for public library development.

### **RULEMAKING AUTHORITY**

Rulemaking authority is granted to the Texas State Library and Archives Commission in SECTION 1( Section 441.074(b) and Section 441.075(b) and (c), Government Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Chapter 441, Government Code, by adding Subchapter E, as follows:

#### **SUBCHAPTER E. PUBLIC LIBRARY ENDOWMENT AND OPERATING FUNDS**

Sec. 441.071. TEXAS PUBLIC LIBRARY ENDOWMENT FUND. Establishes that the Texas public library endowment fund is a trust fund outside the state treasury held by a bank or depository trust company and administered by the Texas State Library and Archives Commission (TSLAC) for the benefit of the public as provided by this section. Provides that the fund consists of certain donations accepted by TSLAC. Prohibits the corpus of the endowment fund to be spent for any purpose. Requires TSLAC to remit all or part of the interest and income earned on money in the endowment fund, not later than September 1 of each year, to the comptroller for deposit in the state treasury to the credit of the Texas public library fund. Requires TSLAC to credit to the corpus of the endowment fund any portion of the interest and income not credited to the public library fund in the treasury.

Sec. 441.072. INVESTMENT AND MANAGEMENT OF ENDOWMENT FUND. Requires TSLAC to appoint investment managers for the management and investment of the Texas public library endowment fund by contracting for professional investment management services with one or more organizations that are in the business of managing investments. Requires TSLAC to act prudently and in the interest of the beneficiaries of the endowment fund when contracting for and in continuing use of professional investment management services. Requires an investment manager and TSLAC, in making and supervising investments of the endowment fund, to discharge their respective duties in the interest of the beneficiaries of the fund providing certain conditions. Sets forth requirements for eligibility for appointment of an investment manager. Requires TSLAC to specify, in a contract made under this section, certain criteria for determining the quality of investments and for the use of standard rating services, that TSLAC adopts for investments of the endowment fund. Provides that a member of TSLAC is not liable for the acts or omissions of an investment manager appointed under Subsection (a). Establishes that a member of TSLAC is not permitted or obligated to invest or otherwise to manage any asset of the fund subject to management by the investment manager. Requires an investment manager to acknowledge in

writing the manager's fiduciary responsibility to the endowment fund. Authorizes TSLAC to frequently monitor the investments made by each investment manager. Authorizes TSLAC to contract for professional evaluation services to fulfill this requirement. Requires TSLAC to enter into an investment custody account agreement designating a bank or a depository trust company to serve as custodian for all assets allocated to or generated under a contract for professional investment management services. Requires TSLAC, under a custody account agreement, to require the designated custodian to perform the duties and assume responsibility of the endowment fund. Requires the custodian to furnish to the commission annually or as required by commission rule, a sworn statement of the amount of the endowment fund assets in the custodian's custody. Sets forth the beneficiaries of the Texas public library endowment fund.

Sec. 441.073. TEXAS PUBLIC LIBRARY FUND. Establishes that the Texas public library fund is a special fund in the state treasury outside the general revenue fund. Provides that the fund consists of certain money credited to the fund and proceeds from certain sales. Authorizes money in the fund to be appropriated only to TSLAC to perform TSLAC's powers and duties concerning public library development and to pay certain expenses incurred by TSLAC. Provides certain exemptions for the fund from the application of certain sections. Requires interest and income from deposit and investment of money in the fund to be allocated to the fund monthly.

Sec. 441.074. DONATIONS, APPROPRIATIONS, AND SALES. Authorizes TSLAC to solicit and accept on behalf of the state donations of money, securities, and other property as it determines best further the order of development of public library resources of the state. Requires money paid to TSLAC under this subsection to be deposited in the Texas public library endowment fund. Requires TSLAC to adopt rules establishing an acquisition policy for accepting donations of money, securities, and other property. Authorizes the legislature to make appropriations to TSLAC to carry out the purpose of this chapter. Authorizes the commission to purchase and resell items it determines appropriate for the promotion of public libraries in Texas. Prohibits the value of the commission inventory from exceeding \$50,000 at the end of any fiscal year. Requires the net profit from those sales to be deposited in the Texas library fund.

Sec. 441.075. PUBLIC LIBRARY FUND GRANT PROGRAM. Requires TSLAC to make grants to public libraries from the Texas public library fund under certain conditions. requires the commission to allocate amounts from the fund to direct and matching grant programs. Requires the commission to adopt rules regarding the allocation of funds. Sets forth a requirement for local public libraries to be eligible to receive funding. Requires TSLAC to adopt rules to implement the requirement.

SECTION 2. Amends Section 404.093(b), Government Code, to provide that certain funds given in trust to TSLAC for the establishment of regional historical resource depositories and libraries in accordance with Section 441.154, rather than 441.074, does not apply to this subchapter.

SECTION 3. Effective date: September 1, 1999.

SECTION 4. Emergency clause.