



JOURNAL

OF THE

SENATE

SIXTY-FIFTH DAY

REGULAR SESSION

OF THE

EIGHTY-THIRD LEGISLATURE

THURSDAY, MAY 23, 2013



SENATE JOURNAL

EIGHTY-THIRD LEGISLATURE — REGULAR SESSION

AUSTIN, TEXAS

PROCEEDINGS

SIXTY-FIFTH DAY

(Thursday, May 23, 2013)

The Senate met at 1:39 p.m. pursuant to adjournment and was called to order by the President.

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, Rodriguez, Schwertner, Seliger, Taylor, Uresti, Van de Putte, Watson, West, Whitmire, Williams, Zaffirini.

The President announced that a quorum of the Senate was present.

Pastor Danny Bidy, Old River Baptist Church, Old River-Winfree, was introduced by Senator Williams and offered the invocation as follows:

Almighty God, as the 83rd session of the Texas Legislature nears completion, I want to thank You for each of these men and women whom You have appointed to make up the Senate of this great state. Thank You for their contributions, their willingness to work long hours, and the considerations given to their constituents. I ask that You be with them as they soon return to the districts they represent and begin preparing to carry out what they have thought out and wrought out over these past few months. And, Lord, we also ask for Your comfort and provision for those in our state and neighboring state, Oklahoma, who have experienced recent tragedy and loss through storms and explosions. In Jesus' name, I 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.

BILL SIGNED

The President announced the signing of the following enrolled bill in the presence of the Senate after the caption had been read: **SB 24**.

- SB 321** Williams Sponsor: Toth
Relating to the powers and duties of the Montgomery County Water Control and Improvement District No. 2.
(Amended)
- SB 392** West Sponsor: Lewis
Relating to notice to the attorney general of challenges to the constitutionality of Texas statutes.
(Committee Substitute)
- SB 401** Lucio Sponsor: Allen
Relating to a notification requirement if a school counselor is not assigned to a public school campus.
(Amended)
- SB 404** Schwertner Sponsor: Davis, Sarah
Relating to complaints filed with the Texas State Board of Pharmacy; authorizing fees.
- SB 414** Ellis Sponsor: Davis, Sarah
Relating to a study and report regarding authorizing certain public junior colleges to offer baccalaureate degree programs to address regional workforce needs.
(Amended)
- SB 429** Nelson Sponsor: Raymond
Relating to the dismissal or nonsuit of a suit to terminate the parent-child relationship filed by the Department of Family and Protective Services.
(Committee Substitute)
- SB 443** Birdwell Sponsor: Orr
Relating to leave for reserve law enforcement officers for required training.
- SB 453** Deuell Sponsor: Flynn
Relating to payment of tuition to attend public schools for students holding certain United States student visas.
- SB 454** Hegar Sponsor: Stephenson
Relating to the authority of the Jackson County Navigation District to file an annual compilation or review report with the executive director of the Texas Commission on Environmental Quality in lieu of filing an annual audit report.
(Committee Substitute)
- SB 475** Van de Putte Sponsor: Rodriguez, Justin
Relating to the expiration of the municipal sales and use tax for street maintenance in certain municipalities.
- SB 482** Williams Sponsor: Bell
Relating to the creation of the Montgomery County Municipal Utility District No. 136; granting a limited power of eminent domain; providing authority to issue bonds and impose a tax.

- SB 490** Seliger Sponsor: Patrick, Diane
Relating to the expiration of tuition equalization grant requirements for grants awarded before the 2005-2006 academic year.
- SB 497** Seliger Sponsor: Branch
Relating to the number of semester credit hours required to earn an associate degree at public institutions of higher education.
- SB 498** Seliger Sponsor: Guillen
Relating to applying credit earned by a student at a general academic teaching institution to an associate's degree at a lower-division institution of higher education previously attended by the student.
- SB 512** Carona Sponsor: Frullo
Relating to the specialized telecommunications assistance program.
- SB 519** Deuell Sponsor: King, Susan
Relating to the definition of autism and other pervasive developmental disorders.
- SB 555** Davis Sponsor: Laubenberg
Relating to provisions in protective orders regarding pets and other companion animals; providing a penalty.
- SB 585** Hegar Sponsor: Morrison
Relating to the use of municipal hotel occupancy tax revenue to enhance and upgrade sports facilities in certain municipalities.
- SB 597** Birdwell Sponsor: Taylor, Van
Relating to the issuance of specialty license plates for certain Operation Enduring Freedom veterans.
- SB 615** Estes Sponsor: King, Phil
Relating to the contracting authority of the Texas Historical Commission.
- SB 624** Williams Sponsor: Toth
Relating to the creation of the Montgomery County Municipal Utility District No. 137; granting a limited power of eminent domain; providing authority to issue bonds; providing authority to impose assessments, fees, and taxes.
- SB 637** Paxton Sponsor: Flynn
Relating to notice and election order requirements for bond approval elections held by political subdivisions.
- SB 659** West Sponsor: Dutton
Relating to compliance with certain requirements of programs administered by the Texas Department of Housing and Community Affairs.
- SB 662** Carona Sponsor: Villalba
Relating to the composition of the drought preparedness council.

- SB 680** West Sponsor: Patrick, Diane
Relating to a pilot program to improve student loan default rates and financial aid literacy among postsecondary students.
- SB 692** Carona Sponsor: Miller, Doug
Relating to the filing by electronic mail of financial disclosures by certain county officers, county employees, or candidates for county office.
(Committee Substitute)
- SB 709** Lucio Sponsor: Allen
Relating to representation of a person in a special education impartial due process hearing.
(Committee Substitute/Amended)
- SB 722** Ellis Sponsor: Johnson
Relating to eligibility to serve as an interpreter in an election.
- SB 724** Williams Sponsor: Creighton
Relating to the creation of the Montgomery County Municipal Utility District No. 133; granting a limited power of eminent domain; providing authority to issue bonds; providing authority to impose assessments, fees, and taxes.
- SB 725** Williams Sponsor: Creighton
Relating to the creation of the Montgomery County Municipal Utility District No. 134; granting a limited power of eminent domain; providing authority to issue bonds; providing authority to impose assessments, fees, and taxes.
- SB 751** Patrick Sponsor: Fletcher
Relating to the creation of the Harris County Municipal Utility District No. 531; providing authority to impose a tax and issue bonds; granting a limited power of eminent domain.
- SB 752** Patrick Sponsor: Riddle
Relating to the creation of the Harris County Municipal Utility District No. 530; providing authority to impose a tax and issue bonds; granting a limited power of eminent domain.
- SB 757** Patrick Sponsor: Elkins
Relating to the powers and duties of the Harris County Municipal Utility District No. 257; providing authority to issue bonds.
- SB 809** Carona Sponsor: Frullo
Relating to Public Utility Commission of Texas consideration of the rates for certain equalization surcharges and emergency service fees.
- SB 832** Davis Sponsor: Dukes
Relating to training for school district and open-enrollment charter school liaisons who assist students in the conservatorship of the state with school enrollments and transfers.
- SB 837** Ellis Sponsor: Bohac
Relating to the authority of a municipality to require owners of real property to keep the property free of certain conditions.

- SB 854** Van de Putte Sponsor: Harper-Brown
Relating to the regulation of motor vehicle dealers, manufacturers, distributors, and representatives.
- SB 872** Deuell Sponsor: Coleman
Relating to county expenditures for certain health care services.
(Committee Substitute)
- SB 906** Deuell Sponsor: Huberty
Relating to developmentally appropriate assessment of special education students.
- SB 949** Nelson Sponsor: Sheffield, J. D.
Relating to the definition of license holder in the Medical Practice Act.
(Amended)
- SB 950** Carona Sponsor: Thompson, Senfronia
Relating to requiring certain alcoholic beverage permittees to be the primary American source of supply for certain alcoholic beverages.
(Amended)
- SB 1009** Fraser Sponsor: Farney
Relating to the creation of Burnet County Improvement District No. 1; providing authority to levy an assessment, impose a tax, and issue bonds.
- SB 1029** Campbell Sponsor: Phillips
Relating to the conversion of a nontolled state highway or segment of the state highway system to a toll project.
- SB 1040** Taylor Sponsor: Bohac
Relating to automated dial announcing devices.
- SB 1058** Nelson Sponsor: King, Susan
Relating to the regulation of the practice of nursing.
(Committee Substitute/Amended)
- SB 1080** Lucio Sponsor: Thompson, Senfronia
Relating to a study on the adequacy and appropriateness of additional compensation paid to certain county judges.
- SB 1083** Rodríguez Sponsor: Lewis
Relating to an appeal from an interlocutory order of certain courts.
- SB 1090** Carona Sponsor: Geren
Relating to the manufacture, distribution, sale, and provision of alcoholic beverages and the regulation of those activities.
(Amended)
- SB 1098** Hinojosa Sponsor: Hunter
Relating to the creation of the Padre Isles Management District; providing authority to issue bonds.
- SB 1100** Van de Putte Sponsor: King, Susan
Relating to the licensing and inspection of certain out-of-state pharmacies by the Texas State Board of Pharmacy; authorizing fees.

- SB 1116** Zaffirini Sponsor: Kuempel
Relating to the creation, administration, powers, duties, functions, operations, and financing of the Crystal Clear Special Utility District; providing authority to issue bonds; granting a limited power of eminent domain.
(Amended)
- SB 1145** Hegar Sponsor: Bell
Relating to the intercollegiate athletics fee at Prairie View A&M University; authorizing an increase in the fee.
- SB 1158** Van de Putte Sponsor: Menéndez
Relating to higher education for veterans and their families.
(Committee Substitute/Amended)
- SB 1159** Van de Putte Sponsor: Patrick, Diane
Relating to higher education for certain military personnel and their dependents.
(Committee Substitute/Amended)
- SB 1175** Deuell Sponsor: Guillen
Relating to the establishment of a reuse program for durable medical equipment provided to recipients under the Medicaid program.
- SB 1195** Ellis Sponsor: Davis, Sarah
Relating to a contract for the acquisition of goods or services to which The University of Texas M. D. Anderson Cancer Center is a party.
- SB 1210** Zaffirini Sponsor: Branch
Relating to conditions on the receipt of tuition and fee exemptions and waivers at public institutions of higher education.
(Committee Substitute)
- SB 1255** Patrick Sponsor: Murphy
Relating to binding arbitration of an appraisal review board order determining a protest of an unequal appraisal of the owner's property.
- SB 1256** Patrick Sponsor: Bohac
Relating to the requirements for a sale to be considered a comparable sale for ad valorem tax purposes.
- SB 1266** Nichols Sponsor: Creighton
Relating to the creation of the Montgomery County Municipal Utility District No. 135; providing authority to impose a tax and issue bonds; granting a limited power of eminent domain.
- SB 1268** Lucio Sponsor: Guillen
Relating to recreational vehicles and recreational vehicle parks.
- SB 1285** Williams Sponsor: Otto
Relating to the operation of the special prosecution unit.
- SB 1289** Williams Sponsor: Bohac
Relating to certain business entities engaged in the publication of mug shots and other information regarding the involvement of an individual in the criminal justice system; providing a civil penalty.
(Committee Substitute/Amended)

- SB 1297** Watson Sponsor: Branch
Relating to written electronic communications between members of a governmental body.
- SB 1313** Schwertner Sponsor: Otto
Relating to the Correctional Management Institute of Texas at Sam Houston State University.
- SB 1317** Whitmire Sponsor: Thompson, Senfronia
Relating to persons authorized to perform a marriage ceremony.
(Amended)
- SB 1322** Van de Putte Sponsor: Oliveira
Relating to the provision of durable medical equipment and home health care services through informal and voluntary networks in the workers' compensation system; providing penalties.
- SB 1373** Hinojosa Sponsor: Miller, Rick
Relating to display of the Honor and Remember flag.
(Committee Substitute)
- SB 1393** Estes Sponsor: Pickett
Relating to homeland security strategy.
- SB 1394** Estes Sponsor: Pickett
Relating to the statewide critical infrastructure protection strategy.
- SB 1398** Estes Sponsor: Morrison
Relating to rules governing the allocation of delegates to a political party's national presidential nominating convention.
(Committee Substitute)
- SB 1400** Estes Sponsor: Geren
Relating to the municipal and county regulation of air guns.
- SB 1404** Patrick Sponsor: Parker
Relating to attendance at and completion of high school by students who are in the conservatorship of the Department of Family and Protective Services.
- SB 1413** Deuell Sponsor: King, Susan
Relating to the administration of retirement systems for paid, partly paid, or volunteer firefighters.
- SB 1419** West Sponsor: Lewis
Relating to funding for juvenile case managers through certain court costs and to the establishment of the truancy prevention and diversion fund.
(Amended)
- SB 1457** Duncan Sponsor: Frullo
Relating to management services for the physical facilities of the Texas School for the Blind and Visually Impaired and the Texas School for the Deaf.

- SB 1508** Hegar Sponsor: Workman
Relating to the rendition of certain property for ad valorem tax purposes.
- SB 1512** Ellis Sponsor: Vo
Relating to the confidentiality of certain crime scene photographs and video recordings.
- SB 1525** Zaffirini Sponsor: Patrick, Diane
Relating to including disability awareness training in risk management programs required for members and advisors of student organizations at postsecondary educational institutions.
- SB 1533** Carona Sponsor: Ratliff
Relating to municipal sales and use tax remittances by certain retailers.
- SB 1553** Lucio Sponsor: Farias
Relating to the Homes for Texas Heroes home loan program.
- SB 1557** Lucio Sponsor: Villarreal
Relating to business and nonprofit organization participation in supporting early college high schools.
- SB 1585** Rodríguez Sponsor: Nevárez
Relating to the authority of certain counties to impose a county hotel occupancy tax.
- SB 1590** Zaffirini Sponsor: Branch
Relating to requirements for personal financial literacy training offered by public school districts and public universities.
- SB 1597** Zaffirini Sponsor: Smithee
Relating to the development of state agency information security plans.
- SB 1599** Zaffirini Sponsor: Lozano
Relating to county and municipal land development regulation.
(Committee Substitute)
- SB 1601** Zaffirini Sponsor: Raymond
Relating to the creation of the Central Laredo Municipal Management District; providing authority to impose a tax, levy an assessment, impose a fee, and issue bonds.
(Committee Substitute)
- SB 1604** Zaffirini Sponsor: Howard
Relating to asset management and acquisition by institutions of higher education.
- SB 1606** Zaffirini Sponsor: Strama
Relating to ad valorem tax liens on personal property.
- SB 1609** Schwertner Sponsor: Kolkhorst
Relating to the training of employees of certain covered entities.
- SB 1610** Schwertner Sponsor: Kolkhorst
Relating to the notification of individuals following a breach of security of computerized data.
(Committee Substitute)

- SB 1620** Paxton Sponsor: Lewis
Relating to certified communication access realtime translation providers.
(Committee Substitute)
- SB 1630** West Sponsor: Lewis
Relating to the protection of defendants against vexatious litigants.
(Committee Substitute)
- SB 1635** Deuell Sponsor: Burkett
Relating to the transfer of the assets of and the dissolution of the Dallas County Water Control and Improvement District No. 6.
- SB 1658** Paxton Sponsor: Huberty
Relating to the effect of certain state aid on school districts required to take action to equalize wealth under the school finance system.
- SB 1681** Zaffirini Sponsor: Harper-Brown
Relating to oversight and management of state contracts.
(Committee Substitute)
- SB 1720** Patrick Sponsor: Clardy
Relating to the Math and Science Scholars Loan Repayment Program for teachers who agree to teach mathematics or science in certain school districts in this state.
(Amended)
- SB 1806** Eltife Sponsor: Paddie
Relating to the Harrison County Court at Law.
- SB 1810** Ellis Sponsor: Coleman
Relating to the intercollegiate athletics fee at Texas Southern University.
- SB 1827** Deuell Sponsor: Gooden
Relating to an additional fee for filing civil cases in certain Rockwall County courts.
- SB 1833** Uresti Sponsor: Nevárez
Relating to the rate of the hotel occupancy tax in certain counties.
- SB 1842** Deuell Sponsor: Naishtat
Relating to restraint and seclusion procedures and reporting at certain facilities.
- SB 1853** Fraser Sponsor: Hilderbran
Relating to the amendment of restrictions affecting real property in certain subdivisions and the authority of the Llano County Municipal Utility District No. 1 to issue bonds.
(Committee Substitute)
- SB 1863** Hinojosa Sponsor: Herrero
Relating to use of district funds by the Nueces County Hospital District.
- SB 1867** Campbell Sponsor: Workman
Relating to the creation of the Cascades Municipal Utility District No. 1; providing authority to issue bonds; providing authority to impose assessments, fees, or taxes.
- SB 1873** Estes Sponsor: Fallon
Relating to the authority to issue bonds of the Mustang Special Utility District.

SB 1877 Estes Sponsor: Fallon
Relating to the creation of the Venable Ranch Municipal Utility District No. 1 of Denton County; granting a limited power of eminent domain; providing authority to issue bonds; providing authority to impose assessments, fees, or taxes.
(Committee Substitute)

SB 1879 Eltife Sponsor: Lavender
Relating to the powers of the TexAmericas Center.

SB 1891 Watson Sponsor: Howard
Relating to the imposition of an additional fee for filing civil cases in certain Travis County courts.

SB 1899 Zaffirini Sponsor: Isaac
Relating to the creation of the LaSalle 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 1906 Hegar Sponsor: Zerwas
Relating to the creation of Fort Bend County Municipal Management District No. 1; granting a limited power of eminent domain; providing authority to issue bonds; providing authority to impose assessments, fees, or taxes.

SB 1908 West Sponsor: Lewis
Relating to a study conducted by the Office of Court Administration of the Texas Judicial System and the repeal of certain court fees and costs.
(Committee Substitute)

SB 1910 Hegar Sponsor: Zerwas
Relating to the creation of the Fulshear Municipal Utility District No. 3; providing authority to impose taxes and issue bonds; granting a limited power of eminent domain.
(Amended)

SB 1913 Nichols Sponsor: Creighton
Relating to authorizing certain special districts in Montgomery County to enter into strategic partnership agreements.

SB 1915 Campbell Sponsor: Miller, Doug
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.
(Amended)

SB 1916 West Sponsor: Johnson
Relating to the authority of the Dallas County Hospital District or a nonprofit corporation formed by the district regarding certain technology or intellectual property owned by or licensed to the district or corporation.
(Committee Substitute)

SB 1917 Birdwell Sponsor: Cook
Relating to the definition of an authorized emergency vehicle.

SB 1921 Hegar Sponsor: Stephenson
Relating to the creation of Kendleton Improvement District; providing authority to issue bonds; providing authority to impose assessments, fees, or taxes.

SCR 27 Rodríguez Sponsor: Márquez
Urging Congress to reauthorize Section 5056 of the Water Resources Development Act of 2007 and to appropriate sufficient funds for the Rio Grande Environmental Management Program.

Respectfully,

/s/Robert Haney, Chief Clerk
House of Representatives

MESSAGE FROM THE HOUSE

HOUSE CHAMBER
Austin, Texas
Thursday, May 23, 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 PASSED THE FOLLOWING MEASURES:

HCR 199 Menéndez
In memory of U.S. Army Staff Sergeant Omar L. Aceves of El Paso.

HCR 200 Menéndez
In memory of U.S. Army Sergeant Zainah C. Creamer of Texarkana.

HCR 201 Menéndez
In memory of U.S. Army Private First Class Ira B. Laningham IV of Zapata.

HCR 202 Menéndez
In memory of U.S. Army Specialist Omar Soltero of San Antonio.

HCR 203 Menéndez
In memory of U.S. Army Staff Sergeant Chauncy R. Mays of Cookville.

HCR 204 Menéndez
In memory of U.S. Air Force Airman First Class Corey C. Owens of San Antonio.

THE HOUSE HAS CONCURRED IN THE SENATE AMENDMENTS TO THE FOLLOWING MEASURES:

HB 474 (142 Yeas, 4 Nays, 2 Present, not voting)

HB 506 (138 Yeas, 4 Nays, 3 Present, not voting)

HB 699 (144 Yeas, 0 Nays, 2 Present, not voting)

HB 899 (145 Yeas, 0 Nays, 3 Present, not voting)

HB 1122 (129 Yeas, 11 Nays, 2 Present, not voting)

HB 1302 (144 Yeas, 0 Nays, 2 Present, not voting)
HB 1487 (140 Yeas, 0 Nays, 2 Present, not voting)
HB 1513 (143 Yeas, 1 Nays, 2 Present, not voting)
HB 1605 (132 Yeas, 12 Nays, 2 Present, not voting)
HB 1741 (118 Yeas, 27 Nays, 2 Present, not voting)
HB 1888 (77 Yeas, 51 Nays, 2 Present, not voting)
HB 2197 (87 Yeas, 58 Nays, 2 Present, not voting)
HB 2294 (146 Yeas, 1 Nays, 2 Present, not voting)
HB 2318 (145 Yeas, 0 Nays, 2 Present, not voting)
HB 2414 (145 Yeas, 1 Nays, 2 Present, not voting)
HB 2690 (109 Yeas, 37 Nays, 2 Present, not voting)
HB 3253 (144 Yeas, 1 Nays, 2 Present, not voting)
HB 3279 (118 Yeas, 28 Nays, 2 Present, not voting)
HB 3436 (142 Yeas, 0 Nays, 2 Present, not voting)
HB 3483 (137 Yeas, 8 Nays, 2 Present, not voting)
HB 3813 (146 Yeas, 1 Nays, 2 Present, not voting)
HB 3838 (136 Yeas, 6 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 2152 (non-record vote)

House Conferees: Callegari - Chair/Dutton/Frullo/Lucio III/Orr

HB 3093 (non-record vote)

House Conferees: Elkins - Chair/Button/Gonzales, Larry/Laubenberg/Reynolds

HB 3361 (non-record vote)

House Conferees: Dutton - Chair/Alvarado/Geren/King, Ken/Riddle

THE HOUSE HAS ADOPTED THE FOLLOWING CONFERENCE COMMITTEE REPORTS:

HB 1160 (139 Yeas, 1 Nays, 2 Present, not voting)

Respectfully,

/s/Robert Haney, Chief Clerk
House of Representatives

SENATE RESOLUTION 534

Senator Van de Putte offered the following resolution:

WHEREAS, The Senate of the State of Texas is pleased to pay tribute to Larry Coker, the head coach of The University of Texas at San Antonio Roadrunners; and

WHEREAS, Coach Coker, who was twice named the National Coach of the Year during his tenure with the University of Miami, was hired in 2009 to create the football program at The University of Texas at San Antonio; within two seasons, he had brought victories, accolades, and unprecedented national exposure to the school; and

WHEREAS, In its first two seasons, his team posted a 12-10 record, with five players earning all-conference honors and 14 players receiving academic all-conference honors; and

WHEREAS, Coach Coker steered the Roadrunners to an 8-4 season in 2012 and led them to their first Football Bowl Subdivision win; the team ended the season with a thrilling matchup against Texas State University in the Alamodome, with 40,000 spectators on hand; and

WHEREAS, Coach Coker has a history of stellar coaching achievements, but he is also known for his high standards and for encouraging scholastic excellence; during his career, 87 of his student athletes have earned academic all-conference awards, and he places tremendous value on seeing that his athletes graduate from college; now, therefore, be it

RESOLVED, That the Senate of the State of Texas, 83rd Legislature, hereby congratulate Coach Larry Coker for his outstanding leadership at The University of Texas at San Antonio during his football program's first two seasons and extend to him sincere best wishes for continued success in the future; and, be it further

RESOLVED, That a copy of this Resolution be prepared for Coach Coker as an expression of high regard from the Texas Senate.

SR 534 was read and was adopted without objection.

GUEST PRESENTED

Senator Van de Putte was recognized and introduced to the Senate Larry Coker, The University of Texas at San Antonio head football coach.

The Senate welcomed its guest.

SENATE RESOLUTION 1030

Senator Zaffirini offered the following resolution:

WHEREAS, Postsecondary education offers numerous opportunities and benefits for young people, including those with intellectual disabilities; and

WHEREAS, Education is a key determinant for the future success of students with intellectual disabilities, much as it is for the general population; research studies have found that persons with disabilities who attend college are significantly more likely to obtain competitive employment with higher wages, live with less support, and play an active role in their communities; and

WHEREAS, College can foster academic as well as personal growth by allowing students to explore new interests, pursue goals, and form friendships, and the experience of studying alongside peers without disabilities can have a positive effect on self-esteem; moreover, postsecondary education can provide a healthy challenge to students with intellectual disabilities that segregated school programs do not, and maintaining high expectations for these students is vital to their success; and

WHEREAS, A range of federal laws and initiatives exists to help persons with intellectual disabilities seamlessly transition into places of higher learning and to encourage the establishment of inclusive programs; from 2002 to 2010, the number of college programs open to students with intellectual disabilities increased from 4 to more than 250, according to the Administration on Developmental Disabilities; even so, too few people with intellectual disabilities advance to postsecondary education, in part because programs that accommodate them do not exist within their communities; and

WHEREAS, Regardless of ability, all students stand to gain from the rigor, resources, and advantages afforded by a quality postsecondary education, and its increased accessibility is indeed an endeavor worthy of support; now, therefore, be it

RESOLVED, That the Senate of the 83rd Texas Legislature hereby recognize the importance of postsecondary education for persons with intellectual disabilities in attaining a secure and rewarding livelihood.

SR 1030 was read and was adopted without objection.

GUESTS PRESENTED

Senator Zaffirini was recognized and introduced to the Senate members from the Down Syndrome Association of Central Texas, the National Down Syndrome Society, and the Texas Down Syndrome Advocacy Coalition.

The Senate welcomed its guests.

SENATE BILL 1376 WITH HOUSE AMENDMENT

Senator Eltife called **SB 1376** from the President's table for consideration of the House amendment to the bill.

The President laid the bill and the House amendment before the Senate.

Floor Amendment No. 1

Amend **SB 1376** (house committee printing) on page 1 by striking lines 11 through 12 and substituting the following:

(c) A letter from any branch of the military under the jurisdiction of the United States Department of Defense or the United States Department of Homeland Security

The amendment was read.

Senator Eltife moved to concur in the House amendment to **SB 1376**.

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

SENATE BILL 745 WITH HOUSE AMENDMENT

Senator Nelson called **SB 745** from the President's table for consideration of the House amendment to the bill.

The President laid the bill and the House amendment before the Senate.

Amendment

Amend **SB 745** by substituting in lieu thereof the following:

A BILL TO BE ENTITLED
AN ACT

relating to sexual assault prevention and crisis services and to the administration of the Crime Victims' Compensation Act.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Article 56.39(a), Code of Criminal Procedure, is amended to read as follows:

(a) An order for a mental or physical examination or an autopsy as provided by Article 56.38(c)(2) [~~56.38(e)(3)~~] may be made for good cause shown on notice to the individual to be examined and to all persons who have appeared.

SECTION 2. Article 56.61, Code of Criminal Procedure, as amended by Chapters 496 (S.B. 808) and 716 (H.B. 2916), Acts of the 81st Legislature, Regular Session, 2009, is reenacted and amended to read as follows:

Art. 56.61. COMPENSATION FOR CERTAIN CRIMINALLY INJURIOUS CONDUCT PROHIBITED; EXCEPTION. (a) Except as provided by Subsection (b), the attorney general may not award compensation for pecuniary loss arising from criminally injurious conduct that occurred before January 1, 1980.

(b) The attorney general may award compensation for compensation for pecuniary loss arising from criminally injurious conduct that occurred before January 1, 1980, if:

(1) the conduct was in violation of Chapter 19, Penal Code;

(2) the identity of the victim is established by a law enforcement agency on or after January 1, 2009, ~~and the pecuniary loss was incurred with respect to the victim's funeral or burial on or after that date~~; and

(3) the claimant files the application for compensation within the limitations period provided by Article 56.37(e).

SECTION 3. Section 420.003, Government Code, is amended by adding Subdivisions (1-e) and (7-a) and amending Subdivisions (5), (6), and (7) to read as follows:

(1-e) "Minimum services" means:

(A) a 24-hour crisis hotline;

(B) crisis intervention;

(C) public education;

(D) advocacy; and

(E) accompaniment to hospitals, law enforcement offices, prosecutors'

offices, and courts.

(5) "Sexual assault examiner" means a person who uses an attorney general-approved [~~a service-approved~~] evidence collection kit and protocol to collect and preserve evidence of a sexual assault or other sex offense.

(6) "Sexual assault nurse examiner" means a registered nurse who has completed an attorney general-approved ~~[a service approved]~~ examiner training course described by Section 420.011 and who is certified according to minimum standards prescribed by attorney general rule.

(7) "Sexual assault program" means any local public or private nonprofit corporation, independent of a law enforcement agency or prosecutor's office, that is operated as an independent program or as part of a municipal, county, or state agency and that provides the minimum services to adult survivors of stranger and non-stranger sexual assault ~~[established by this chapter]~~.

~~(7-a) "State sexual assault coalition" means a statewide nonprofit organization that has been identified as a state sexual assault coalition by a state or federal agency authorized to make that designation.~~

SECTION 4. Section 420.004, Government Code, is amended to read as follows:

Sec. 420.004. ADMINISTRATION OF PROGRAM ~~[SERVICE]~~. ~~[(a)]~~ The attorney general shall administer the Sexual Assault Prevention and Crisis Services Program and may delegate a power or duty given to the attorney general under this chapter to an employee in the attorney general's office ~~[Service is a division in the office of the attorney general]~~.

~~[(b) The attorney general may adopt rules relating to assigning service areas, monitoring services, distributing funds, and collecting information from programs in accordance with this chapter.]~~

SECTION 5. Sections 420.005(a), (b), and (d), Government Code, are amended to read as follows:

(a) For purposes described by Section 420.008, the ~~[The]~~ attorney general may award grants to sexual assault programs, state sexual assault coalitions, and other appropriate local and statewide programs and organizations related to sexual assault ~~[programs described by Section 420.008. A grant may not result in the reduction of the financial support a program receives from another source]~~.

(b) The attorney general may by rule:

(1) determine eligibility requirements for any grant awarded under this chapter;

(2) require a grant recipient to offer minimum services for not less than nine months before receiving a grant and to continue to offer minimum services during the grant period; and

(3) require a grant recipient to submit financial and programmatic reports ~~[require that to be eligible for a grant, certain programs must provide at a minimum:~~

~~[(1) a 24 hour crisis hotline;~~

~~[(2) crisis intervention;~~

~~[(3) public education;~~

~~[(4) advocacy and accompaniment to hospitals, law enforcement offices, prosecutors' offices, and courts for survivors and their family members; and~~

~~[(5) crisis intervention volunteer training].~~

(d) This section does not prohibit a grant recipient ~~[program]~~ from offering any additional service, including a service for sexual assault offenders.

SECTION 6. Section 420.006, Government Code, is amended to read as follows:

Sec. 420.006. SPECIAL PROJECTS. The attorney general may consult and contract with or award grants to entities described by Section 420.005(a) [~~local and statewide programs~~] for special projects to prevent sexual assault and improve services to survivors.

SECTION 7. Section 420.007(b), Government Code, is amended to read as follows:

(b) The attorney general may not use more than 15 percent of the annual legislative appropriation to the attorney general under Section 420.008(c)(1) [~~service~~] for the administration of this chapter.

SECTION 8. Section 420.009, Government Code, is amended to read as follows:

Sec. 420.009. REPORT. Not later than December 10 of each even-numbered year, the [~~The~~] attorney general shall publish a report regarding grants awarded under this chapter [~~on the service not later than December 10 of each even-numbered year~~]. The report must [~~summarize reports from programs receiving grants from the attorney general~~] analyze the effectiveness of the grants[;] and include information on the expenditure of funds authorized by this chapter, the services provided, the number of persons receiving services, and any other information relating to the provision of sexual assault services. A copy of the report shall be submitted to the governor, lieutenant governor, speaker of the house of representatives, Legislative Budget Board, Senate Committee on Health and Human Services or its successor committee, and House Committee on Human Services or its successor committee.

SECTION 9. Section 420.010, Government Code, is amended to read as follows:

Sec. 420.010. CONFIDENTIALITY. The attorney general may not disclose any information received from reports, collected case information, or site-monitoring visits that would identify a person working at or receiving services from a sexual assault program.

SECTION 10. The heading to Section 420.011, Government Code, is amended to read as follows:

Sec. 420.011. CERTIFICATION BY ATTORNEY GENERAL; [AND] RULES.

SECTION 11. Section 420.011(a), Government Code, is amended to read as follows:

(a) The attorney general may adopt rules necessary to implement this chapter. A proposed rule must be provided to grant recipients [~~programs receiving grants~~] at least 60 days before the date of adoption.

SECTION 12. Section 420.013(a), Government Code, is amended to read as follows:

(a) The comptroller shall deposit any money received under this subchapter and any money credited to the Sexual Assault Prevention and Crisis Services Program [~~program~~] by another law in the sexual assault prevention and crisis services fund.

SECTION 13. Sections 420.031(a), (b), and (c), Government Code, are amended to read as follows:

(a) The attorney general [~~service~~] shall develop and distribute to law enforcement agencies and proper medical personnel an evidence collection protocol that shall include collection procedures and a list of requirements for the contents of an evidence collection kit for use in the collection and preservation of evidence of a sexual assault or other sex offense. Medical or law enforcement personnel collecting evidence of a sexual assault or other sex offense shall use an attorney general-approved [~~a service-approved~~] evidence collection kit and protocol.

(b) An evidence collection kit must contain [~~the following items:~~
[~~(1)~~] items to collect and preserve evidence of a sexual assault or other sex offense[;] and
[~~(2)~~] other items [~~recommended by the Evidence Collection Protocol Advisory Committee of the attorney general and~~] determined necessary for the kit by the attorney general.

(c) In developing the evidence collection kit and protocol [~~procedures and requirements~~], the attorney general [~~service~~] shall consult with individuals and organizations having knowledge and experience in the issues of sexual assault and other sex offenses.

SECTION 14. Section 420.051, Government Code, is amended to read as follows:

Sec. 420.051. ADVOCATES FOR SURVIVORS OF SEXUAL ASSAULT. An individual may act as an advocate for survivors of sexual assault for the purposes of Article 56.045, Code of Criminal Procedure, if the individual has completed a sexual assault training program certified by the attorney general [~~department~~] and is an employee or volunteer of a sexual assault program[:

[~~(1) is employed by a sexual assault program; or~~
[~~(2) provides services through a sexual assault program as a volunteer under the supervision of an advocate~~].

SECTION 15. Section 420.073(b), Government Code, is amended to read as follows:

(b) A survivor or other person authorized to consent may withdraw consent to the release of information by submitting a written notice of withdrawal to the person or sexual assault program to which consent was provided. Withdrawal of consent does not affect information disclosed before the date written notice of the withdrawal was received.

SECTION 16. Section 420.0735(e), Government Code, is amended to read as follows:

(e) A survivor or other person authorized to consent may withdraw consent to the release of evidence by submitting a written notice of withdrawal to the person or sexual assault program to which consent was provided. Withdrawal of consent does not affect evidence disclosed before the date written notice of the withdrawal was received.

SECTION 17. Sections 420.003(2) and (3) and Sections 420.005(c) and (f), Government Code, are repealed.

SECTION 18. The changes in law made by this Act to Articles 56.39 and 56.61, Code of Criminal Procedure, apply only to criminally injurious conduct committed against a victim whose identity is established by a law enforcement agency on or after

January 1, 2009. Criminally injurious conduct committed against a victim whose identity is established by a law enforcement agency before January 1, 2009, is governed by the law in effect on the date the victim's identity was established, and the former law is continued in effect for that purpose.

SECTION 19. This Act takes effect September 1, 2013.

The amendment was read.

Senator Nelson moved to concur in the House amendment to **SB 745**.

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

SENATE BILL 1214 WITH HOUSE AMENDMENT

Senator Schwertner called **SB 1214** from the President's table for consideration of the House amendment to the bill.

The President laid the bill and the House amendment before the Senate.

Amendment

Amend **SB 1214** by substituting in lieu thereof the following:

A BILL TO BE ENTITLED AN ACT

relating to certain economic development programs administered by the Department of Agriculture.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 12.027, Agriculture Code, is amended by amending Subsections (b) and (d) and adding Subsection (g) to read as follows:

(b) In administering the program, the department shall:

- (1) promote economic growth in rural areas;
- (2) identify potential opportunities for business in rural areas and assist rural communities in maximizing those opportunities;
- (3) work with rural communities to identify economic development needs and direct those communities to persons who can address and assist in meeting those needs;
- (4) encourage communication between organizations, industries, and regions to improve economic and community development services to rural areas;
- (5) coordinate meetings with public and private entities to distribute information beneficial to rural areas;
- (6) enter into a memorandum of agreement to work cooperatively with the Texas ~~Department of~~ Economic Development and Tourism Office, the Texas A&M AgriLife ~~Agricultural~~ Extension Service, and other entities the department deems appropriate to further program objectives; and
- (7) perform any other functions necessary to carry out the program.

(d) The department by rule may charge a membership fee to a ~~each~~ participant in the program.

(g) In addition to the department's authority under Subsection (a), the department may request, accept, and use any gift, grant, loan, donation, aid, appropriation, guaranty, allocation, subsidy, or contribution of any item of value to further an economic development program in this state.

SECTION 2. Chapter 12, Agriculture Code, is amended by adding Section 12.0272 to read as follows:

Sec. 12.0272. TEXAS ECONOMIC DEVELOPMENT FUND. (a) The Texas economic development fund is a fund in the state treasury. The fund consists of:

(1) all interest, income, revenue, and other assets associated with economic development programs established using money allocated and paid to the department under the August 15, 2011, allocation agreement between the department and the United States Department of the Treasury, as amended, to implement the State Small Business Credit Initiative Act of 2010 (12 U.S.C. Section 5701 et seq.);

(2) all money, deposits, distributions, dividends, earnings, gain, income, interest, proceeds, profits, program income, rents, returns of capital, returns on investments, royalties, revenue, or yields received or realized by the department as a result of an investment made by or on behalf of the department pursuant to the August 15, 2011, allocation agreement between the department and the United States Department of the Treasury, as amended;

(3) gifts, loans, donations, aid, appropriations, guaranties, allocations, subsidies, grants, or contributions received under Section 12.027(g);

(4) interest and income earned on the investment of money in the fund; and

(5) other money required by law to be deposited in the fund.

(b) Money in the Texas economic development fund may be appropriated only to the department for the purpose of administering, establishing, implementing, or maintaining an economic development program under this section and is dedicated to and may be used only for the administration, establishment, implementation, or maintenance of one or more of the department's economic development programs.

(c) The Texas economic development fund is exempt from Section 403.095, Government Code.

SECTION 3. Subsections (d) and (g), Section 12.040, Agriculture Code, are amended to read as follows:

(d) To be eligible to be a Texas certified retirement community, a community shall:

(1) through a board or panel that serves as the community's official program sponsor:

(A) complete a retiree desirability assessment, as developed by the department, to include facts regarding crime statistics, tax information, recreational opportunities, housing availability, and other appropriate factors, including criteria listed in Subsection (e); and

(B) work to gain the support of churches, clubs, businesses, media, and other entities, as necessary for the success of the program in the community;

(2) identify emergency medical services and a hospital within a 75-mile radius of the community; and

(3) submit to the department:

(A) a ~~[an application]~~ fee in an amount equal to the greater of:

(i) \$5,000; or

(ii) \$0.25 multiplied by the population of the community, as determined by the most recent census;

(B) a marketing plan detailing the mission as applied to the community, the target market, the competition, an analysis of the community's strengths, weaknesses, opportunities and dangers, and the strategies the community will employ to attain the goals of the program; and

(C) a long-term plan outlining the steps the community will undertake to maintain its desirability as a destination for retirees, including an outline of plans to correct any facility and service deficiencies identified in the retiree desirability assessment required by Subdivision (1)(A).

(g) If the department finds that a community successfully meets the requirements of a Texas certified retirement community, not later than the 90th day after the application is submitted and approved, the department shall provide [~~the following~~] assistance to the community as determined by department rule[-:

~~[(1) assistance in the training of local staff and volunteers;~~

~~[(2) ongoing oversight and guidance in marketing, plus updates on retirement trends;~~

~~[(3) inclusion in the state's national advertising and public relations campaigns and travel show promotions, including a prominent feature on the department's Internet website, to be coordinated with the Internet websites of other agencies, as appropriate;~~

~~[(4) eligibility for state financial assistance for brochures, support material, and advertising; and~~

~~[(5) an evaluation and progress assessment on maintaining and improving the community's desirability as a home for retirees].~~

SECTION 4. Subsection (a), Section 44.007, Agriculture Code, is amended to read as follows:

(a) The board shall establish an interest rate reduction program to foster the:

(1) creation and expansion of enterprises based on agriculture in this state;

or

(2) development or expansion of businesses in rural areas of this state.

SECTION 5. Section 58.022, Agriculture Code, is amended to read as follows:

Sec. 58.022. POWERS OF AUTHORITY. The authority has all powers necessary to accomplish the purposes and programs of the authority, including the power:

(1) to adopt and enforce bylaws, rules, and procedures and perform all functions necessary for the board to carry out this chapter;

(2) to sue and be sued, complain, and defend, in its own name;

(3) to adopt and use an official seal and alter it when considered advisable;

(4) to acquire, hold, invest, use, pledge, and dispose of its revenues, income, receipts, funds, and money from every source and to select one or more depositories, inside or outside the state, subject to this chapter, any resolution, bylaws, or in any indenture pursuant to which the funds are held;

(5) to establish, charge, and collect fees, charges, and penalties in connection with the programs, services, and activities provided by the authority in accordance with this chapter;

(6) to issue its bonds, to provide for and secure the payment of the bonds, and provide for the rights of the owners of the bonds, in the manner and to the extent permitted by this chapter, and to purchase, hold, cancel, or resell or otherwise dispose of its bonds, subject to any restrictions in any resolution authorizing the issuance of its bonds;

(7) to procure insurance and pay premiums on insurance of any type, in amounts, and from insurers as the board considers necessary and advisable to accomplish any of its purposes;

(8) to make, enter into, and enforce contracts, agreements, including management agreements, for the management of any of the authority's property, leases, indentures, mortgages, deeds of trust, security agreements, pledge agreements, credit agreements, and other instruments with any person, including any lender and any federal, state, or local governmental agency, and to take other actions as may accomplish any of its purposes;

(9) to own, rent, lease, or otherwise acquire, accept, or hold real, personal, or mixed property, or any interest in property in performing its duties and exercising its powers under this chapter, by purchase, exchange, gift, assignment, transfer, foreclosure, mortgage, sale, lease, or otherwise and to hold, manage, operate, or improve real, personal, or mixed property, wherever situated;

(10) to sell, lease, encumber, mortgage, exchange, donate, convey, or otherwise dispose of any or all of its properties or any interest in its properties, deed of trust or mortgage lien interest owned by it or under its control, custody, or in its possession, and release or relinquish any right, title, claim, lien, interest, easement, or demand however acquired, including any equity or right of redemption in property foreclosed by it, and to do any of the foregoing by public or private sale, with or without public bidding, notwithstanding any other law; and to lease or rent any improvements, lands, or facilities from any person to effect the purposes of this chapter;

(11) to request, accept, and use gifts, loans, donations, aid, appropriations, guaranties, allocations, subsidies, grants, or contributions of any item of value for the furtherance of any of its purposes;

(12) to make secured or unsecured loans for the purpose of providing temporary or permanent financing or refinancing for eligible agricultural businesses for the purposes authorized by this chapter, including the refunding of outstanding obligations, mortgages, or advances issued for those purposes, and charge and collect interest on those loans for such loan payments and on such terms and conditions as the board may consider advisable and not in conflict with this chapter;

(13) to secure the payment by the state or the authority on guarantees and to pay claims from money in the authority's funds pursuant to the loan guarantee and insurance programs implemented by the authority;

(14) to purchase or acquire, sell, discount, assign, negotiate, and otherwise dispose of notes, debentures, bonds, or other evidences of indebtedness of eligible agricultural businesses, whether unsecured or secured, as the board may determine, or portions or portfolios of or participations in those evidences of indebtedness, and sell and guarantee securities, whether taxable or tax exempt under federal law in primary and secondary markets in furtherance of any of the authority's purposes; and

(15) to exercise all powers given to a corporation under Chapter 22, Business Organizations Code [~~the Texas Non-Profit Corporation Act (Article 1396 1.01 et seq., Vernon's Texas Civil Statutes)~~], to the extent not inconsistent with this chapter.

SECTION 6. Subsection (a), Section 58.053, Agriculture Code, is amended to read as follows:

(a) An eligible applicant's documentation shall include the following for the board's review:

(1) the plan, as submitted to the lender, for the applicant's proposed farm or ranch operation or agriculture-related business to be financed that includes a budget for the proposed operation;

(2) a completed application for a loan from a commercial lender on which an eligible applicant has indicated how the loan proceeds will be used to implement the applicant's plan; and

(3) the signed statement of a loan officer of the commercial lender that a loan guarantee is requested [~~required~~] for approval of the loan application.

SECTION 7. The heading to Section 502.404, Transportation Code, is amended to read as follows:

Sec. 502.404. VOLUNTARY ASSESSMENT FOR TEXAS AGRICULTURAL FINANCE AUTHORITY [~~YOUNG FARMER LOAN GUARANTEES~~].

SECTION 8. Subsection (f), Section 12.040, Agriculture Code, is repealed.

SECTION 9. 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 Schwertner moved to concur in the House amendment to **SB 1214**.

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

SENATE BILL 421 WITH HOUSE AMENDMENT

Senator Zaffirini called **SB 421** from the President's table for consideration of the House amendment to the bill.

The President laid the bill and the House amendment before the Senate.

Amendment

Amend **SB 421** by substituting in lieu thereof the following:

A BILL TO BE ENTITLED AN ACT

relating to the Texas System of Care and the development of local mental health systems of care for certain children.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. The heading to Subchapter G-1, Chapter 531, Government Code, is amended to read as follows:

SUBCHAPTER G-1. DEVELOPING LOCAL MENTAL HEALTH ~~[CARE]~~
SYSTEMS OF CARE FOR CERTAIN CHILDREN

SECTION 2. Section 531.251, Government Code, is amended to read as follows:

Sec. 531.251. TEXAS SYSTEM OF CARE ~~[PILOT PROJECT] CONSORTIUM~~~~[, EXPANSION PLAN]~~. (a) The commission shall form a consortium to have responsibility ~~[develop criteria]~~ for and oversight over a state system of care ~~[and implement the expansion of the Texas Integrated Funding Initiative pilot project and]~~ to develop local mental health systems of care ~~[systems]~~ in communities for minors who are receiving residential mental health services or inpatient mental health hospitalization or who are at risk of being removed from the minor's home and placed in a more restrictive environment to receive mental health services, including an inpatient mental health hospital, a residential treatment facility, or a facility or program operated by the Department of Family and Protective Services or an agency that is part of the juvenile justice system ~~[placement to receive mental health services]~~.

(a-1) The consortium must include:

(1) representatives of the ~~[Texas]~~ Department of State ~~[Mental] Health Services~~ ~~[and Mental Retardation]~~, Department of Family and Protective ~~[and Regulatory]~~ Services, Health and Human Services Commission's Medicaid program, Texas Education Agency, ~~[Texas Youth Commission,]~~ Texas Juvenile Justice Department ~~[Probation Commission]~~, and Texas Correctional Office on Offenders with Medical or Mental Impairments;

(2) one youth or young adult who has a serious emotional disturbance and has received mental health services and supports; or

(3) a family member of a youth or young adult described by Subdivision (2) ~~[Commission on Alcohol and Drug Abuse and an equal number of family advocates]~~.

(a-2) The consortium may coordinate with the Children's Policy Council for the purposes of including the representation required by Subsections (a-1)(2) and (3).

(b) The commission and the consortium shall:

(1) maintain ~~[develop]~~ a comprehensive plan ~~[model and guidelines]~~ for the delivery of mental health services and supports ~~[support]~~ to a minor and a minor's family using a system of care framework ~~[, initiated before the person's 18th birthday]~~, including best practices in the financing, administration, governance, and delivery of those services;

(2) implement strategies ~~[establish a plan]~~ to expand the use of system of care practices ~~[Texas Integrated Funding Initiative so that the initiative may operate]~~ in the planning and delivery of services throughout the state ~~[up to six communities]~~; ~~[and]~~

(3) identify appropriate local, [sources of] state, and federal funding sources to finance infrastructure and mental health services needed to support state and local system of care efforts; and

(4) develop an evaluation system to measure outcomes of state and local system of care efforts ~~[under the initiative from a central fund for expansion communities]~~.

(b-1) Not later than November 1 of each even-numbered year, the consortium shall submit a report to the legislature and the Council on Children and Families that contains an evaluation of the outcomes of the Texas System of Care and recommendations on strengthening state policies and practices that support local systems of care, including recommendations relating to:

(1) methods to increase access to effective and coordinated services and supports;

(2) methods to increase community capacity to implement local systems of care through training and technical assistance;

(3) use of cross-system performance and outcome data to make informed decisions at individual and system levels; and

(4) strategies to maximize public and private funding at the local, state, and federal levels.

SECTION 3. Section 531.255(a), Government Code, is amended to read as follows:

(a) The commission and the ~~[Texas]~~ Department of ~~State~~ ~~[Mental]~~ Health Services ~~[and Mental Retardation]~~ jointly shall monitor the progress of the ~~[expansion]~~ communities that implement a local system of care, including monitoring cost avoidance and the net savings that result from implementing a local system of care.

SECTION 4. Section 531.257, Government Code, is amended to read as follows:

Sec. 531.257. TECHNICAL ASSISTANCE FOR ~~[GRANT]~~ PROJECTS. The commission may provide technical assistance to a community that implements a local system of care [receives a grant under Section 531.256].

SECTION 5. Sections 531.252, 531.253, 531.254, 531.255(b), (c), and (d), 531.256, and 531.258, Government Code, are repealed.

SECTION 6. This Act takes effect September 1, 2013.

The amendment was read.

Senator Zaffirini moved to concur in the House amendment to **SB 421**.

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

SENATE BILL 1192 WITH HOUSE AMENDMENT

Senator Davis called **SB 1192** from the President's table for consideration of the House amendment to the bill.

The President laid the bill and the House amendment before the Senate.

Floor Amendment No. 1

Amend **SB 1192** (house committee printing) as follows:

(1) On page 5, line 25, between "investigation" and "of", insert "or prosecution".

(2) On page 6, line 16, between "investigation" and "of", insert "or prosecution".

The amendment was read.

Senator Davis moved to concur in the House amendment to **SB 1192**.

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

SENATE BILL 393 WITH HOUSE AMENDMENTS

Senator West called **SB 393** from the President's table for consideration of the House amendments to the bill.

The President laid the bill and the House amendments before the Senate.

Amendment

Amend **SB 393** by substituting in lieu thereof the following:

A BILL TO BE ENTITLED
AN ACT

relating to the criminal procedures related to children who commit certain Class C misdemeanors.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Article 42.15, Code of Criminal Procedure, is amended by amending Subsection (b) and adding Subsections (d), (e), and (f) to read as follows:

(b) Subject to Subsections [~~Subsection~~] (c) and (d), when imposing a fine and costs, a court may direct a defendant:

- (1) to pay the entire fine and costs when sentence is pronounced;
- (2) to pay the entire fine and costs at some later date; or
- (3) to pay a specified portion of the fine and costs at designated intervals.

(d) A judge may allow a defendant who is a child, as defined by Article 45.058(h), to elect at the time of conviction, as defined by Section 133.101, Local Government Code, to discharge the fine and costs by:

(1) performing community service or receiving tutoring under Article 45.0492, as added by Chapter 227 (H.B. 350), Acts of the 82nd Legislature, Regular Session, 2011; or

(2) paying the fine and costs in a manner described by Subsection (b).

(e) The election under Subsection (d) must be made in writing, signed by the defendant, and, if present, signed by the defendant's parent, guardian, or managing conservator. The court shall maintain the written election as a record of the court and provide a copy to the defendant.

(f) The requirement under Article 45.0492(a), as added by Chapter 227 (H.B. 350), Acts of the 82nd Legislature, Regular Session, 2011, that an offense occur in a building or on the grounds of the primary or secondary school at which the defendant was enrolled at the time of the offense does not apply to the performance of community service or the receipt of tutoring to discharge a fine or costs under Subsection (d)(1).

SECTION 2. Article 43.091, Code of Criminal Procedure, is amended to read as follows:

Art. 43.091. WAIVER OF PAYMENT OF FINES AND COSTS FOR INDIGENT DEFENDANTS AND CHILDREN. A court may waive payment of a fine or cost imposed on a defendant who defaults in payment if the court determines that:

(1) the defendant is indigent or was, at the time the offense was committed, a child as defined by Article 45.058(h); and

(2) each alternative method of discharging the fine or cost under Article 43.09 or 42.15 would impose an undue hardship on the defendant.

SECTION 3. Article 44.2811, Code of Criminal Procedure, is amended to read as follows:

Art. 44.2811. RECORDS RELATING TO CHILDREN CONVICTED OF OR RECEIVING DEFERRED DISPOSITION FOR FINE-ONLY MISDEMEANORS.

(a) This article applies only to a misdemeanor offense punishable by fine only, other than a traffic offense.

(b) All records and files and information stored by electronic means or otherwise, from which a record or file could be generated, relating to a child who is convicted of and has satisfied the judgment for or who has received a dismissal after deferral of disposition for an [a fine only misdemeanor] offense described by Subsection (a) [other than a traffic offense] are confidential and may not be disclosed to the public except as provided under Article 45.0217(b). [All records and files and information stored by electronic means or otherwise, from which a record or file could be generated, relating to a child whose conviction for a fine only misdemeanor other than a traffic offense is affirmed are confidential upon satisfaction of the judgment and may not be disclosed to the public except as provided under Article 45.0217(b).]

SECTION 4. Article 45.0217, Code of Criminal Procedure, is amended to read as follows:

Art. 45.0217. CONFIDENTIAL RECORDS RELATED TO THE CONVICTION OF OR DEFERRAL OF DISPOSITION FOR A CHILD. (a) This article applies only to a misdemeanor offense punishable by fine only, other than a traffic offense.

(a-1) Except as provided by Article 15.27 and Subsection (b), all records and files, including those held by law enforcement, and information stored by electronic means or otherwise, from which a record or file could be generated, relating to a child who is convicted of and has satisfied the judgment for or who has received a dismissal after deferral of disposition for an [a fine only misdemeanor] offense described by Subsection (a) [other than a traffic offense] are confidential and may not be disclosed to the public.

(b) Information subject to Subsection (a-1) ~~(a)~~ may be open to inspection only by:

- (1) judges or court staff;
- (2) a criminal justice agency for a criminal justice purpose, as those terms are defined by Section 411.082, Government Code;
- (3) the Department of Public Safety;
- (4) an attorney for a party to the proceeding;
- (5) the child defendant; or
- (6) the defendant's parent, guardian, or managing conservator.

SECTION 5. Article 45.041, Code of Criminal Procedure, is amended by amending Subsection (b) and adding Subsections (b-3), (b-4), and (b-5) to read as follows:

(b) Subject to Subsections ~~Subsection~~ (b-2) and (b-3), the justice or judge may direct the defendant:

- (1) to pay:

- (A) the entire fine and costs when sentence is pronounced;
- (B) the entire fine and costs at some later date; or
- (C) a specified portion of the fine and costs at designated intervals;
- (2) if applicable, to make restitution to any victim of the offense; and
- (3) to satisfy any other sanction authorized by law.

(b-3) A judge may allow a defendant who is a child, as defined by Article 45.058(h), to elect at the time of conviction, as defined by Section 133.101, Local Government Code, to discharge the fine and costs by:

(1) performing community service or receiving tutoring under Article 45.0492, as added by Chapter 227 (H.B. 350), Acts of the 82nd Legislature, Regular Session, 2011; or

(2) paying the fine and costs in a manner described by Subsection (b).

(b-4) The election under Subsection (b-3) must be made in writing, signed by the defendant, and, if present, signed by the defendant's parent, guardian, or managing conservator. The court shall maintain the written election as a record of the court and provide a copy to the defendant.

(b-5) The requirement under Article 45.0492(a), as added by Chapter 227 (H.B. 350), Acts of the 82nd Legislature, Regular Session, 2011, that an offense occur in a building or on the grounds of the primary or secondary school at which the defendant was enrolled at the time of the offense does not apply to the performance of community service or the receipt of tutoring to discharge a fine or costs under Subsection (b-3)(1).

SECTION 6. Article 45.0491, Code of Criminal Procedure, is amended to read as follows:

Art. 45.0491. WAIVER OF PAYMENT OF FINES AND COSTS FOR INDIGENT DEFENDANTS AND CHILDREN. A municipal court, regardless of whether the court is a court of record, or a justice court may waive payment of a fine or costs imposed on a defendant who defaults in payment if the court determines that:

(1) the defendant is indigent or was, at the time the offense was committed, a child as defined by Article 45.058(h); and

(2) discharging the fine and costs under Article 45.049 or as otherwise authorized by this chapter would impose an undue hardship on the defendant.

SECTION 7. Articles 45.056(a) and (c), Code of Criminal Procedure, are amended to read as follows:

(a) On approval of the commissioners court, city council, school district board of trustees, juvenile board, or other appropriate authority, a county court, justice court, municipal court, school district, juvenile probation department, or other appropriate governmental entity may:

(1) employ a case manager to provide services in cases involving juvenile offenders who are before a court consistent with the court's statutory powers or referred to a court by a school administrator or designee for misconduct that would otherwise be within the court's statutory powers prior to a case being filed, with the consent of the juvenile and the juvenile's parents or guardians; or

(2) agree in accordance with Chapter 791, Government Code, to jointly employ a case manager.

(c) A county or justice court on approval of the commissioners court or a municipality or municipal court on approval of the city council may employ one or more juvenile case managers who:

(1) shall ~~to~~ assist the court in administering the court's juvenile docket and in supervising its court orders in juvenile cases; and

(2) may provide:

(A) prevention services to a child considered at-risk of entering the juvenile justice system; and

(B) intervention services to juveniles engaged in misconduct prior to cases being filed, excluding traffic offenses.

SECTION 8. Section 25.0915, Education Code, is amended by adding Subsection (c) to read as follows:

(c) A court shall dismiss a complaint or referral made by a school district under this section that is not made in compliance with Subsection (b).

SECTION 9. Section 37.081(b), Education Code, is amended to read as follows:

(b) In a peace officer's jurisdiction, a peace officer commissioned under this section:

(1) has the powers, privileges, and immunities of peace officers;

(2) may enforce all laws, including municipal ordinances, county ordinances, and state laws; ~~and~~

(3) may, in accordance with Chapter 52, Family Code, take a juvenile into custody; and

(4) may dispose of cases in accordance with Section 52.03 or 52.031, Family Code.

SECTION 10. Section 37.124(d), Education Code, is amended to read as follows:

(d) It is an exception to the application of Subsection (a) that, at the time the person engaged in conduct prohibited under that subsection, the person was younger than 12 years of age ~~[a student in the sixth grade or a lower grade level]~~.

SECTION 11. Section 37.126(c), Education Code, is amended to read as follows:

(c) It is an exception to the application of Subsection (a)(1) that, at the time the person engaged in conduct prohibited under that subdivision, the person was younger than 12 years of age ~~[a student in the sixth grade or a lower grade level]~~.

SECTION 12. Chapter 37, Education Code, is amended by adding Subchapter E-1 to read as follows:

SUBCHAPTER E-1. CRIMINAL PROCEDURE

Sec. 37.141. DEFINITIONS. In this subchapter:

(1) "Child" has the meaning assigned by Article 45.058(h), Code of Criminal Procedure, except that the person must also be a student.

(2) "School offense" means an offense committed by a child enrolled in a public school that is a Class C misdemeanor other than a traffic offense and that is committed on property under the control and jurisdiction of a school district.

Sec. 37.142. CONFLICT OF LAW. To the extent of any conflict, this subchapter controls over any other law applied to a school offense alleged to have been committed by a child.

Sec. 37.143. CITATION PROHIBITED; CUSTODY OF CHILD. (a) A peace officer may not issue a citation to a child who is alleged to have committed a school offense.

(b) This subchapter does not prohibit a child from being taken into custody under Section 52.01, Family Code.

Sec. 37.144. GRADUATED SANCTIONS FOR CERTAIN SCHOOL OFFENSES. (a) A school district that commissions peace officers under Section 37.081 shall develop a system of graduated sanctions that must be imposed on a child before a complaint is filed under Section 37.145 against the child for a school offense that is an offense under Section 37.124 or 37.126 or under Section 42.01(a)(1), (2), (3), (4), (5), or (6), Penal Code. A system adopted under this section must include multiple graduated sanctions. The system must require:

(1) a warning letter to be issued to the child and the child's parent or guardian that specifically states the child's alleged school offense and explains the consequences if the child engages in additional misconduct;

(2) a behavior contract with the child that must be signed by the child, the child's parent or guardian, and an employee of the school and that includes a specific description of the behavior that is required or prohibited for the child and the penalties for additional alleged school offenses, including additional disciplinary action or the filing of a complaint in a criminal court;

(3) the performance of school-based community service by the child; and

(4) the referral of the child to counseling, community-based services, or other in-school or out-of-school services aimed at addressing the child's behavioral problems.

(b) A referral made under Subsection (a)(4) may include participation by the child's parent or guardian if necessary.

Sec. 37.145. COMPLAINT. If a child fails to comply with or complete graduated sanctions under Section 37.144, the school may file a complaint against the child with a criminal court in accordance with Section 37.146.

Sec. 37.146. REQUISITES OF COMPLAINT. (a) A complaint alleging the commission of a school offense must, in addition to the requirements imposed by Article 45.019, Code of Criminal Procedure:

(1) be sworn to by a person who has personal knowledge of the underlying facts giving rise to probable cause to believe that an offense has been committed; and

(2) be accompanied by a statement from a school employee stating:

(A) whether the child is eligible for or receives special services under Subchapter A, Chapter 29; and

(B) the graduated sanctions, if required under Section 37.144, that were imposed on the child before the complaint was filed.

(b) After a complaint has been filed under this subchapter, a summons may be issued under Articles 23.04 and 45.057(e), Code of Criminal Procedure.

Sec. 37.147. PROSECUTING ATTORNEYS. An attorney representing the state in a court with jurisdiction may adopt rules pertaining to the filing of a complaint under this subchapter that the state considers necessary in order to:

(1) determine whether there is probable cause to believe that the child committed the alleged offense;

(2) review the circumstances and allegations in the complaint for legal sufficiency; and

(3) see that justice is done.

SECTION 13. Section 51.08, Family Code, is amended by adding Subsection (f) to read as follows:

(f) A court shall waive original jurisdiction for a complaint against a child alleging a violation of a misdemeanor offense punishable by fine only, other than a traffic offense, and refer the child to juvenile court if the court or another court has previously dismissed a complaint against the child under Section 8.08, Penal Code.

SECTION 14. The heading to Chapter 52, Family Code, is amended to read as follows:

CHAPTER 52. PROCEEDINGS BEFORE AND INCLUDING REFERRAL TO
[JUVENILE] COURT

SECTION 15. Section 52.03(a), Family Code, is amended to read as follows:

(a) A law-enforcement officer authorized by this title to take a child into custody may dispose of the case of a child taken into custody or accused of a Class C misdemeanor, other than a traffic offense, without referral to juvenile court or charging a child in a court of competent criminal jurisdiction, if:

(1) guidelines for such disposition have been adopted by the juvenile board of the county in which the disposition is made as required by Section 52.032;

(2) the disposition is authorized by the guidelines; and

(3) the officer makes a written report of the officer's disposition to the law-enforcement agency, identifying the child and specifying the grounds for believing that the taking into custody or accusation of criminal conduct was authorized.

SECTION 16. Sections 52.031(a), (d), (f), (i), and (j), Family Code, are amended to read as follows:

(a) A juvenile board may establish a first offender program under this section for the referral and disposition of children taken into custody, or accused prior to the filing of a criminal charge, of [for]:

(1) conduct indicating a need for supervision; ~~or~~

(2) a Class C misdemeanor, other than a traffic offense; or

(3) delinquent conduct other than conduct that constitutes:

(A) a felony of the first, second, or third degree, an aggravated controlled substance felony, or a capital felony; or

(B) a state jail felony or misdemeanor involving violence to a person or the use or possession of a firearm, illegal knife, or club, as those terms are defined by Section 46.01, Penal Code, or a prohibited weapon, as described by Section 46.05, Penal Code.

(d) A law enforcement officer taking a child into custody or accusing a child of an offense described in Subsection (a)(2) may refer the child to the law enforcement officer or agency designated under Subsection (b) for disposition under the first offender program and not refer the child to juvenile court or a court of competent criminal jurisdiction only if:

(1) the child has not previously been adjudicated as having engaged in delinquent conduct;

(2) the referral complies with guidelines for disposition under Subsection (c); and

(3) the officer reports in writing the referral to the agency, identifying the child and specifying the grounds for taking the child into custody or accusing a child of an offense described in Subsection (a)(2).

(f) The parent, guardian, or other custodian of the child must receive notice that the child has been referred for disposition under the first offender program. The notice must:

(1) state the grounds for taking the child into custody or accusing a child of an offense described in Subsection (a)(2);

(2) identify the law enforcement officer or agency to which the child was referred;

(3) briefly describe the nature of the program; and

(4) state that the child's failure to complete the program will result in the child being referred to the juvenile court or a court of competent criminal jurisdiction.

(i) The case of a child who successfully completes the first offender program is closed and may not be referred to juvenile court or a court of competent criminal jurisdiction, unless the child is taken into custody under circumstances described by Subsection (j)(3).

(j) The case of a child referred for disposition under the first offender program shall be referred to juvenile court or a court of competent criminal jurisdiction if:

(1) the child fails to complete the program;

(2) the child or the parent, guardian, or other custodian of the child terminates the child's participation in the program before the child completes it; or

(3) the child completes the program but is taken into custody under Section 52.01 before the 90th day after the date the child completes the program for conduct other than the conduct for which the child was referred to the first offender program.

SECTION 17. Section 8.07, Penal Code, is amended by adding Subsections (d) and (e) to read as follows:

(d) Notwithstanding Subsection (a), a person may not be prosecuted for or convicted of an offense described by Subsection (a)(4) or (5) that the person committed when younger than 10 years of age.

(e) A person who is at least 10 years of age but younger than 15 years of age is presumed incapable of committing an offense described by Subsection (a)(4) or (5), other than an offense under a juvenile curfew ordinance or order. This presumption may be refuted if the prosecution proves to the court by a preponderance of the evidence that the actor had sufficient capacity to understand that the conduct engaged in was wrong at the time the conduct was engaged in. The prosecution is not required to prove that the actor at the time of engaging in the conduct knew that the act was a criminal offense or knew the legal consequences of the offense.

SECTION 18. Chapter 8, Penal Code, is amended by adding Section 8.08 to read as follows:

Sec. 8.08. CHILD WITH MENTAL ILLNESS, DISABILITY, OR LACK OF CAPACITY. (a) On motion by the state, the defendant, or a person standing in parental relation to the defendant, or on the court's own motion, a court with

jurisdiction of an offense described by Section 8.07(a)(4) or (5) shall determine whether probable cause exists to believe that a child, including a child with a mental illness or developmental disability:

(1) lacks the capacity to understand the proceedings in criminal court or to assist in the child's own defense and is unfit to proceed; or

(2) lacks substantial capacity either to appreciate the wrongfulness of the child's own conduct or to conform the child's conduct to the requirement of the law.

(b) If the court determines that probable cause exists for a finding under Subsection (a), after providing notice to the state, the court may dismiss the complaint.

(c) A dismissal of a complaint under Subsection (b) may be appealed as provided by Article 44.01, Code of Criminal Procedure.

(d) In this section, "child" has the meaning assigned by Article 45.058(h), Code of Criminal Procedure.

SECTION 19. Section 42.01(f), Penal Code, is amended to read as follows:

(f) Subsections (a)(1), (2), (3), (5), and (6) do not apply to a person who, at the time the person engaged in conduct prohibited under the applicable subdivision, was a student younger than 12 years of age [~~in the sixth grade or a lower grade level~~], and the prohibited conduct occurred at a public school campus during regular school hours.

SECTION 20. Except as provided by Sections 21 and 22 of this Act, the changes in law made by this Act apply 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.

SECTION 21. (a) Articles 42.15 and 45.041, Code of Criminal Procedure, as amended by this Act, apply only to a sentencing proceeding that commences on or after the effective date of this Act.

(b) Articles 43.091 and 45.0491, Code of Criminal Procedure, as amended by this Act, apply to a sentencing proceeding that commences before, on, or after the effective date of this Act.

SECTION 22. Articles 44.2811 and 45.0217, Code of Criminal Procedure, as amended by this Act, apply to the disclosure of a record or file on or after the effective date of this Act regardless of whether the offense that is the subject of the record or file was committed before, on, or after the effective date of this Act.

SECTION 23. This Act takes effect September 1, 2013.

Floor Amendment No. 1

Amend **CSSB 393** (house committee report) as follows:

(1) On page 9, line 8, strike "shall" and substitute "may".

(2) On page 9, line 9, strike "must" and substitute "the school district may require to".

(3) On page 9, line 12, strike "(5), or (6)" and substitute "or (5)".

(4) On page 9, line 14, strike "must" and substitute "may".

(5) On page 10, line 7, between "37.144" and the comma, insert "or if the school district has not elected to adopt a system of graduated sanctions under that section".

The amendments were read.

Senator West moved to concur in the House amendments to **SB 393**.

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

Nays: Watson.

SENATE BILL 1390 WITH HOUSE AMENDMENTS

Senator Davis called **SB 1390** from the President's table for consideration of the House amendments to the bill.

The President laid the bill and the House amendments before the Senate.

Amendment

Amend **SB 1390** by substituting in lieu thereof the following:

A BILL TO BE ENTITLED AN ACT

relating to an audit by the state auditor of the Texas Enterprise Fund.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. (a) The state auditor shall conduct an audit of the Texas Enterprise Fund established under Section 481.078, Government Code. The state auditor may establish the scope of the audit and objectives for the audit that are consistent with generally accepted government auditing standards and with other audits conducted by the state auditor under Chapter 321, Government Code.

(b) The audit may determine whether money from the fund is:

(1) disbursed in compliance with the requirements of the Government Code and other relevant laws or standards;

(2) monitored to determine whether the persons or entities awarded money from the fund comply with the terms of any applicable agreements and with the requirements of the Government Code and other relevant laws or standards; and

(3) maintained in a manner that provides adequate financial control systems to ensure accountability for the proper use of the disbursed money.

(c) To the extent practicable, the state auditor may assess the efficiency and effectiveness of the Texas Enterprise Fund.

(d) The state auditor shall prepare a report of the audit conducted under this section. Not later than January 1, 2015, the state auditor shall file the report with the lieutenant governor, the speaker of the house of representatives, and the presiding officer of each standing committee of the senate and house of representatives having primary jurisdiction over fiscal matters. The report may include:

(1) details on the grant approval process;

(2) details on the compliance of past and present grant recipients with the terms of applicable agreements and with the requirements of the Government Code and other relevant laws or standards;

(3) a synopsis of grant agreements that have been amended to reduce the job creation goals established in the original agreement or to extend the time allotted to achieve job creation goals; and

(4) an itemization of grant money returned to this state, including a summary of the reasons the money was returned.

SECTION 2. This Act expires September 1, 2015.

SECTION 3. This Act takes effect September 1, 2013.

Floor Amendment No. 1

Amend **CSSB 1390** (house committee printing) by striking page 1, lines 12-23, and substituting the following:

(b) The audit may determine whether money from the fund is:

(1) disbursed in compliance with the requirements of Section 481.078, Government Code, and other relevant laws or standards; and

(2) monitored to determine whether the persons or entities awarded money from the fund comply with the terms of any applicable agreements and with the requirements of Section 481.078, Government Code, and other relevant laws or standards.

(c) Consistent with generally accepted government auditing standards and with other audits conducted by the state auditor under Chapter 321, Government Code, the state auditor may assess the efficiency and effectiveness of the Texas Enterprise Fund.

The amendments were read.

Senator Davis moved to concur in the House amendments to **SB 1390**.

The motion prevailed by the following vote: Yeas 28, Nays 3.

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

Nays: Hancock, Nichols, Schwertner.

SENATE BILL 1086 WITH HOUSE AMENDMENT

Senator Campbell called **SB 1086** from the President's table for consideration of the House amendment to the bill.

The President laid the bill and the House amendment before the Senate.

Amendment

Amend **SB 1086** by substituting in lieu thereof the following:

A BILL TO BE ENTITLED AN ACT

relating to the regulation of certain water and sewage utilities to ensure public safety in and around certain municipalities.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 341.0358(a), Health and Safety Code, is amended by amending Subdivision (1) and adding Subdivision (1-a) to read as follows:

(1) "Industrial district" has the meaning assigned by Section 42.044, Local Government Code, and includes an area that is designated by the governing body of a municipality as a zoned industrial area.

(1-a) "Public utility" has the meaning assigned by Section 13.002, Water Code.

SECTION 2. Section 341.0358(g), Health and Safety Code, is amended to read as follows:

(g) This section also applies to:

(1) a municipality with a population of more than 36,000 and less than 41,000 located in two counties, one of which is a county with a population of more than 1.8 million;

(2) a municipality, including any industrial district within the municipality or its extraterritorial jurisdiction, with a population of more than 7,000 and less than 30,000 located in a county with a population of more than 155,000 and less than 180,000; and

(3) a municipality, including any industrial district within the municipality or its extraterritorial jurisdiction, with a population of more than 11,000 and less than 18,000 located in a county with a population of more than 125,000 and less than 230,000.

SECTION 3. Subchapter C, Chapter 341, Health and Safety Code, is amended by adding Section 341.03585 to read as follows:

Sec. 341.03585. FIRE HYDRANT FLOW AND PRESSURE STANDARDS IN CERTAIN MUNICIPALITIES. (a) In this section:

(1) "Industrial district" has the meaning assigned by Section 42.044, Local Government Code, and includes an area that is designated by the governing body of a municipality as a zoned industrial area.

(2) "Municipal utility" means a retail public utility, as defined by Section 13.002, Water Code, that is owned by a municipality.

(3) "Residential area" has the meaning assigned by Section 341.0358.

(4) "Utility" includes a "public utility" and "water supply or sewer service corporation" as defined by Section 13.002, Water Code.

(b) This section applies only to:

(1) a municipality, including any industrial district within the municipality or its extraterritorial jurisdiction, with a population of more than 7,000 and less than 30,000 located in a county with a population of more than 155,000 and less than 180,000; and

(2) a municipality, including any industrial district within the municipality or its extraterritorial jurisdiction, with a population of more than 11,000 and less than 18,000 located in a county with a population of more than 125,000 and less than 230,000.

(c) The governing body of a municipality by ordinance shall adopt standards requiring a utility to maintain a sufficient water flow and pressure to fire hydrants in a residential area or an industrial district located in the municipality or the municipality's extraterritorial jurisdiction. The standards:

(1) in addition to a utility's maximum daily demand, must provide, for purposes of emergency fire suppression, for:

(A) a sufficient water flow not in excess of 250 gallons per minute for at least two hours; and

(B) a sufficient water pressure not in excess of 20 pounds per square inch;

(2) must require a utility to maintain at least the sufficient water flow and pressure described by Subdivision (1) in fire hydrants in a residential area or an industrial district located within the municipality or the municipality's extraterritorial jurisdiction; and

(3) notwithstanding Subdivisions (1) and (2), if the municipality owns a municipal utility, may not require another utility located in the municipality or the municipality's extraterritorial jurisdiction to provide water flow and pressure in a fire hydrant greater than that provided by the municipal utility.

(d) Except as provided by this subsection, an ordinance under Subsection (c) may not require a utility to build, retrofit, or improve fire hydrants and related infrastructure in existence at the time the ordinance is adopted. An ordinance under Subsection (c) may apply to a utility's fire hydrants and related infrastructure that the utility:

(1) installs after the effective date of the ordinance; or

(2) acquires after the effective date of the ordinance if the hydrants and infrastructure comply with the standards adopted by the ordinance at the time the hydrants and infrastructure are acquired.

(e) After adoption of an ordinance under Subsection (c), the municipality shall encourage any responsible emergency services district, as described by Chapter 775, to enter into a written memorandum of understanding with the utility to provide for:

(1) the necessary testing of fire hydrants; and

(2) other relevant issues pertaining to the use of the water and maintenance of the fire hydrants to ensure compliance with this section.

(f) After adoption of an ordinance under Subsection (c), the utility shall paint all fire hydrants in accordance with the ordinance or a memorandum of understanding under Subsection (e) that are located in a residential area or an industrial district within the municipality or the municipality's extraterritorial jurisdiction.

(g) Notwithstanding any provision of Chapter 101, Civil Practice and Remedies Code, to the contrary, a utility is not liable for a hydrant's or metal flush valve's inability to provide adequate water supply in a fire emergency. This subsection does not waive a municipality's immunity under Subchapter I, Chapter 271, Local Government Code, or any other law and does not create any liability on the part of a municipality or utility under a joint enterprise theory of liability.

SECTION 4. This Act takes effect September 1, 2013.

The amendment was read.

Senator Campbell moved to concur in the House amendment to **SB 1086**.

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

SENATE BILL 146 WITH HOUSE AMENDMENT

Senator Williams called **SB 146** from the President's table for consideration of the House amendment to the bill.

The President laid the bill and the House amendment before the Senate.

Floor Amendment No. 1 on Third Reading

Amend **SB 146** (house committee report) as follows:

(1) On page 2, line 4, following the underlined period, insert "The institution shall notify a student who is the subject of the criminal history record information of any use of the information to deny the student the opportunity to reside in on-campus housing at the institution."

(2) On page 2, line 13, between "Subsection (b)" and "shall be destroyed", insert ", including any copy of the content of that information held by the institution,".

The amendment was read.

Senator Williams moved to concur in the House amendment to **SB 146**.

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

SENATE BILL 839 WITH HOUSE AMENDMENT

Senator Hancock called **SB 839** from the President's table for consideration of the House amendment to the bill.

The President laid the bill and the House amendment before the Senate.

Amendment

Amend **SB 839** by substituting in lieu thereof the following:

A BILL TO BE ENTITLED AN ACT

relating to the provision of insurance coverage for certain portable electronic devices.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 551, Insurance Code, is amended by adding Subchapter E to read as follows:

SUBCHAPTER E. PORTABLE ELECTRONICS INSURANCE

Sec. 551.201. DEFINITIONS. In this subchapter, "customer," "portable electronic devices," and "vendor" have the meanings assigned by Section 4055.251.

Sec. 551.202. REQUIRED NOTICE OF TERMINATION OR CHANGE TO POLICY. (a) Except as otherwise provided by this subchapter, an insurer may terminate or change the terms and conditions of a policy of portable electronics insurance only after notice to the master or group policyholder and each enrolled customer. Notice under this section must be provided not later than the 30th day before the date of the termination or change.

(b) If the insurer changes the terms and conditions of the policy, the insurer shall:

(1) provide to the master or group policyholder a revised policy or endorsement; and

(2) provide to each enrolled customer:

(A) a revised certificate, revised endorsement, updated brochure, or other document indicating that a change in the terms and conditions has occurred;

(B) a summary of the material changes; and

(C) a disclosure, in a font that is capitalized, boldfaced, italicized, or underlined or is larger than or set off from the remainder of the document, that enrollment in coverage is optional and that provides information on how to discontinue enrollment.

Sec. 551.203. TERMINATION FOR FRAUD OR MISREPRESENTATION.

(a) An insurer may terminate the coverage of an enrolled customer under a portable electronics insurance policy for fraud or material misrepresentation in obtaining coverage or in the presentation of a claim under the coverage.

(b) Termination of coverage under this section may not be effective before the 15th day after the date the insurer provides the customer notice of the termination.

Sec. 551.204. TERMINATION WITHOUT NOTICE. (a) An insurer may terminate the coverage of an enrolled customer under a portable electronics insurance policy without notice:

(1) for nonpayment of premium;

(2) if the enrolled customer ceases to have an active service with the vendor of portable electronics; or

(3) if the enrolled customer exhausts the aggregate limit of liability, if any, under the terms of the portable electronics insurance policy.

(b) If a portable electronics insurance policy is terminated under Subsection (a)(3), the insurer must send notice of termination to the enrolled customer not later than the 30th day after the date of exhaustion of the limit. If the notice is not timely sent, the insurer shall continue the customer's coverage, and the aggregate limit of liability is waived, until the insurer sends the notice of termination to the enrolled customer.

Sec. 551.205. TERMINATION BY POLICYHOLDER. A master or group policyholder who terminates a portable electronics insurance policy shall provide notice to each enrolled customer advising the enrolled customer of the termination of the policy and the effective date of termination. The notice must be provided to the enrolled customer not later than the 30th day before the date the termination becomes effective.

Sec. 551.206. FORM OF NOTICE OR CORRESPONDENCE. (a) A notice required by this subchapter, or another notice or correspondence with respect to a portable electronics insurance policy that is required by law, must be:

(1) in writing; and

(2) sent within the notice period, if any, specified by the statute or rule requiring the notice or correspondence.

(b) Notwithstanding any other law, the notice or correspondence may be sent by mail or by electronic means.

(c) If the notice or correspondence is mailed:

(1) it must be sent to the master or group policyholder at the policyholder's mailing address specified for this purpose and to each affected enrolled customer's last known mailing address on file with the insurer; and

(2) the insurer or master or group policyholder shall maintain proof of mailing in a form authorized or accepted by the United States Postal Service or other commercial mail delivery service.

(d) If the notice or correspondence is sent by electronic means:

(1) it must be sent to the master or group policyholder at the policyholder's e-mail address specified for this purpose and to each affected enrolled customer's last known e-mail address as provided by the customer to the insurer or master or group policyholder; and

(2) the insurer or master or group policyholder shall maintain proof that the notice or correspondence was sent.

(e) For purposes of Subsection (d), an enrolled customer's provision of an e-mail address to the insurer or master or group policyholder is considered consent to receive notices and correspondence by electronic means.

(f) A notice or correspondence described by this section may be sent on behalf of an insurer or master or group policyholder by a licensed agent or agency appointed by the insurer.

SECTION 2. Section 4055.253, Insurance Code, is amended to read as follows:

Sec. 4055.253. AUTHORITY OF VENDOR OF PORTABLE ELECTRONIC DEVICES. (a) A vendor licensed under this subchapter and the vendor's employee and authorized representative may act as an agent for an authorized insurer in connection with the sale and use of portable electronic devices and related services only with respect to:

(1) insurance coverage provided to customers that covers portable electronic devices against one or more of the following:

- (A) loss;
- (B) theft;
- (C) mechanical failure;
- (D) malfunction;
- (E) damage; or
- (F) other applicable perils; or

(2) the provision of any other coverage the commissioner approves as meaningful and appropriate in connection with the use of portable electronic devices or related services.

(b) A vendor licensed under this subchapter may bill a customer for, and collect from a customer payment for, insurance coverage provided to the customer under this subchapter.

(c) An insurer issuing a policy to a licensed vendor is considered to have received a premium from a vendor's customer enrolled in coverage on the customer's payment of the premium to the vendor.

SECTION 3. Subchapter F, Chapter 4055, Insurance Code, is amended by adding Section 4055.256 to read as follows:

Sec. 4055.256. REQUIRED DISCLOSURES. (a) A licensed vendor must separately itemize on a customer's bill any charge to the customer for insurance coverage provided under this subchapter that is not included in the cost associated with the purchase or lease of the covered portable electronic device or related services.

(b) If insurance coverage provided under this subchapter is included in the cost associated with the purchase or lease of a covered portable electronic device or related services, a licensed vendor shall, at the time of the purchase or lease, clearly and conspicuously disclose the inclusion of that coverage to the customer.

SECTION 4. This Act takes effect September 1, 2013.

The amendment was read.

Senator Hancock moved to concur in the House amendment to **SB 839**.

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

SENATE BILL 124 WITH HOUSE AMENDMENT

Senator Rodríguez called **SB 124** from the President's table for consideration of the House amendment to the bill.

The President laid the bill and the House amendment before the Senate.

Floor Amendment No. 1

Amend **SB 124** (house committee report) by adding the following appropriately numbered SECTION to the bill and renumbering subsequent SECTIONS of the bill accordingly:

SECTION _____. Section 39.03(d), Penal Code, is amended to read as follows:

(d) An offense under this section is a Class A misdemeanor, except that an offense is a felony of the third degree if the public servant acted with the intent to impair the accuracy of data reported to the Texas Education Agency through the Public Education Information Management System (PEIMS) described by Section 42.006, Education Code, under a law requiring that reporting.

The amendment was read.

Senator Rodríguez moved to concur in the House amendment to **SB 124**.

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

(Senator Eltife in Chair)

SENATE BILL 652 WITH HOUSE AMENDMENT

Senator Van de Putte called **SB 652** 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 652** (house committee printing) as follows:

(1) On page 1, line 24, strike "Section 109.63" and substitute "Sections 109.63 and 109.64".

(2) On page 2, between lines 12 and 13, insert the following:

Sec. 109.64. BULK PURCHASE BY HOLDER OF INDUSTRIAL PERMIT. Section 102.32 applies to the bulk purchase of liquor by the holder of an industrial permit from the holder of a wholesaler's permit.

The amendment was read.

Senator Van de Putte moved to concur in the House amendment to **SB 652**.

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

SENATE BILL 59 WITH HOUSE AMENDMENTS

Senator Nelson called **SB 59** 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 59** by substituting in lieu thereof the following:

A BILL TO BE ENTITLED AN ACT

relating to required reports and other documents prepared by state agencies and institutions of higher education.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 15.006, Agriculture Code, is amended to read as follows:

Sec. 15.006. BIENNIAL ~~ANNUAL~~ REPORT. The department ~~[and the Texas Department of Health]~~ shall ~~[jointly]~~ prepare a biennial ~~[an annual]~~ report concerning the special nutrition program and submit a copy of the report to the governor, lieutenant governor, and speaker of the house of representatives. The report must include information on the condition of the program, persons served, amount of food coupons redeemed, and funds received and expended.

SECTION 2. Section 102.167(e), Agriculture Code, is amended to read as follows:

(e) Not later than December 1 ~~[the 30th day]~~ before the first day of each regular session of the legislature, the department shall submit to the governor a full report of transactions under this subchapter during the preceding biennium. The report must include a complete statement of receipts and expenditures under this subchapter during the biennium.

SECTION 3. Section 201.028, Agriculture Code, is amended to read as follows:

Sec. 201.028. ANNUAL ~~SEMIANNUAL~~ REPORT. Not later than January 1 ~~[and July 1]~~ of each year, the state board shall prepare and deliver to the governor, the lieutenant governor, and the speaker of the house of representatives a report relating to the status of the budget areas of responsibility assigned to the board, including outreach programs, grants made and received, federal funding applied for and received, special projects, and oversight of water conservation district activities.

SECTION 4. Article 59.11, Code of Criminal Procedure, is amended to read as follows:

Art. 59.11. REPORT OF SEIZED AND FORFEITED AIRCRAFT. Not later than the 10th day after the last day of each quarter of the fiscal year, the Department of Public Safety shall report to the Texas Department of Transportation ~~[State Aircraft Pooling Board]~~:

(1) a description of each aircraft that the Department of Public Safety ~~[department]~~ has received by forfeiture under this chapter during the preceding quarter and the purposes for which the Department of Public Safety ~~[department]~~ intends to use the aircraft; and

(2) a description of each aircraft the Department of Public Safety [department] knows to have been seized under this chapter during the preceding quarter and the purposes for which the Department of Public Safety [department] would use the aircraft if it were forfeited to the Department of Public Safety [department].

SECTION 5. Article 60.02(j), Code of Criminal Procedure, is amended to read as follows:

(j) At least once during each five-year period the council shall coordinate an examination of the records and operations of the criminal justice information system to ensure the accuracy and completeness of information in the system and to ensure the promptness of information reporting. The state auditor, or other appropriate entity selected by the council, shall conduct the examination with the cooperation of the council, the Department of Public Safety, and the Texas Department of Criminal Justice. The Department of Public Safety, the council, and the Texas Department of Criminal Justice may examine the records of the agencies required to report information to the Department of Public Safety or the Texas Department of Criminal Justice. The examining entity shall submit to the legislature and the council a report that summarizes the findings of each examination and contains recommendations for improving the system. Not later than the first anniversary after the date the examining entity submits its report, the Department of Public Safety shall report to the Legislative Budget Board, the governor, [the state auditor,] and the council on the department's progress in implementing the examining entity's recommendations, including for each recommendation not implemented the reason for not implementing the recommendation. The Department of Public Safety shall submit a similar report each year following the submission of the first report until each of the examining entity's recommendations is implemented.

SECTION 6. Section 32.157(a), Education Code, is amended to read as follows:

(a) After the expiration of the project, the agency may review the project based on the annual reports the agency receives from the board of trustees of participating school districts. The agency may include the review of the project in the comprehensive biennial [annual] report required under Section 39.332 that includes [covers] the 2012-2013 school year.

SECTION 7. Section 39.027(e), Education Code, is amended to read as follows:

(e) The commissioner shall develop an assessment system that shall be used for evaluating the academic progress, including reading proficiency in English, of all students of limited English proficiency, as defined by Section 29.052. A student who is exempt from the administration of an assessment instrument under Subsection (a)(1) or (2) who achieves reading proficiency in English as determined by the assessment system developed under this subsection shall be administered the assessment instruments described by Sections 39.023(a) and (c). The performance under the assessment system developed under this subsection of students to whom Subsection (a)(1) or (2) applies shall be included in the indicator systems under Section 39.301, as applicable, the performance report under Section 39.306, and the comprehensive biennial [annual] report under Section 39.332. This information shall be provided in a manner that is disaggregated by the bilingual education or special language program, if any, in which the student is enrolled.

SECTION 8. The heading to Section 39.332, Education Code, is amended to read as follows:

Sec. 39.332. COMPREHENSIVE BIENNIAL [~~ANNUAL~~] REPORT.

SECTION 9. Section 39.332(a), Education Code, is amended to read as follows:

(a) Not later than December 1 of each even-numbered year, the agency shall prepare and deliver to the governor, the lieutenant governor, the speaker of the house of representatives, each member of the legislature, the Legislative Budget Board, and the clerks of the standing committees of the senate and house of representatives with primary jurisdiction over the public school system a comprehensive report covering the two preceding school years [~~year~~] and containing the information described by Subsection (b).

SECTION 10. Section 39.333, Education Code, is amended to read as follows:

Sec. 39.333. REGIONAL AND DISTRICT LEVEL REPORT. As part of the comprehensive biennial report under Section 39.332, the [The] agency shall submit [~~prepare and deliver to the governor, the lieutenant governor, the speaker of the house of representatives, each member of the legislature, the Legislative Budget Board, and the clerks of the standing committees of the senate and house of representatives with primary jurisdiction over the public school system~~] a regional and district level report covering the preceding two school years and containing:

(1) a summary of school district compliance with the student/teacher ratios and class-size limitations prescribed by Sections 25.111 and 25.112, including:

(A) the number of campuses and classes at each campus granted an exception from Section 25.112; and

(B) for each campus granted an exception from Section 25.112, a statement of whether the campus has been awarded a distinction designation under Subchapter G or has been identified as an unacceptable campus under Subchapter E;

(2) a summary of the exemptions and waivers granted to campuses and school districts under Section 7.056 or 39.232 and a review of the effectiveness of each campus or district following deregulation;

(3) an evaluation of the performance of the system of regional education service centers based on the indicators adopted under Section 8.101 and client satisfaction with services provided under Subchapter B, Chapter 8;

(4) an evaluation of accelerated instruction programs offered under Section 28.006, including an assessment of the quality of such programs and the performance of students enrolled in such programs; and

(5) the number of classes at each campus that are currently being taught by individuals who are not certified in the content areas of their respective classes.

SECTION 11. Section 51.406, Education Code, is amended by amending Subsection (c) and adding Subsection (d) to read as follows:

(c) A rule or policy of a state agency, including the Texas Higher Education Coordinating Board, in effect on June 1, 2011, that requires reporting by a university system or an institution of higher education has no effect on or after September 1, 2013, unless the rule or policy is affirmatively and formally readopted before that date by formal administrative rule published in the Texas Register and adopted in compliance with Chapter 2001, Government Code. This subsection does not apply to:

- (b);
- (1) a rule or policy for which the authorizing statute is listed in Subsection
- (2) a rule or policy for which the authorizing statute is repealed on or before September 1, 2013, by legislation enacted by the legislature that becomes law; or
- (3) a report required under any of the following provisions ~~[laws]~~:
- (A) Article 59.06(g)(1), Code of Criminal Procedure;
- (B) Section 51.005;
- (C) Section 51.0051;
- (D) ~~[(B)]~~ Section 51.3062;
- (E) ~~[(C)]~~ Section 51.402;
- (F) ~~[(D)]~~ Section 56.039;
- (G) ~~[(E)]~~ Section 61.051(k);
- (H) ~~[(F)]~~ Section 61.059;
- (I) ~~[or~~
- ~~[(G)]~~ Section 62.095(b);
- (J) Section 62.098;
- (K) Section 411.187(b), Government Code;
- (L) Subchapter C, Chapter 606, Government Code;
- (M) Subchapter E, Chapter 815, Government Code; or
- (N) Chapter 1551, Insurance Code.

(d) This section does not apply to a request for information by the state auditor.

SECTION 12. Section 51.752(g), Education Code, is amended to read as follows:

(g) Not later than December 1 of each year, the [The] committee shall report to the Legislative Budget Board, [at least once a year. The committee shall also report to] the governor, the State Board of Education, the Texas Higher Education Coordinating Board, and the legislature [before the convening of each regular session].

SECTION 13. Section 54.633(j), Education Code, is amended to read as follows:

(j) The board may contract with an independent certified public accountant to annually audit the direct-support organization under rules adopted by the board. The board shall submit the audit to the comptroller, governor, lieutenant governor, speaker of the house of representatives, Legislative Budget Board, Legislative Audit Committee, ~~[state auditor,]~~ and Texas Higher Education Coordinating Board. The comptroller ~~[or state auditor]~~ may require the direct-support organization or independent certified public accountant to provide additional information relating to the operation of the organization.

SECTION 14. Sections 54.642(a) and (c), Education Code, are amended to read as follows:

(a) Not later than December 1 of each year, the board shall submit to the governor, lieutenant governor, speaker of the house of representatives, Legislative Budget Board, Legislative Audit Committee, ~~[state auditor,]~~ and Texas Higher Education Coordinating Board a report including:

- (1) the board's fiscal transactions during the preceding fiscal year;
- (2) the market and book value of the fund as of the end of the preceding fiscal year;

(3) the asset allocations of the fund expressed in percentages of stocks, fixed income, cash, or other financial investments;

(4) the rate of return on the investment of the fund's assets during the preceding fiscal year; and

(5) an actuarial valuation of the assets and liabilities of the program, including the extent to which the program's liabilities are unfunded.

(c) ~~The [Not later than December 1 of each year, the]~~ board shall include in the report described by Subsection (a):

(1) ~~[provide to the Texas Higher Education Coordinating Board]~~ complete prepaid tuition contract sales information, including projected enrollments of beneficiaries at institutions of higher education; and

(2) the information maintained by the board under Section 54.777.

SECTION 15. The heading to Section 54.777, Education Code, is amended to read as follows:

Sec. 54.777. INFORMATION REQUIRED FOR ANNUAL REPORT
[REPORTS].

SECTION 16. Section 54.777(a), Education Code, is amended to read as follows:

(a) ~~The [Not later than December 1 of each year, the]~~ board shall maintain the following information for the purpose of inclusion in the annual report under Section 54.642 [submit to the governor, lieutenant governor, speaker of the house of representatives, Legislative Budget Board, Legislative Audit Committee, state auditor, and Texas Higher Education Coordinating Board a report including]:

(1) the fiscal transactions of the board and the plan manager under this subchapter during the preceding fiscal year;

(2) the market and book value of the fund as of the end of the preceding fiscal year;

(3) the asset allocations of the fund expressed in percentages of stocks, fixed income, cash, or other financial investments;

(4) the rate of return on the investment of the fund's assets during the preceding fiscal year; and

(5) an actuarial valuation of the assets and liabilities of the program, including the extent to which the program's liabilities are unfunded.

SECTION 17. Section 61.051(i), Education Code, is amended to read as follows:

(i) The board shall develop and periodically revise a long-range statewide plan to provide information and guidance to policy makers to ensure that institutions of higher education meet the current and future needs of each region of this state for higher education services and that adequate higher education services at all levels are reasonably and equally available to the residents of each region of this state. The board in developing the plan shall examine existing undergraduate, graduate, professional, and research programs provided by institutions of higher education and identify the geographic areas of this state that, as a result of current population or projected population growth, distance from other educational resources, economic trends, or other factors, have or are reasonably likely to have in the future significantly greater need for higher education services than the services currently provided in the

area by existing institutions of higher education. The board shall also consider the higher education services provided by private and independent institutions of higher education in developing the plan. The board shall identify as specifically as practicable the programs or fields of study for which an area has or is projected to have a significant unmet need for services. In determining the need for higher education ~~[educational]~~ services in an area, the board shall consider the educational attainment of the current population and the extent to which residents from the area attend institutions of higher education outside of the area or do not attend institutions of higher education. The board shall include in the plan specific recommendations, including alternative recommendations, for administrative or legislative action to address an area's unmet need for higher education ~~[educational]~~ services as efficiently as possible. Not later than November 1 of each even-numbered year, the board shall deliver to the governor, the lieutenant governor, the speaker of the house of representatives, and the legislature a report of the current long-range plan developed under this section.

SECTION 18. Section 61.063, Education Code, is amended to read as follows:

Sec. 61.063. LISTING AND CERTIFICATION OF JUNIOR COLLEGES. The commissioner of higher education shall file with ~~[the state auditor and]~~ the state comptroller on or before October 1 of each year a list of the public junior colleges in this state. The commissioner shall certify the names of those colleges that have complied with the standards, rules, and regulations prescribed by the board. Only those colleges which are so certified shall be eligible for and may receive any appropriation made by the legislature to public junior colleges.

SECTION 19. Section 96.652(e), Education Code, is amended to read as follows:

(e) The Crime Victims' Institute shall prepare a complete annual financial report as prescribed by Section 2101.011, Government Code ~~[file annually with the governor and the presiding officer of each house of the legislature a complete and detailed written report accounting for all funds received and disbursed by the institute during the preceding year. The form of the annual report and the reporting time shall be as provided by the General Appropriations Act. The Crime Victims' Institute shall determine the format and contents of the report and may have copies of the report printed for distribution as the institute considers appropriate].~~

SECTION 20. Section 151.008, Education Code, is amended to read as follows:

Sec. 151.008. STRATEGIC PLAN [BIENNIAL REPORTING]. ~~The [(a) Not later than December 1 of each even numbered year, each member of the]~~ institute shall develop [provide] a long-term strategic plan that includes ~~[for that member to:~~

- ~~[(1) each member of the governing board of the institute;~~
- ~~[(2) each member of the legislature whose district includes any portion of a county where the Border Health Institute is established or operating; and~~
- ~~[(3) the Texas Higher Education Coordinating Board.~~

~~[(b) The long term strategic plan for each member must include]~~ a statement of the institute's [member's] goals and objectives for:

- (1) providing health care services to persons living in the border region;
 - (2) providing health care education to persons living in the border region;
- and

(3) conducting research into issues affecting public health in the border region, including research related to:

- (A) diabetes;
- (B) health issues of particular concern to persons of Hispanic descent;
- (C) infectious diseases;
- (D) emerging infections;
- (E) trauma care;
- (F) environmental health; and
- (G) children's health.

SECTION 21. Section 264.608(a), Family Code, is amended to read as follows:

(a) Not later than December 1 of each year ~~[Before each regular session of the legislature]~~, the attorney general shall publish a report that:

(1) summarizes reports from volunteer advocate programs under contract with the attorney general;

(2) analyzes the effectiveness of the contracts made by the attorney general under this chapter; and

(3) provides information on:

(A) the expenditure of funds under this chapter;

(B) services provided and the number of children for whom the services were provided; and

(C) any other information relating to the services provided by the volunteer advocate programs under this chapter.

SECTION 22. Section 81.023(b), Government Code, is amended to read as follows:

(b) The state bar shall file annually with the supreme court, the governor, and the presiding officer of each house of the legislature a copy of the annual financial report prepared by the state bar under Section 2101.011 ~~[complete and detailed written report accounting for all funds received and disbursed by the state bar during the preceding fiscal year. The annual report must be in the form and reported in the time provided by the General Appropriations Act].~~

SECTION 23. Section 82.035(b), Government Code, is amended to read as follows:

(b) The board shall file annually with the supreme court, the governor, and the presiding officer of each house of the legislature a copy of the annual financial report prepared by the board under Section 2101.011 ~~[complete and detailed written report accounting for all funds received or disbursed by the board during the preceding fiscal year. The annual report must be in the form and reported in the time provided by the General Appropriations Act].~~

SECTION 24. Section 322.011(c), Government Code, is amended to read as follows:

(c) As soon as practicable after completion of the audit or evaluation under Subsection (a) ~~[On the third Tuesday of each January in which the legislature meets in regular session]~~, the board shall make a performance report to the governor and the legislature.

SECTION 25. Section 324.008(d), Government Code, is amended to read as follows:

(d) The governing body of a state agency, as defined by Sections 2151.002(1) and (3) [2151.002(2)(A) and (C)], shall deliver to the library and the Texas State Library and Archives Commission immediately after transcription a certified copy of the minutes of any meeting of the governing body. Any changes or corrections to the minutes shall also be delivered to the library and the Texas State Library and Archives Commission.

SECTION 26. Section 403.021(b), Government Code, is amended to read as follows:

(b) A state agency that expends appropriated funds shall report into the uniform statewide accounting system all payables and binding encumbrances by appropriation account for the first three quarters of the current appropriation year within 30 days after the close of each quarter. A state agency shall report payables and binding encumbrances for all appropriation years annually to the comptroller ~~[, the state auditor.]~~ and the Legislative Budget Board no later than October 30 of each year.

SECTION 27. Section 403.1041(g), Government Code, is amended to read as follows:

(g) Before December 1 of each year the comptroller shall prepare a written report regarding the account during the fiscal year ending on the preceding August 31. Not later than January 1 of each year the comptroller shall distribute the report to the advisory committee, the governor, the lieutenant governor, ~~[the state auditor,]~~ the attorney general, and the Legislative Budget Board. The comptroller shall furnish a copy of the report to any member of the legislature or other interested person on request. The report must include:

- (1) statements of assets and a schedule of changes in book value of the investments from the account;
- (2) a summary of the gains, losses, and income from investments on August 31;
- (3) an itemized list of the securities held for the account on August 31; and
- (4) any other information needed to clearly indicate the nature and extent of the investments made of the account and the income realized from the components of the account.

SECTION 28. Section 411.0097(d), Government Code, as added by Chapter 693 (S.B. 293), Acts of the 79th Legislature, Regular Session, 2005, is amended to read as follows:

(d) The department, in conjunction with the border commerce coordinator, shall develop short-range and long-range plans, including recommendations to increase bilateral relations with Mexico and expedite trade by mitigating delays in border crossing inspections for northbound truck traffic. In developing the plans, the department and coordinator shall consider information obtained from any meetings under Subsection (a). The department shall update the plan biennially ~~[and submit the updated plan to the lieutenant governor, the speaker of the house of representatives, and each other member of the legislature on or before December 1 of each even numbered year].~~

SECTION 29. Section 419.008(e), Government Code, is amended to read as follows:

(e) Not later than January 1 of each odd-numbered year, the [The] commission shall report to the governor [annually] and to the legislature [at each regular session] on the commission's activities. The commission may make recommendations in those reports on matters under its jurisdiction. The commission may make other reports in its discretion.

SECTION 30. Section 420.009, Government Code, is amended to read as follows:

Sec. 420.009. REPORT. The attorney general shall publish a report on the service not later than December 10 of each [~~even-numbered~~] year. The report must summarize reports from programs receiving grants from the attorney general, analyze the effectiveness of the grants, and include information on the expenditure of funds authorized by this chapter, the services provided, the number of persons receiving services, and any other information relating to the provision of sexual assault services. A copy of the report shall be submitted to the governor, lieutenant governor, speaker of the house of representatives, Legislative Budget Board, Senate Committee on Health and Human Services or its successor committee, and House Committee on Human Services or its successor committee.

SECTION 31. Section 431.030(b), Government Code, is amended to read as follows:

(b) Not later than August 1 of the year in which the Commissioner of the General Land Office submits a report as provided by Section 31.157, Natural Resources Code, the adjutant general shall submit a preliminary report of the report required under Subsection (a) to the Commissioner of the General Land Office identifying the real property used for military purposes. Not later than September 1 of the year in which the Commissioner of the General Land Office submits a report as provided by Section 31.157, Natural Resources Code, the adjutant general shall submit the report as required by Subsection (a) to:

- (1) the governor;
- (2) the presiding officer of each house of the legislature; and
- (3) ~~the Legislative Budget Board; and~~
- [4] the Governor's Office of Budget, Planning, and Policy [governor's budget office].

SECTION 32. Section 431.034(a), Government Code, is amended to read as follows:

(a) The adjutant general annually shall report to the governor. The report shall be delivered to the legislature. The report must include:

(1) ~~[a complete and detailed written statement accounting for all funds received and disbursed by the department during the preceding fiscal year that meets the reporting requirements applicable to financial reporting provided in the General Appropriations Act;~~

~~[(2)]~~ an account, to the extent of the adjutant general's knowledge, of all arms, ammunition, and other military property owned by or in possession of the state, the source from which it was received, to whom it is issued, and its present condition;

(2) ~~[(3)]~~ a statement of the number, condition, and organization of the Texas National Guard and reserve militia;

(3) [(4)] suggestions that the adjutant general considers important to the military interests and conditions of the state and the perfection of its military organization;

(4) [(5)] a list and description of all Texas National Guard missions that are in progress at the time the report is prepared; and

(5) [(6)] a statement of department plans to obtain and maintain future Texas National Guard missions, including proposed missions that are consistent with the United States Department of Defense's war-fighting strategies, including strategies used in the war on terrorism.

SECTION 33. Section 531.0141(b), Government Code, is amended to read as follows:

(b) To assist the secretary of state in preparing the report required under Section 405.021, the commission, on an annual [a quarterly] basis, shall provide a report to the secretary of state detailing any projects funded by the commission that provide assistance to colonias. The secretary of state may prescribe the date on which the report required under this section is due.

SECTION 34. Section 531.02492(b), Government Code, is amended to read as follows:

(b) The commission shall electronically publish on the commission's Internet website [prepare and deliver] a biennial report and, on or before the date the report is due, shall notify [to] the governor, the lieutenant governor, the speaker of the house of representatives, the comptroller, the Legislative Budget Board, and the appropriate legislative committees that the report is available on the commission's Internet website. The report must address [on] the efforts of the health and human services agencies to provide health and human services to children younger than six years of age. The report may contain recommendations by the commission to better coordinate state agency programs relating to the delivery of health and human services to children younger than six years of age and may propose joint agency collaborative programs.

SECTION 35. Section 531.03131, Government Code, is amended by amending Subsection (f) and adding Subsection (g) to read as follows:

(f) Not later than December 1 [the last day] of [the month following] each year [calendar quarter], the commission shall file with the legislature a report regarding the use of the Internet site in the provision and delivery of child-care and education services during the reporting period. The report must include:

(1) the number of referrals made to Head Start or Early Head Start offices or centers;

(2) the number of referrals made to local workforce development centers; and

(3) the number of referrals made to each school district.

(g) The report required under Subsection (f) may be made in conjunction with any other report the commission is required to submit to the legislature.

SECTION 36. The heading to Section 531.042, Government Code, is amended to read as follows:

Sec. 531.042. INFORMATION AND ASSISTANCE REGARDING CARE AND SUPPORT OPTIONS[; REPORTS].

SECTION 37. Section 531.103(c), Government Code, is amended to read as follows:

(c) The commission and the office of the attorney general shall jointly prepare and submit an annual ~~[a semiannual]~~ report to the governor, lieutenant governor, and speaker of the house of representatives ~~[-and comptroller]~~ concerning the activities of those agencies in detecting and preventing fraud, waste, and abuse under the state Medicaid program or other program administered by the commission or a health and human services agency. The report may be consolidated with any other report relating to the same subject matter the commission or office of the attorney general is required to submit under other law.

SECTION 38. Section 531.108(e), Government Code, is amended to read as follows:

(e) The commission shall submit to the governor and Legislative Budget Board an annual ~~[a semiannual]~~ report on the results of computerized matching of commission information with information from neighboring states, if any, and information from the Texas Department of Criminal Justice. The report may be consolidated with any other report relating to the same subject matter the commission is required to submit under other law.

SECTION 39. Section 614.102(e), Government Code, is amended to read as follows:

(e) The director shall prepare an annual written report on the activity, status, and effectiveness of the fund and shall submit the report to the lieutenant governor and ~~[-]~~ the speaker of the house of representatives ~~[-and the comptroller]~~ before November 1 of each year.

SECTION 40. Section 661.202(j), Government Code, is amended to read as follows:

(j) A state agency shall maintain [file] a written statement ~~[with the state auditor]~~ covering the policies and procedures for an extension of leave under Subsection (i) and shall make the statement available to all agency employees. The state agency shall provide a copy of the statement to the state auditor on request.

SECTION 41. Section 663.052(a), Government Code, is amended to read as follows:

(a) The commission shall report to the legislature not later than December 1 of each even-numbered year [legislative session].

SECTION 42. Sections 772.009(f) and (g), Government Code, are amended to read as follows:

(f) Each state agency shall designate an employee on the management or senior staff level to serve as the agency's federal funds coordinator. An agency may not create a staff position for a federal funds coordinator. The coordinator's duties are additional duties of an employee of the agency. Each federal funds coordinator shall:

(1) oversee and coordinate the agency's efforts in acquiring discretionary federal funds;

(2) send the grant writing team an annual ~~[a quarterly]~~ report listing the grants for which the agency has applied and the catalogue of federal domestic assistance number and giving a short description of the grant; and

(3) notify the grant writing team of an award or denial of a federal grant to the agency.

(g) Each state agency other than an [or] institution of higher education shall file an annual report with the grant writing team concerning the agency's efforts in acquiring available discretionary federal funds during the preceding state fiscal year. The grant writing team shall establish guidelines for information included in the annual report required by this section. The grant writing team shall evaluate the effectiveness of each agency in acquiring discretionary federal funds and shall report the evaluation to the governor and the Legislative Budget Board.

SECTION 43. Section 802.301, Government Code, is amended by adding Subsection (h) to read as follows:

(h) The board shall provide to the Legislative Budget Board a copy of any actuarial impact statement required under this section.

SECTION 44. Sections 825.108(c) and (d), Government Code, are amended to read as follows:

(c) A copy of the report required by Subsection (a) must be filed with the governor, the lieutenant governor, the speaker of the house of representatives, the State Pension Review Board, and the legislative audit committee [~~and the state auditor~~] no later than December 15 of each year.

(d) A copy of the report required by Subsection (b) must be filed with the governor, the lieutenant governor, the speaker of the house of representatives, the State Pension Review Board, and the legislative audit committee [~~and the state auditor~~] no later than March 1 of each year.

SECTION 45. Section 825.407(e), Government Code, is amended to read as follows:

(e) After the end of each fiscal year, the retirement system shall report to the comptroller of public accounts [~~and the State Auditor~~] the name of any general academic teaching institution and any medical and dental unit delinquent in the reimbursement of contributions under this section for the preceding fiscal year and the amount by which each reported institution or unit is delinquent.

SECTION 46. Section 1231.086(b), Government Code, is amended to read as follows:

(b) On November 15 of each year, the board shall send to the lieutenant governor, the speaker of the house, and each member of the legislature [~~and the joint committee~~] a report of the information received under this subchapter for the fiscal year ending August 31 of that year.

SECTION 47. Section 2054.1015(d), Government Code, is amended to read as follows:

(d) A state agency shall notify the department and [~~and~~] the Legislative Budget Board [~~and the state auditor's office~~] if the agency makes a substantive change to a planned procurement schedule for commodity items.

SECTION 48. Subchapter F, Chapter 2054, Government Code, is amended by adding Section 2054.1211 to read as follows:

Sec. 2054.1211. REPORTING REQUIREMENTS OF INSTITUTIONS OF HIGHER EDUCATION. The department and the Information Technology Council for Higher Education established under Section 2054.121(b) shall review all plans and

reports required of institutions of higher education under this chapter. After September 1, 2014, an institution of higher education is not required to prepare or submit a plan or report generally required of a state agency under this chapter except to the extent expressly provided by a rule adopted by the department on or after September 1, 2013.

SECTION 49. Section 2102.0091, Government Code, is amended by amending Subsections (a) and (c) and adding Subsection (d) to read as follows:

(a) A state agency shall file with the Sunset Advisory Commission, the Governor's Office of Budget, Planning, and Policy [~~budget division of the governor's office~~], the state auditor, and the Legislative Budget Board a copy of each report submitted to the state agency's governing board or the administrator of the state agency if the state agency does not have a governing board by the agency's internal auditor.

(c) In addition to the requirements of Subsection (a), a state agency shall file with the Governor's Office of Budget, Planning, and Policy [~~budget division of the governor's office~~], the state auditor, and the Legislative Budget Board any action plan or other response issued by the state agency's governing board or the administrator of the state agency if the state agency does not have a governing board in response to the report of the state agency's internal auditor.

(d) If the state agency does not file the report as required by this section, the Legislative Budget Board or the Governor's Office of Budget, Planning, and Policy may take appropriate action to compel the filing of the report.

SECTION 50. Section 2165.055, Government Code, is amended to read as follows:

Sec. 2165.055. REPORT ABOUT IMPROVEMENTS AND REPAIRS. Not later than December 1 of each even-numbered year, the [The] commission [~~biennially on December 1st~~] shall report to the governor:

(1) all improvements and repairs that have been made, with an itemized account of receipts and expenditures; and

(2) the condition of all property under its control, with an estimate of needed improvements and repairs.

SECTION 51. Sections 2165.1061(f) and (h), Government Code, are amended to read as follows:

(f) The commission shall conduct a study of the commission's efforts to colocate administrative office space at least once each fiscal biennium and shall include the findings of the study in the commission's master facilities plan required under Section 2166.102 [~~report the findings to the Governor's Office of Budget and Planning, the Legislative Budget Board, and the comptroller not later than July 1 of each even-numbered year~~].

(h) In addition to the requirements of Subsection (f), not later than July 1 of each even-numbered year, the commission shall complete a study on the amount of each state agency's administrative office space in Travis County to identify locations that exceed the space limitations prescribed by Section 2165.104(c) and include the findings of the study in the commission's master facilities plan required under Section 2166.102 [~~report the findings to the Governor's Office of Budget and Planning, the Legislative Budget Board, and the comptroller~~]. The findings [~~report~~] shall include:

(1) the location of office space that exceeds the space limitations prescribed by Section 2165.104(c);
(2) the amount of excess space;
(3) the cost of the excess space;
(4) the expiration dates of any leases covering the excess space;
(5) the amount of exempt and nonexempt space under Section 2165.104(c);
and

(6) recommendations for the most cost-effective method by which a state agency could comply with the requirements of Section 2165.104(c), including recommendations that identify the amount and cost of office space that could be reduced or eliminated, state the moving costs and expenses associated with reductions in space, and state the earliest date by which the space reductions could be feasibly achieved.

SECTION 52. Sections 2166.101(d) and (e), Government Code, are amended to read as follows:

(d) The commission shall summarize its findings on the status of state-owned buildings and current information on construction costs and include the summary in the commission's master facilities plan required under Section 2166.102 ~~[in a report it shall make available to the governor, the legislature, and the state's budget offices]~~.

(e) State agencies, departments, and institutions shall cooperate with the commission in providing any [the] information needed by the commission to comply with this section ~~[necessary for the report]~~.

SECTION 53. The heading to Section 2166.103, Government Code, is amended to read as follows:

Sec. 2166.103. FINDINGS ON ~~[BIENNIAL REPORT ON]~~ SPACE NEEDS.

SECTION 54. Section 2166.103(b), Government Code, is amended to read as follows:

(b) ~~The [Before each legislative session, the] commission shall identify [send to the governor, the lieutenant governor, the speaker of the house of representatives, and the Legislative Budget Board a report identifying] counties in which more than 50,000 square feet of usable office space is needed and make [the commission's] recommendations for meeting that need. The commission may recommend leasing or purchasing and renovating one or more existing buildings or constructing one or more buildings. The commission shall include the commission's findings and recommendations in the commission's master facilities plan required under Section 2166.102.~~

SECTION 55. The heading to Section 2166.104, Government Code, is amended to read as follows:

Sec. 2166.104. SUMMARY OF ~~[BIENNIAL REPORT ON]~~ REQUESTED PROJECTS.

SECTION 56. Sections 2166.104(a), (b), and (d), Government Code, are amended to read as follows:

(a) ~~The [On or before a date specified by the state's budget agencies in each year immediately preceding a regular session of the legislature, the] commission shall compile a list of and summarize [send to the budget agencies a report listing] all projects requested under Subchapter D. The commission shall include the summary in the commission's master facilities plan required under Section 2166.102.~~

(b) ~~The summary [report] must include [contain]:~~

(1) a brief and specific justification prepared by the using agency for each project;

(2) a summary of the project analysis or, if the analysis was not made, a statement briefly describing the method used to estimate costs for the project;

(3) a project cost estimate developed in accordance with Subchapter D, detailed enough to allow the budget agencies, the governor, and the legislature the widest possible latitude in developing policy regarding each project request;

(4) an estimate, prepared by the commission with the cooperation of both the using agency and any private design professional retained, of the annual cost of maintaining the completed project, including the estimated cost of utility services; and

(5) an estimate, prepared by the using agency, of the annual cost of staffing and operating the completed project, excluding maintenance cost.

(d) If a using agency requests three or more projects, it shall designate its priority rating for each project. The budget agencies shall, with the commission's cooperation, develop detailed instructions to implement the priority system required by this subsection. The commission's summary [report] must show the designated priority of each project to which a priority rating has been assigned.

SECTION 57. Subchapter I, Chapter 2166, Government Code, is amended by adding Section 2166.409 to read as follows:

Sec. 2166.409. STATE AGENCY ENERGY SAVINGS PROGRAM. (a) Each state agency shall develop a plan for conserving energy that includes a percentage goal for reducing the agency's use of electricity, gasoline, and natural gas.

(b) Each state agency shall file a quarterly report with the governor and the Legislative Budget Board listing the goals identified in the agency's energy conservation plan and a description of the progress made by the agency in meeting those goals. The report must include ideas for additional energy savings developed by the agency.

(c) Each state agency shall make the report required under Subsection (b) available to the public by posting the report in a conspicuous place on the agency's Internet website.

SECTION 58. Section 2205.039(c), Government Code, is amended to read as follows:

(c) A state agency other than the Texas Department of Transportation [board] shall send the agency's travel logs to the department on an annual basis. An agency is not required to file a travel log with the department if the agency did not operate an aircraft during the period covered by the travel log [board each month in which the agency operates an aircraft].

SECTION 59. Section 2262.052(b), Government Code, as amended by Chapters 309 (H.B. 3042) and 785 (S.B. 19), Acts of the 78th Legislature, Regular Session, 2003, is reenacted to read as follows:

(b) Subject to the legislative audit committee's approval of including the work described by this subsection in the audit plan under Section 321.013(c), the state auditor may:

- (1) periodically monitor compliance with this section;
- (2) report any noncompliance to:
 - (A) the governor;
 - (B) the lieutenant governor;
 - (C) the speaker of the house of representatives; and
 - (D) the team; and
- (3) assist, in coordination with the attorney general and the comptroller, a noncomplying state agency to comply with this section.

SECTION 60. Section 2306.0721(c), Government Code, is amended to read as follows:

(c) The plan must include:

(1) an estimate and analysis of the housing needs of the following populations in each uniform state service region:

(A) individuals and families of moderate, low, very low, and extremely low income;

(B) individuals with special needs; and

(C) homeless individuals;

(2) a proposal to use all available housing resources to address the housing needs of the populations described by Subdivision (1) by establishing funding levels for all housing-related programs;

(3) an estimate of the number of federally assisted housing units available for individuals and families of low and very low income and individuals with special needs in each uniform state service region;

(4) a description of state programs that govern the use of all available housing resources;

(5) a resource allocation plan that targets all available housing resources to individuals and families of low and very low income and individuals with special needs in each uniform state service region;

(6) a description of the department's efforts to monitor and analyze the unused or underused federal resources of other state agencies for housing-related services and services for homeless individuals and the department's recommendations to ensure the full use by the state of all available federal resources for those services in each uniform state service region;

(7) strategies to provide housing for individuals and families with special needs in each uniform state service region;

(8) a description of the department's efforts to encourage in each uniform state service region the construction of housing units that incorporate energy efficient construction and appliances;

(9) an estimate and analysis of the housing supply in each uniform state service region;

(10) an inventory of all publicly and, where possible, privately funded housing resources, including public housing authorities, housing finance corporations, community housing development organizations, and community action agencies;

(11) strategies for meeting rural housing needs;

(12) a biennial action plan for colonias that:

(A) addresses current policy goals for colonia programs, strategies to meet the policy goals, and the projected outcomes with respect to the policy goals; and

(B) includes information on the demand for contract-for-deed conversions, services from self-help centers, consumer education, and other colonia resident services in counties some part of which is within 150 miles of the international border of this state; and

(13) a summary of public comments received at a hearing under this chapter or from another source that concern the demand for colonia resident services described by Subdivision (12); ~~and~~

~~[(14) any other housing related information that the state is required to include in the one year action plan of the consolidated plan submitted annually to the United States Department of Housing and Urban Development].~~

SECTION 61. Section 2306.559(a), Government Code, is amended to read as follows:

(a) The corporation shall file an annual report of the financial activity of the corporation with the department. The corporation's board of directors shall submit the report to the governor, lieutenant governor, speaker of the house of representatives, and comptroller ~~and Legislative Budget Board~~.

SECTION 62. Section 2306.560(a), Government Code, is amended to read as follows:

(a) The corporation shall hire an independent certified public accountant to audit the corporation's books and accounts for each fiscal year. The corporation shall file a copy of the audit with the department and shall submit the audit report to the governor, lieutenant governor, speaker of the house of representatives, comptroller, Bond Review Board, and State Auditor's Office ~~and Legislative Budget Board~~ not later than the 30th day after the submission date established in the General Appropriations Act for the annual financial report.

SECTION 63. Section 103.013, Health and Safety Code, is amended by adding Subsection (g) to read as follows:

(g) The report required under Subsection (f) may be published electronically on a state agency's Internet website. A state agency that electronically publishes a report under this subsection shall notify each agency entitled to receive a copy of the report that the report is available on the agency's Internet website on or before the date the report is due.

SECTION 64. Section 161.0211(b), Health and Safety Code, is amended to read as follows:

(b) The department may conduct those investigations to determine the nature and extent of the disease or environmental exposure believed to be harmful to the public health. Any findings or determinations from such investigations that relate to environmental exposures believed to be harmful to the public shall be reported in writing to the Texas ~~Natural Resource Conservation~~ Commission on Environmental

Quality, and the two agencies shall coordinate corrective measures as appropriate. The department shall use generally accepted methods of epidemiology or toxicology in the conduct of an investigation.

SECTION 65. Subchapter Q, Chapter 361, Health and Safety Code, is amended by adding Section 361.5061 to read as follows:

Sec. 361.5061. PLANNING AND REPORTING REQUIREMENTS: INSTITUTIONS OF HIGHER EDUCATION. An institution of higher education that is required to develop a source reduction and waste minimization plan under this subchapter for more than one facility may:

(1) develop and submit one plan that covers all of the facilities; and

(2) submit one annual report and one executive summary under Section 361.506 that covers all of the facilities.

SECTION 66. Section 534.068, Health and Safety Code, is amended by adding Subsections (a-1) and (g) to read as follows:

(a-1) The audit required under Subsection (a) may be published electronically on an authority's Internet website. An authority that electronically publishes an audit under this subsection shall notify the department that the audit is available on the authority's Internet website on or before the date the audit is due.

(g) The report required under Subsection (f) may be published electronically on the department's Internet website. The department shall notify each entity entitled to receive a copy of the report that the report is available on the department's Internet website on or before the date the report is due.

SECTION 67. Section 22.0251(b), Human Resources Code, is amended to read as follows:

(b) The department shall submit to the governor and~~;~~ the Legislative Budget Board an annual~~[- and the Health and Human Services Commission a semiannual]~~ report detailing the department's progress in reaching its goals under Subsection (a)(2). The report may be consolidated with any other report relating to the same subject that the department is required to submit under other law.

SECTION 68. Section 22.0252(b), Human Resources Code, is amended to read as follows:

(b) The department shall submit to the governor and~~;~~ the Legislative Budget Board an annual~~[- and the Health and Human Services Commission a semiannual]~~ report on the operation and success of the telephone collection program. The report may be consolidated with any other report relating to the same subject that the department is required to submit under other law.

SECTION 69. Section 22.0292(d), Human Resources Code, is amended to read as follows:

(d) The department shall submit to the governor and~~;~~ the Legislative Budget Board an annual~~[- and the Health and Human Services Commission a semiannual]~~ report on the operation and success of the information matching system required by this section. The report may be consolidated with any other report relating to the same subject matter the department is required to submit under other law.

SECTION 70. Section 51.006, Human Resources Code, is amended to read as follows:

Sec. 51.006. REPORT. (a) Not later than November 1 of each even-numbered year, the department shall publish a report that summarizes reports from family violence centers under contract with the department and that analyzes the effectiveness of the contracts authorized by this chapter. The reports must include information on the expenditure of funds authorized under this chapter, the services provided, the number of persons for whom a service was provided, and any other information relating to the provision of family violence services. The report may be combined with the report required by Section 21.011. Copies of the report shall be submitted to the governor, the lieutenant governor, the speaker of the house of representatives, the Legislative Budget Board, and the standing committees of the senate and house of representatives having primary jurisdiction over the department.

(b) The report required under Subsection (a) may be published electronically on the department's Internet website. The department shall notify each agency entitled to receive a copy of the report that the report is available on the department's Internet website on or before the date the report is due.

SECTION 71. Section 114.008(a), Human Resources Code, is amended to read as follows:

(a) The agencies represented on the council and the public members shall report to the council any requirements identified by the agency or person to provide additional or improved services to persons with autism or other pervasive developmental disorders. Not later than November 1 of each even-numbered year, the council shall prepare and deliver to the executive commissioner of the Health and Human Services Commission, the governor, the lieutenant governor, and the speaker of the house of representatives a report summarizing the recommendations.

SECTION 72. Section 122.022, Human Resources Code, is amended to read as follows:

Sec. 122.022. REPORTS. (a) On or before November 1 of each year, the council shall file with the governor and the presiding officer of each house of the legislature a copy of the annual financial report prepared by the council under Section 2101.011, Government Code ~~[complete and detailed written report accounting for all funds received and disbursed by the council during the preceding year. The annual report must meet the reporting requirements applicable to financial reporting provided in the General Appropriations Act].~~

(b) As part of the report filed under Subsection (a), the council shall provide ~~[The report submitted under this section must include]:~~

(1) the number of persons with disabilities, according to their type of disability, who are employed in community rehabilitation programs participating in the programs established by this chapter or who are employed by businesses or workshops that receive supportive employment from community rehabilitation programs;

(2) the amount of annual wages paid to a person participating in the program;

(3) a summary of the sale of products offered by a community rehabilitation program;

(4) a list of products and services offered by a community rehabilitation program;

- (5) the geographic distribution of the community rehabilitation programs;
- (6) the number of nondisabled workers who are employed in community rehabilitation programs under this chapter; and
- (7) the average and range of weekly earnings for disabled and nondisabled workers who are employed in community rehabilitation programs under this chapter.

SECTION 73. Section 134.0041(g), Human Resources Code, is amended to read as follows:

(g) A state agency or medical school affected by the plan shall use the plan as the basis for its request for appropriations during the next biennium unless the agency or school disagrees with the plan. If the agency or school disagrees with the plan or intends to deviate from the plan in its budget request, the agency or school shall submit to the council [~~Legislative Budget Board,~~] and the Governor's Office of Budget, Planning, and Policy [~~governor's budget office~~] a written explanation of each disagreement or deviation and the reason for the disagreement or deviation. The state agency or medical school must submit the written explanation not later than November 1 of the year in which the plan is prepared.

SECTION 74. Section 32.021(a), Insurance Code, is amended to read as follows:

(a) The department shall file annually with the governor and the presiding officer of each house of the legislature a complete and detailed written report that includes:

(1) [~~an accounting of all funds received and disbursed by the department during the preceding fiscal year;~~

[~~2~~] a description of the commissioner's official acts;

(2) [~~3~~] a description of the condition of companies doing business in this state; and

(3) [~~4~~] other information that exhibits the affairs of the department.

SECTION 75. Section 21.003(d), Labor Code, is amended to read as follows:

(d) The commission at least annually shall make a comprehensive written report on the commission's activities to the governor and to the legislature.

SECTION 76. Section 21.552(b), Labor Code, is amended to read as follows:

(b) Each year the commission shall compile equal employment opportunity information reported to the commission by a state agency. The information must include:

(1) the total number of employees of the agency and the total number of new employees hired since the date of the last report made by the agency;

(2) the total number of employees of the agency listed by racial and ethnic group and the percentage of the total number of agency employees for each racial and ethnic group, including a distinction for those categories between the total number of employees and the total number of employees hired since the date of the last report made by the agency;

(3) the total number of male employees and the total number of female employees of the agency, including a distinction for those categories between the total number of employees and the total number of employees hired since the date of the last report made by the agency;

(4) the total number of male employees and the total number of female employees of the agency for each racial and ethnic group, including a distinction for those categories between the total number of employees and the total number of employees hired since the date of the last report made by the agency; and

(5) ~~the total number of disabled employees of the agency, including a distinction for that category between the total number of employees and the total number of employees hired since the date of the last report made by the agency; and~~

~~(6) the total number of employees of the agency listed by job classification and the total number of employees for each sex and [5] racial and ethnic group, and disability listed by job classification, including a distinction for those categories between the total number of employees and the total number of employees hired since the date of the last report made by the agency.~~

SECTION 77. The heading to Section 21.553, Labor Code, is amended to read as follows:

Sec. 21.553. COOPERATION WITH COMPTROLLER AND UNIFORM STATEWIDE ACCOUNTING SYSTEM; REPORT ~~[TO LEGISLATURE]~~.

SECTION 78. Section 21.553(b), Labor Code, is amended to read as follows:

(b) The commission shall conduct an analysis of the information reported to the commission under this subchapter and report the results of that analysis to the legislature, the Legislative Budget Board, and the governor not later than January 1 of each odd-numbered year ~~[the fifth day of each regular session of the legislature]~~. The report required under this subsection must be written in plain language.

SECTION 79. The heading to Section 412.051, Labor Code, is amended to read as follows:

Sec. 412.051. DUTIES OF STATE AGENCIES; INSURANCE NOTIFICATION ~~[REPORTING]~~ REQUIREMENTS.

SECTION 80. Section 412.051(b), Labor Code, is amended to read as follows:

(b) Subject to Section 412.011 ~~[In addition to the report required under Section 412.053]~~, each state agency that intends to purchase property, casualty, or liability insurance coverage in a manner other than through the services provided by the office shall notify the office of [report] the intended purchase ~~[to the office]~~ in the manner prescribed by the office. The state agency shall notify the office of [report] the intended purchase not later than the 30th day before the date on which the purchase of the coverage is scheduled to occur. The office may require a state agency to submit copies of insurance forms, policies, and other relevant information.

SECTION 81. Section 506.002(b), Labor Code, is amended to read as follows:

(b) The workers' compensation division of the office of the attorney general shall send to the comptroller ~~[and the state auditor]~~ a copy of each statement of amounts due from an agency or other instrumentality of state government that, with funds that are held outside the state treasury, reimburses the general revenue fund for workers' compensation payments made out of the general revenue fund.

SECTION 82. The heading to Section 91.1135, Natural Resources Code, is amended to read as follows:

Sec. 91.1135. OIL AND GAS REGULATION AND [OIL FIELD] CLEANUP FUND ADVISORY COMMITTEE.

SECTION 83. Sections 91.1135(a), (d), (e), (f), and (g), Natural Resources Code, are amended to read as follows:

(a) In this section, "committee" means the Oil and Gas Regulation and [Oil Field] Cleanup Fund Advisory Committee.

(d) The committee shall:

(1) meet at least quarterly with the commission;
(2) receive information about rules proposed by the commission relating to the oil and gas regulation and [oil field] cleanup fund;

(3) review recommendations for legislation proposed by the commission;
and

(4) monitor the effectiveness of the oil and gas regulation and [oil field] cleanup fund.

(e) The commission shall provide quarterly reports to the committee and the Legislative Budget Board that include:

(1) the following information with respect to the period since the last report was provided as well as cumulatively:

(A) the amount of money deposited in the oil and gas regulation and [oil field] cleanup fund;

(B) the amount of money spent from the fund;

(C) the balance of the fund;

(D) the number of wells plugged with money from the fund;

(E) the number of sites remediated with money from the fund; and

(F) the number of wells abandoned; and

(2) any additional information or data requested in writing by the committee.

(f) The committee may:

(1) submit to the commission comments of the committee regarding proposed rules relating to the oil and gas regulation and [oil field] cleanup fund; and

(2) request reports and other information from the commission as necessary to implement this section.

(g) Not later than November 15 of each even-numbered year, the committee shall report to the governor, lieutenant governor, and speaker of the house of representatives on the committee's activities. The report must include:

(1) an analysis of any problems with the administration of the oil and gas regulation and [oil field] cleanup fund; and

(2) recommendations for any legislation needed to address any problems identified with the administration of the fund or otherwise needed to further the purposes of the fund.

SECTION 84. Section 141.079, Natural Resources Code, is amended to read as follows:

Sec. 141.079. REPORT TO LEGISLATURE. Not later than January 1 of each odd-numbered year [~~During the first 30 days of each regular session of the legislature~~], the commissioner shall report to the legislature on the status of the exploration, development, and production of geothermal energy and associated resources under the land governed by this subchapter.

SECTION 85. Section 161.2111, Natural Resources Code, is amended to read as follows:

Sec. 161.2111. REPORT TO BOND REVIEW BOARD. With respect to purchases made under this chapter, the Veterans' Land Board shall file annually [~~semiannually~~] with the Bond Review Board a report on the performance of loans made by the Veterans' Land Board in connection with the purchases. The Bond Review Board shall review the reports filed by the Veterans' Land Board under this section to assess the performance of loans made under this chapter. The filing dates and the contents of the reports must comply with any rules adopted by the Bond Review Board.

SECTION 86. Section 162.003(e), Natural Resources Code, is amended to read as follows:

(e) With respect to loans made under the program, the Veterans' Land Board shall file annually [~~semiannually~~] with the Bond Review Board a report on the performance of the loans. The Bond Review Board shall review the reports filed by the Veterans' Land Board under this subsection to assess the performance of loans made under the program. The filing dates and the contents of the reports must comply with any rules adopted by the Bond Review Board.

SECTION 87. Section 651.162, Occupations Code, is amended to read as follows:

Sec. 651.162. BIENNIAL REPORT [~~ANNUAL REPORTS~~].

[~~(b)~~] The commission shall file biennially [~~annually~~] with the governor a written description of the activities of the commission during the two preceding fiscal years [~~year~~].

SECTION 88. Section 201.207(d), Transportation Code, is amended to read as follows:

(d) The department, in conjunction with the border commerce coordinator, shall develop short-range and long-range plans, including recommendations to increase bilateral relations with Mexico and expedite trade by mitigating delays in border crossing inspections for northbound truck traffic. In developing the plans, the department and coordinator shall consider information obtained from any meetings under Subsection (a). The department shall update the plan biennially [~~and submit the updated plan to the lieutenant governor, the speaker of the house of representatives, and each other member of the legislature on or before December 1 of each even numbered year~~].

SECTION 89. Section 201.806(a), Transportation Code, is amended to read as follows:

(a) The department shall:

(1) tabulate and analyze the vehicle accident reports it receives; and
(2) annually or more frequently publish statistical information derived from the accident reports as to the number, cause, and location of highway accidents, including information regarding the number of:

(A) accidents involving injury to, death of, or property damage to a bicyclist or pedestrian; and

(B) fatalities caused by a bridge collapse, as defined by Section 550.081[~~and~~

~~[(3) not later than December 15 of each even-numbered year provide to the governor and the legislature:~~

~~[(A) an abstract of the statistical information for the biennium ending on the preceding August 31; and~~

~~[(B) a report with the department's conclusions, findings, and recommendations for decreasing highway accidents and increasing highway and bridge safety].~~

SECTION 90. Section 228.012(c), Transportation Code, is amended to read as follows:

(c) Not later than January 1 of each odd-numbered year, the department shall submit to the Legislative Budget Board and the Governor's Office of Budget, Planning, and Policy in the format prescribed by the Legislative Budget Board, a report on cash balances in the subaccounts created under this section and expenditures made with money in those subaccounts. The report must be in the form prescribed by the Legislative Budget Board.

SECTION 91. Section 456.008(a), Transportation Code, is amended to read as follows:

(a) Not later than January 1 of each year, the ~~[The]~~ commission by rule shall prepare and issue to the legislature a report on ~~[the performance of]~~ public transportation providers in this state that received state or federal funding during the previous 12-month period. A ~~[The commission shall issue a]~~ report under this section must:

(1) detail the performance of the transportation providers during the preceding state fiscal year; and

(2) include, as to each transportation provider, monthly data on industry utilized standards that best reflect ridership, mileage, revenue by source, and service effectiveness [at least once each state fiscal year].

SECTION 92. Section 12.203, Utilities Code, is amended to read as follows:

Sec. 12.203. BIENNIAL [ANNUAL] REPORT. Not later than December 1 of each ~~[(a) The commission shall prepare annually a complete and detailed written report accounting for all funds received and disbursed by the commission during the preceding fiscal year. The annual report must meet the reporting requirements applicable to financial reporting in the General Appropriations Act.~~

~~[(b) In the annual report issued in the]~~ year preceding the convening of each regular session of the legislature, the commission shall prepare a written report that includes ~~[make]~~ suggestions regarding modification and improvement of the commission's statutory authority and for the improvement of utility regulation in general that the commission considers appropriate for protecting and furthering the interest of the public.

SECTION 93. Section 51(c), Chapter 1406 (S.B. 758), Acts of the 80th Legislature, Regular Session, 2007, is amended to read as follows:

(c) The recommendations for expanding and improving provider capabilities under Subdivision (8), Subsection (b) of this section, must include provisions for start-up funding for providers to build necessary capacity in the state, partnerships with community leaders to identify local resources to support building capacity, and the development of pilot projects to procure regional capacity development.

~~[Beginning September 1, 2007, at the end of each fiscal year, the Department of Family and Protective Services shall prepare a progress report that details the department's activities in implementing the recommendations described in Subdivision (8), Subsection (b) of this section. The progress report must include regional data regarding the number of children in state conservatorship who are placed in their home region separated into classifications based on levels of care. The Department of Family and Protective Services shall submit the periodic progress reports required by this subsection to:~~

- ~~[(1) the governor;~~
- ~~[(2) the lieutenant governor;~~
- ~~[(3) the speaker of the house of representatives;~~
- ~~[(4) appropriate oversight committees of the legislature;~~
- ~~[(5) the Legislative Budget Board; and~~
- ~~[(6) the state auditor.]~~

SECTION 94. Section 1(c), Chapter 413 (H.B. 1966), Acts of the 81st Legislature, Regular Session, 2009, is amended to read as follows:

(c) Not later than December 1 of each year ~~[-2009]~~, the Health and Human Services Commission shall submit an annual [initial] report to the governor and the Legislative Budget Board regarding [detailing] the e-prescribing implementation plan developed under this section. The report must include the projected expenditures and cost savings anticipated for the plan during the state fiscal year and the total expenditures associated with and cost savings realized from the plan to date. This subsection expires January 1, 2015.

SECTION 95. Section 34, Chapter 1409 (H.B. 4586), Acts of the 81st Legislature, Regular Session, 2009, is amended by adding Subsection (d) to read as follows:

(d) After an agency or institution that receives money available under the American Recovery and Reinvestment Act has spent all the money received under that Act and completed all projects related to that Act, the agency or institution is no longer required to submit reports related to the agency's receipt of that money to the Legislative Budget Board.

SECTION 96. (a) This section applies to:

- (1) a municipality with a population of more than 50,000; and
- (2) a county in which there are more than 50 operating traffic-control signals.

(b) Not later than September 1, 2014, the governing body of each municipality and each county described by Subsection (a) of this section shall prepare and submit a report to the legislature and to the Texas A&M Transportation Institute on the status of the municipality's or county's current traffic-control signal system and primary arterial street operation.

(c) The report required under this section must include:

- (1) the municipality's or county's current practices relating to primary arterial streets and the performance of primary arterial streets, including the average speed, travel time, crash and delay rates at intersections, and estimated fuel consumption and vehicle emissions relating to those streets;

- (2) a list of the nontraditional strategies employed by the municipality or county to design and operate highway intersections, if any, including single point urban interchanges, diverging diamonds, and continuous left turn treatments;
- (3) a summary of the municipality's or county's current practices relating to:
 - (A) traffic management;
 - (B) traffic monitoring and data collection; and
 - (C) traffic signal timing, operation, and maintenance; and
- (4) the amount of money spent and the number of people employed by the municipality or county in the preceding state fiscal year for purposes of managing and maintaining the municipality's or county's current traffic-control signal system and primary arterial street operation.

SECTION 97. The Department of Information Resources and the Information Technology Council for Higher Education shall complete the review required under Section 2054.1211, Government Code, as added by this Act, not later than March 1, 2014.

SECTION 98. The following provisions are repealed:

- (1) Section 22.004(e), Education Code;
- (2) Sections 29.160(e) and (f), Education Code;
- (3) Subchapter L, Chapter 51, Education Code;
- (4) Sections 54.777(b) and (c), Education Code;
- (5) Section 61.0761(d), Education Code;
- (6) Section 74.004(d), Education Code;
- (7) Section 152.005, Education Code;
- (8) Section 152.006, Education Code;
- (9) Section 59.012, Family Code;
- (10) Section 264.759, Family Code;
- (11) Section 21.007(d), Government Code;
- (12) Section 21.008(e), Government Code;
- (13) Section 411.0097(c), Government Code, as added by Chapter 556 (H.B. 1239), Acts of the 79th Legislature, Regular Session, 2005;
- (14) Section 499.028, Government Code;
- (15) Section 531.02415(e), Government Code;
- (16) Section 531.042(d), Government Code;
- (17) Section 531.073(i), Government Code;
- (18) Section 531.0731, Government Code;
- (19) Section 825.510, Government Code;
- (20) Section 825.518, Government Code;
- (21) Section 2155.448(c), Government Code;
- (22) Sections 2161.121(d) and (e), Government Code;
- (23) Section 2165.2035(e), Government Code;
- (24) Section 2306.560(d), Government Code;
- (25) Section 101.0061(f), Human Resources Code;
- (26) Section 221.012(b), Human Resources Code;

- (27) Section 1575.170(c), Insurance Code;
- (28) Section 205.019(b), Labor Code;
- (29) Section 201.103(c), Transportation Code;
- (30) Section 201.608(c), Transportation Code;
- (31) Section 222.103(e), Transportation Code;
- (32) Section 6.156(b), Water Code;
- (33) Section 26.051, Water Code;
- (34) Section 26.561, Water Code;
- (35) Section 21A(g), Texas Local Fire Fighters Retirement Act (Article 6243e, Vernon's Texas Civil Statutes);
- (36) Section 1(d), Chapter 413 (H.B. 1966), Acts of the 81st Legislature, Regular Session, 2009; and
- (37) Section 46, Chapter 1130 (H.B. 2086), Acts of the 81st Legislature, Regular Session, 2009.

SECTION 99. This Act takes effect September 1, 2013.

Floor Amendment No. 2

Amend **CSSB 59** (house committee printing) as follows:

(1) On page 49, line 12, strike "December 1 of each" and substitute "January 15 of each odd-numbered year".

(2) On page 49, strike lines 18-19 and substitute the following:

~~[(b) In the annual report issued in the year preceding the convening of each regular session of the legislature], the~~

(3) Strike page 51, line 18, through page 52, line 22.

(4) Add the following SECTIONS, appropriately numbered, to the bill:

SECTION __. Section 654.037, Government Code, is amended by adding Subsection (d) to read as follows:

(d) Each state fiscal biennium the classification officer shall:

(1) identify each state agency that experienced an employee turnover rate of more than 17 percent during the preceding state fiscal biennium;

(2) with respect to each state agency described by Subdivision (1), conduct a comparative study of salary rates at the agency that compares the salaries paid at the agency with:

(A) the market average maximum salary in other governmental units and in the private sector for similar work performed; and

(B) the market average mid-range salary in other governmental units and in the private sector for similar work performed; and

(3) report the findings of the study in the manner provided by Subsection (a)(2).

SECTION __. Section 161.032, Health and Safety Code, is amended by adding Subsection (g) to read as follows:

(g) Notwithstanding any other provision of this section, the records of a medical committee of a university medical school or a health science center, including a joint committee, may be disclosed to the extent required under federal law as a condition on the receipt of federal money.

(5) Renumber the SECTIONS of the bill accordingly.

The amendments were read.

Senator Nelson moved to concur in the House amendments to **SB 59**.

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

SENATE BILL 1356 WITH HOUSE AMENDMENTS

Senator Van de Putte called **SB 1356** 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 1356** by adding the following appropriately numbered SECTION to the bill and renumbering subsequent SECTIONS of the bill accordingly:

SECTION _____. Section 414.005, Government Code, is amended to read as follows:

Sec. 414.005. DUTIES. The council shall:

(1) encourage, advise, and assist in the creation of crime stoppers organizations;

(2) foster the detection of crime and encourage persons to report information about criminal acts;

(3) encourage news and other media to broadcast reenactments and to inform the public of the functions of crime stoppers organizations' operations and programs;

(4) promote the process of crime stoppers organizations to forward information about criminal acts to the appropriate law enforcement agencies;

(5) help law enforcement agencies detect and combat crime by increasing the flow of information to and between law enforcement agencies;

(6) create specialized programs targeted at detecting specific crimes or types of crimes, including at least one program that:

(A) encourages individuals to report sex offenders who have failed to register under Chapter 62, Code of Criminal Procedure; ~~and~~

(B) encourages individuals to report criminal activity relating to the trafficking of persons, as described under Chapter 20A, Penal Code; and

(C) financially rewards each individual who makes a report described by Paragraph (A) or (B) that leads or substantially contributes to the arrest or apprehension:

(i) of a sex offender who has failed to register under Chapter 62, Code of Criminal Procedure; or

(ii) of a person suspected of engaging in conduct that constitutes an offense under Chapter 20A, Penal Code; and

(7) encourage, advise, and assist crime stoppers organizations in implementing any programs created under Subdivision (6), including a program specifically described by Subdivision (6).

Floor Amendment No. 2

Amend **SB 1356** by adding the following appropriately numbered SECTION to the bill and renumbering the subsequent SECTIONS of the bill appropriately:

SECTION _____. Subchapter A, Chapter 221, Human Resources Code, is amended by adding Section 221.0035 to read as follows:

Sec. 221.0035. BEST PRACTICES TO IDENTIFY AND ASSESS VICTIMS OF SEX TRAFFICKING. (a) In this section, "sex trafficking" means an offense under Section 20A.02(a)(7), Penal Code.

(b) The department shall evaluate the practices and screening procedures used by juvenile probation departments for the early identification of juveniles who are victims of sex trafficking for the purpose of developing a recommended set of best practices that may be used by a juvenile probation department to improve the juvenile probation department's ability to identify a juvenile who is a victim of sex trafficking.

(c) Best practices may include:

(1) examining a juvenile's referral history, including whether the juvenile has a history of running away from home or has been adjudicated for previous offenses;

(2) making inquiries into a juvenile's history of sexual abuse;

(3) assessing a juvenile's need for services, including counseling through a rape crisis center or other counseling; and

(4) asking the juvenile a series of questions designed to determine whether the juvenile is at high risk of being a victim of sex trafficking.

The amendments were read.

Senator Van de Putte moved to concur in the House amendments to **SB 1356**.

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

Nays: Nichols.

SENATE BILL 1265 WITH HOUSE AMENDMENT

Senator Nichols called **SB 1265** 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 1265** by substituting in lieu thereof the following:

A BILL TO BE ENTITLED AN ACT

relating to the election of board members for emergency services districts in certain counties.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 775.034(h), Health and Safety Code, is amended to read as follows:

(h) This section does not apply to a district located wholly in a county:

(1) with a population of more than three million;

(2) with a population of more than 200,000 that borders Lake Palestine; or

(3) with a population of less than 200,000 that borders another state and the Gulf Intracoastal Waterway.

SECTION 2. The heading to Section 775.0345, Health and Safety Code, is amended to read as follows:

Sec. 775.0345. ELECTION OF BOARD IN CERTAIN [POPULOUS] COUNTIES.

SECTION 3. Section 775.0345, Health and Safety Code, is amended by amending Subsections (a), (b), (e), (f), and (g) and adding Subsections (b-1), (d-1), and (h-1) to read as follows:

(a) This section applies only to a district located wholly in a county:

(1) with a population of more than three million;

(2) with a population of more than 200,000 that borders Lake Palestine; or

(3) with a population of less than 200,000 that borders another state and the

Gulf Intracoastal Waterway.

(b) The governing body of a district consists of a five-person board of emergency services commissioners elected as prescribed by this section. Except as provided by Subsections (h) and (h-1) [~~Subsection (h)~~], emergency services commissioners serve four-year terms.

(b-1) Notwithstanding Subsection (b), the governing body of a district described by Subsection (a)(2) or (3) is governed by a five-member board of emergency services commissioners elected from single-member districts. One director is elected from each single-member district. As soon as possible after the district is created, the commissioners court of the county in which the district is located shall divide the district into five numbered single-member districts.

(d-1) Notwithstanding Subsection (d), to be eligible to be a candidate for emergency services commissioner in a single-member district on an initial board in a district described by Subsection (a)(2) or (3), a person must be at least 18 years of age and a resident of that single-member district.

(e) A candidate for emergency services commissioner on an initial board must give the voter registrar of the county [~~clerk~~] a sworn notice of the candidate's intention to run for office. The notice must state the person's name, age, and address and state that the person is serving notice of intent to run for emergency services commissioner. If the person intends to run for emergency services commissioner in a single-member district in a district described by Subsection (a)(2) or (3), the notice must also specify the single-member district the person seeks to represent. On receipt of the notice, the voter registrar of the county [~~clerk~~] shall have the candidate's name placed on the ballot.

(f) The voter registrar of the county [~~clerk~~] shall appoint an election judge to certify the results of the election.

(g) After the election is held, the voter registrar or deputy registrar of the county [~~clerk or the clerk's deputy~~] shall prepare a sworn statement of the election costs incurred by the county. The statement shall be given to the newly elected board, which shall order the appropriate official to reimburse the county for the county's election costs.

(h-1) Notwithstanding Subsection (h), the five initial emergency services commissioners elected from single-member districts in a district described by Subsection (a)(2) or (3) shall draw lots to determine which two commissioners serve terms that expire on December 31 of the second year following the year in which the election was held and which three commissioners serve terms that expire on December 31 of the fourth year following the year in which the election was held.

SECTION 4. The heading to Section 775.0355, Health and Safety Code, is amended to read as follows:

Sec. 775.0355. DISQUALIFICATION OF EMERGENCY SERVICES COMMISSIONERS IN CERTAIN [POPULOUS] COUNTIES.

SECTION 5. Section 775.0355(b), Health and Safety Code, is amended to read as follows:

(b) This section applies only to a district located wholly in a county:

- (1) with a population of more than three million;
- (2) with a population of more than 200,000 that borders Lake Palestine; or
- (3) with a population of less than 200,000 that borders another state and the

Gulf Intracoastal Waterway.

SECTION 6. The heading to Section 775.0445, Health and Safety Code, is amended to read as follows:

Sec. 775.0445. VACANCY ON BOARD OF DISTRICT LOCATED IN CERTAIN [POPULOUS] COUNTIES.

SECTION 7. Section 775.0445(b), Health and Safety Code, is amended to read as follows:

(b) This section applies only to a district located wholly in a county:

- (1) with a population of more than three million;
- (2) with a population of more than 200,000 that borders Lake Palestine; or
- (3) with a population of less than 200,000 that borders another state and the

Gulf Intracoastal Waterway.

SECTION 8. (a) This Act does not prohibit a person who is a commissioner on the effective date of this Act and who was appointed under Section 775.034, Health and Safety Code, from running for election to the board if the person has the qualifications required for a member under Section 775.0345, Health and Safety Code, as amended by this Act.

(b) The terms of the members of a board of emergency services commissioners serving on the effective date of this Act who were appointed under Section 775.034, Health and Safety Code, before the effective date of this Act expire on the date a majority of the members of the initial board of emergency services commissioners elected under Subsection (c) of this section qualify to serve.

(c) The county judge of a county with an emergency services district to which Section 775.0345(a)(2) or (3), Health and Safety Code, as added by this Act, applies on the effective date of this Act and to which Section 775.034, Health and Safety Code, previously applied, shall establish an election to elect the initial emergency services commissioners of that district in the manner required by Sections 775.0345(c)-(h-1), Health and Safety Code, for election of the initial commissioners as if the district had been created on the effective date of this Act.

SECTION 9. This Act takes effect September 1, 2013.

The amendment was read.

Senator Nichols moved to concur in the House amendment to **SB 1265**.

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

SENATE BILL 66 WITH HOUSE AMENDMENT

Senator Nelson called **SB 66** 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 66** (house committee printing) by adding the following appropriately numbered SECTION to the bill and renumbering subsequent SECTIONS of the bill as appropriate:

SECTION _____. (a) The Protect Our Kids Commission is composed of six members appointed by the governor, one of whom shall be designated as presiding officer, three members appointed by the lieutenant governor, three members appointed by the speaker of the house of representatives, one member with experience in behavioral health and substance abuse appointed by the commissioner of the Department of State Health Services, one member who represents the Department of Family and Protective Services appointed by the commissioner of the department, and one member who represents the Office of Title V and Family Health of the Department of State Health Services appointed by the office director.

(b) Each member appointed to the commission must have experience relating to the study of the relationship between child protective services and child welfare services and child abuse and neglect fatalities.

(c) In making appointments to the commission, each appointing authority shall make every effort to select individuals whose expertise is not already represented by other members of the commission and who reflect the geographical, cultural, racial, and ethnic diversity of the state.

(d) Members of the commission serve without compensation and are not entitled to reimbursement for expenses.

(e) The commission shall study the relationship between child protective services and child welfare services and the rate of child abuse and neglect fatalities.

(f) The commission shall:

(1) identify promising practices and evidence-based strategies to address and reduce fatalities from child abuse and neglect;

(2) develop recommendations and identify resources necessary to reduce fatalities from child abuse and neglect for implementation by state and local agencies and private sector and nonprofit organizations, including recommendations to implement a comprehensive statewide strategy for reducing those fatalities; and

(3) develop guidelines for the types of information that should be tracked to improve interventions to prevent fatalities from child abuse and neglect.

(g) The commission may accept gifts and grants of money, property, and services from any source to be used to conduct a function of the commission.

(h) Not later than December 1, 2015, the commission shall submit to the governor, lieutenant governor, and speaker of the house of representatives a report containing:

(1) the commission's findings and a complete explanation of each of the commission's recommendations;

(2) proposed legislation necessary to implement the recommendations made in the report; and

(3) any administrative recommendations proposed by the commission.

(i) The commission is not subject to Chapter 2110, Government Code.

(j) The Protect Our Kids Commission is abolished and this section expires December 31, 2015.

The amendment was read.

Senator Nelson moved to concur in the House amendment to **SB 66**.

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

SENATE BILL 778 WITH HOUSE AMENDMENT

Senator Carona called **SB 778** 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 778** (house committee printing), on page 2, by striking line 6 and substituting the following:

insurance premium, provided that:

(A) the person conducting the insurance transaction is appropriately licensed if required by applicable licensing and regulatory requirements administered by a functional regulatory agency of this state; and

(B) the insurance product and premium

The amendment was read.

Senator Carona moved to concur in the House amendment to **SB 778**.

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

Nays: Garcia.

SENATE BILL 1031 WITH HOUSE AMENDMENT

Senator Taylor called **SB 1031** 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 1031** by substituting in lieu thereof the following:

A BILL TO BE ENTITLED

AN ACT

relating to the Harris-Galveston Subsidence District; providing authority to impose a fee.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 8801.001, Special District Local Laws Code, is amended by adding Subdivision (4-c) to read as follows:

(4-c) "Regional water supplier" means a political subdivision of this state that has:

(A) the authority to conserve, store, treat, and purify water and to transport, distribute, sell, and deliver water to any person in this state; and

(B) an approved groundwater reduction plan.

SECTION 2. Subchapter B, Chapter 8801, Special District Local Laws Code, is amended by adding Section 8801.066 to read as follows:

Sec. 8801.066. INVESTMENT OFFICER. (a) Notwithstanding Section 2256.005(f), Government Code, the board may contract with a person to act as investment officer of the district.

(b) The investment officer shall:

(1) not later than the first anniversary of the date the officer takes office or assumes the officer's duties, attend a training session of at least six hours of instruction relating to investment responsibilities under Chapter 2256, Government Code; and

(2) attend at least four hours of additional investment training within each two-year period after the first year.

(c) Training under this section must be from an independent source approved by:

(1) the board; or

(2) a designated investment committee advising the investment officer.

(d) Training under this section must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with Chapter 2256, Government Code.

SECTION 3. Sections 8801.110(c) and (e), Special District Local Laws Code, are amended to read as follows:

(c) Written notice of a hearing other than a hearing on a permit application must be given to:

(1) each county, regional water supplier, and municipal government in the district; and

(2) each person that the board believes has an interest in the subject matter of the hearing.

(e) A copy of the notice must be provided to each county clerk to be posted in the place where notices are usually posted at the county courthouse of each county in the district.

SECTION 4. Section 8801.115, Special District Local Laws Code, is amended to read as follows:

Sec. 8801.115. STUDIES BY BOARD STAFF. At least once each year and at any other time the board considers necessary, the board shall have its staff and, if necessary, the staff of the Texas Water Development Board make a complete study of the groundwater in the district and determine:

(1) the water level;

(2) the rates and amounts of groundwater withdrawal; and

(3) other information relating to groundwater withdrawal that may affect ~~effect~~ subsidence in the district.

SECTION 5. Section 8801.117(a), Special District Local Laws Code, is amended to read as follows:

(a) The ~~[Not later than March 31 of each year, the]~~ board shall hold an annual ~~[a]~~ hearing to determine the effects of groundwater withdrawal during the preceding calendar year on subsidence in the district.

SECTION 6. Section 8801.151, Special District Local Laws Code, is amended to read as follows:

Sec. 8801.151. GROUNDWATER WITHDRAWALS SUBJECT TO BOARD RULE. (a) Groundwater withdrawals governed by this chapter, including withdrawals of injected water, are subject to reasonable board rules and orders, taking into account all factors, including availability of surface water or alternative water supplies, economic impact on persons and the community, degree and effect of subsidence on the surface of land, and differing topographical and geophysical characteristics of land areas in the district.

(b) The board may issue permits to drill new wells and may, by rule, provide exemptions from the permit requirements. The district shall grant a permit to drill and operate a new well inside a platted subdivision if water service from a local retail public utility is not available to the lot where the well is to be located.

(c) In this section, "retail public utility" has the meaning assigned by Section 13.002, Water Code.

SECTION 7. Section 8801.152, Special District Local Laws Code, is amended to read as follows:

Sec. 8801.152. CERTAIN GROUNDWATER USES ~~[WELLS]~~ EXEMPT. The permit requirements ~~[regulatory provisions]~~ of this chapter do not apply to:

- (1) a well regulated under Chapter 27, Water Code;
- (2) a well with a casing diameter of less than five inches that serves only a single-family dwelling; and
- (3) any other well as provided by board rule.

SECTION 8. Sections 8801.155(a) and (c), Special District Local Laws Code, are amended to read as follows:

(a) A ~~[The owner or operator of a]~~ well owner ~~[located in the district]~~ must obtain a permit from the board before:

- (1) drilling, equipping, or completing the well;
- (2) substantially altering the size of the well or a well pump; or
- (3) operating the well.

(c) A well ~~[An]~~ owner ~~[or operator]~~ commits a violation if the well owner ~~[or operator]~~ does not obtain a permit as required by Subsection (a). A violation occurs on the first day the drilling, alteration, or operation begins. Each day that a violation continues is a separate violation.

SECTION 9. Section 8801.158(c), Special District Local Laws Code, is amended to read as follows:

(c) The board shall issue a permit to an applicant if, on presentation of adequate proof, the board finds that:

- (1) there is no other adequate and available substitute or supplemental source of alternative ~~[surface]~~ water supplies at prices competitive with the prices charged by suppliers of alternative ~~[surface]~~ water supplies in the district; and

(2) compliance with any provision of this chapter or any district rule will result in an arbitrary taking of property or in the practical closing and elimination of a lawful business, occupation, or activity without sufficient corresponding benefit or advantage to the public.

SECTION 10. Section 8801.161(b-1), Special District Local Laws Code, is amended to read as follows:

(b-1) The fee under Subsection (a) may not exceed 110 percent of the highest rate that the City of Houston charges for ~~[surface]~~ water supplied to its customers in the district.

SECTION 11. Section 8801.162, Special District Local Laws Code, is amended to read as follows:

Sec. 8801.162. ANNUAL REPORT. (a) Before January 31 each year, a well owner who is required to hold ~~[holds]~~ a permit under this chapter shall submit to the board a report stating:

- (1) the well owner's name;
- (2) the total amount of groundwater withdrawn from the well during the preceding calendar year ~~[12-month period]~~;
- (3) the total amount of groundwater withdrawn from the well during each month of the preceding calendar year ~~[12-month period]~~;
- (4) the purpose for which the groundwater was used; and
- (5) any other information the board considers necessary.

(b) For the purposes of this section, a well owner whose well is aggregated with other wells permitted and managed by a regional water supplier is required to file the report with the regional water supplier instead of the district. Regional water suppliers are required to annually submit to the board the report required in Subsection (a) for all wells owned, managed, or permitted by that supplier no later than March 31.

SECTION 12. Section 8801.163(a), Special District Local Laws Code, is repealed.

SECTION 13. A person who is an investment officer for the Harris-Galveston Subsidence District and who holds that office on the effective date of this Act must attend the training required by Section 8801.066(b)(1), Special District Local Laws Code, as added by this Act, not later than the first anniversary of the effective date of this Act, unless the person has already taken the training in the 12 months preceding that effective date.

SECTION 14. The authority of a regional water authority to impose a charge on a well or class of wells located within the boundaries of the Harris-Galveston Subsidence District is not affected by the ceasing of that well or class of wells on or after February 1, 2013, to be subject to:

- (1) a groundwater reduction requirement imposed by the subsidence district;
- or
- (2) the regulatory provisions, permitting requirements, or jurisdiction of the subsidence district.

SECTION 15. 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 Taylor moved to concur in the House amendment to **SB 1031**.

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

SENATE BILL 918 WITH HOUSE AMENDMENT

Senator Estes called **SB 918** 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 918** by substituting in lieu thereof the following:

A BILL TO BE ENTITLED AN ACT

relating to the sale by the Brazos River Authority and regulation of certain real property in the immediate vicinity of Possum Kingdom Lake.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 8502.0132(a), Special District Local Laws Code, is amended by amending Subdivisions (2) and (5) and adding Subdivision (2-a) to read as follows:

(2) "Captive Property To Be Sold" means those portions of the following tracts of real property owned by the Authority at the Lake that as of May 27, 2009, were surrounded by the Lake and property owned by a single freeholder and [are] located above the 1000' contour line, but does not include any portion of the following tracts that was [is] part of Project Land or property that was [is] leased for single-family residential purposes as of May 27, 2009 ~~[the effective date of the Act enacting this section]:~~

(A) two tracts of land totaling 2019.86 acres, more or less, in Palo Pinto County, Texas, described in Brazos River Authority Records as Tracts 8-1-93 and 9-3-9, as such Tracts are more particularly described in an Award of Commissioners entered June 28, 1940, in the County Court of Palo Pinto County, Texas, in Cause No. 2539, styled Brazos River Conservation and Reclamation District versus Orland R. Seaman, Et Al., as the same appears on file and of record in Volume 5, Pages 414 and 419, et seq., Civil Minutes of the County Court of Palo Pinto County, Texas; and

(B) a 2278.3 acre tract of land, more or less, in Palo Pinto County, Texas, described in Brazos River Authority records as Tract 11-2-46, as such tract is more particularly described in deeds recorded at Book 181, Page 325, Book 182, Page 339, Book 183, Page 12, and Book 183, Page 16, in Palo Pinto County Records, Palo Pinto County, Texas.

(2-a) "Close" or "Closing" means the transfer of the Authority's interest in properties described in the Subsection (d)(1) or (m)(6) survey.

(5) "Offeree" means any person to whom an offer to sell Captive Property To Be Sold is to be made under this section. To qualify as an Offeree, a person must own in fee simple as of May 27, 2009, the real property adjacent to the Captive

Property To Be Sold, and be able to provide an attorney's opinion or other satisfactory legal documentation that such Offeree meets the qualifications of an Offeree under this subdivision.

SECTION 2. Section 8502.0132, Special District Local Laws Code, is amended by amending Subsection (b) and adding Subsections (d-1), (m), and (n) to read as follows:

(b) Notwithstanding any other provision of this chapter, the Authority is directed to sell all Captive Property To Be Sold in accordance with the directives of this section, including the following:

(1) Within 90 days of the effective date of the Act enacting this section, the Authority shall publish a list of the parcels at the Lake that qualify as Captive Property To Be Sold and an "Application Of Intent To Purchase" form for use by the Offerees as provided by this section.

(2) Each listed parcel of Captive Property To Be Sold shall be offered for sale at its fair market value to the Offeree who owns any Adjacent Land that is adjacent to that specific parcel of Captive Property To Be Sold, and each Adjacent Land owner has the right (but not the obligation) to purchase the parcel in equal proportion among those wishing to acquire same.

(3) Any Offeree who desires to purchase Captive Property To Be Sold must, within 180 days of the inclusion of that property on the published list of Captive Property To Be Sold under Subdivision (1), submit a completed Application Of Intent To Purchase form to the Authority.

(4) If the Authority does not receive an Application Of Intent To Purchase from an Offeree within the required time, the Offeree shall be deemed to have waived any right to purchase the subject property under this section and the Authority shall have the right to retain or sell such property as directed by the board.

(5) The Authority shall accept and process all Application Of Intent To Purchase forms in the order in which they are received.

(6) Any sale of property under this section must be handled as if it were a private sale for fair market value under Section 49.226(a), Water Code.

(7) The fair market value of the Captive Property To Be Sold must be determined as follows:

(A) Within forty-five (45) days of the Authority's receipt of the Offeree's completed Application Of Intent To Purchase and an acceptable survey as provided by Subsection (d)(1), the Authority shall provide the Offeree with an appraisal of the fair market value of the Captive Property To Be Sold dated within one year of the date of the Authority's receipt of the Application Of Intent To Purchase (the "First Appraisal"). The Authority's appraiser must be an appraiser certified under Chapter 1103, Occupations Code. Within fifteen (15) days of receipt of the First Appraisal, the Offeree shall notify the Authority in writing as to whether the Offeree agrees with or disputes the fair market value set forth in the First Appraisal. If the Offeree does not dispute the fair market value as determined by the First Appraisal within such 15-day time period, then the First Appraisal shall be final and binding on all parties to establish the fair market value for the Captive Property To Be Sold.

(B) If the Offeree disputes the fair market value determined by the First Appraisal, the Offeree may withdraw its application to purchase the Captive Property To Be Sold or employ a disinterested appraiser certified under Chapter 1103, Occupations Code, to conduct a second appraisal of the fair market value of the Captive Property To Be Sold (the "Second Appraisal"). The Second Appraisal must be completed and sent to the Authority not later than the 45th day after the date the Offeree notifies the Authority that the Offeree disputes the First Appraisal. If the Authority does not receive the Second Appraisal within such 45-day time period, then the Offeree's Application Of Intent To Purchase will be deemed withdrawn.

(C) Within fifteen (15) days of receipt of the Second Appraisal, the Authority shall notify the Prospective Purchaser in writing as to whether the Authority agrees with or disputes the fair market value determined by the Second Appraisal. If the Authority does not dispute the fair market value as determined by the Second Appraisal within this 15-day time period, then the Second Appraisal shall be final and binding on all parties to establish the purchase price for the Captive Property To Be Sold. If the Authority timely disputes the fair market value determined by the Second Appraisal, the two appraisers (or their designated agents) shall meet and attempt to reach an agreement on the fair market value of the Captive Property To Be Sold, such meeting to occur not later than the 30th day after the date the Authority notifies the Offeree that the Authority disputes the Second Appraisal.

(D) If the two appraisers reach agreement on the fair market value, within 20 days after their meeting they shall issue a report of the agreed fair market value to the Authority and to the Offeree, and this agreed fair market value shall be final and binding on all parties to establish the purchase price. If the two appraisers fail to reach agreement on or before the 20th day after the date of the meeting, then not later than the 30th day after the date of the meeting the two appraisers shall appoint a disinterested third appraiser certified under Chapter 1103, Occupations Code, to reconcile the two previous appraisals (the "Third Appraisal"). The Third Appraisal must be completed on or before the 30th day after the date of the third appraiser's appointment, and the fair market value determined by the Third Appraisal is final and binding on all parties to establish the purchase price; provided, however, the final purchase price may not be more than the fair market value determined by the First Appraisal or less than the fair market value determined by the Second Appraisal.

(E) The appraisal costs must be paid by the person who requests the appraisal, except that the Offeree and the Authority shall each pay one-half of the cost of the Third Appraisal if a Third Appraisal is necessary. If the Offeree fails to pay its share of the Third Appraisal, then the Offeree's Application Of Intent To Purchase will be deemed withdrawn.

(F) The timelines established in the appraisal process set forth in this subdivision may be extended on joint agreement of Authority and Offeree.

(8) Closing must occur not later than the first anniversary of the effective date of the Act of the 83rd Legislature, Regular Session, 2013, amending this subsection.

(d-1) Not later than 15 business days after the delivery of an Offeree's survey to the Authority required under Subsection (d)(1) or (m)(6), the Authority shall notify the Offeree that the survey is acceptable or submit in writing to the Offeree a list

detailing any error in the survey that the Authority believes requires correction. If required, the survey must be corrected at the earliest convenience of the surveyor and a corrected survey delivered to the Authority. The correction process repeats until both surveys are acceptable, at which time the timetable for the appraisal process in Subsection (b)(7)(A) begins for the properties described in the Subsection (d)(1) and (m)(6) surveys. So long as the Subsection (m)(6) survey is timely delivered to the Authority, if the surveys are not both accepted by the Authority within 180 days after the effective date of the Act enacting this subsection, then the closing deadline established by Subsection (b)(8) is extended on a day-for-day basis for each day after the 180th day until both surveys are accepted by the Authority.

(m) Notwithstanding any provision of this section to the contrary, a sale under this section is subject to the following requirements:

(1) If on the date Closing occurs the Project Land or any portion of the Project Land has been removed from the FERC License, the Captive Property To Be Sold must include all Project Land that would have otherwise qualified as Captive Property To Be Sold except for its status as Project Land.

(2) If on the date Closing occurs the Project Land or any portion of the Project Land has not been removed from the FERC License, the Authority shall convey to the Offeree a residual interest in that portion of the Project Land that would have otherwise qualified as Captive Property To Be Sold except for its status as Project Land. The residual interest automatically vests on the date that:

(A) the Federal Energy Regulatory Commission approves an amendment to the FERC License removing the Project Land from the boundaries under the FERC License so that the Project Land is no longer subject to regulation by the Federal Energy Regulatory Commission; or

(B) the FERC License expires and is not renewed or extended, or is otherwise terminated, and thus the Project Land is no longer subject to regulation by the Federal Energy Regulatory Commission.

(3) Notwithstanding Subdivision (2), if the residual interest described by Subdivision (2) has not vested on or before August 31, 2040, then the residual interest is terminated and of no further force and effect, and the Authority shall repay to the Offeree any amount originally paid for that residual interest on or before December 1, 2040. On satisfaction of a condition described by Subdivision (2)(A) or (B) before August 31, 2040, the residual interest conveyed under Subdivision (2) is automatically effective without necessity of further documentation. As of the date the conveyance is effective, the applicable portion of the Project Land is considered to be a part of the Captive Property To Be Sold conveyed under this section and the Offeree or then-current Owner of the applicable portion of the Captive Property To Be Sold is the beneficiary of the residual interest applicable to the portion of the Project Land adjacent to such Owner's land and considered to be a part of the Captive Property To Be Sold conveyed under this section. The residual interest immediately vests in the Offeree or then-current Owner of the adjacent Captive Property To Be Sold conveyed under this section without the necessity of any additional written conveyance.

(4) In the event that a sale under this subsection does not include any portion of the Project Land, or only includes a residual interest in a portion or all of the Project Land, then the Authority shall at Closing, subject to the approval of the

Federal Energy Regulatory Commission, grant the Offeree an easement, subject to the FERC License, for the use of that portion of the Project Land for which the Offeree has purchased a residual interest. The Authority shall retain ownership of that portion of the Project Land and exercise control over that portion of the Project Land consistent with the FERC License and this subsection. The easement granted to the Offeree is limited to uses permitted under the terms of the FERC License, the Authority's Shoreline Management Plan, and any other Authority rules and regulations that may be adopted from time to time.

(5) An appraisal of the fair market value of the Project Land, whether the Project Land has been removed from the FERC License or not, must be determined as if the applicable Project Land is not subject to the FERC License, is not part of the Federal Energy Regulatory Commission project area, is not subject to any lease agreement, is available for immediate possession and use, and may be used for any lawful purpose.

(6) For each parcel of Project Land that an eligible Offeree elects to purchase under Subdivision (1), or for each parcel of Project Land in which the Offeree purchases a residual interest under Subdivision (2), the Offeree shall, not later than the 90th day after the effective date of the Act enacting this subsection, provide to the Authority a survey and calculation of the area of the parcel prepared by a licensed state land surveyor or a registered professional land surveyor in accordance with this subsection. The survey is separate from any survey prepared under Subsection (d) of Captive Property To Be Sold.

(n) On or before Closing, the Authority shall deliver completed and executed documentation necessary to transfer the property conveyed from the Authority to the Offeree, and the Offeree shall deliver the purchase price and closing costs and the countersignatures on all necessary documentation. Promptly after Closing, the Offeree shall record the documents required for transferring the property in the county records where the property is located. The closing documents and funds may be held in escrow at the election of the Authority or the Offeree until all documents have been fully executed and all required funds have been delivered.

SECTION 3. Chapter 8502, Special District Local Laws Code, is amended by adding Section 8502.0133 to read as follows:

Sec. 8502.0133. SALE OF AUTHORITY PROPERTY ON AND ASSOCIATED WITH COSTELLO ISLAND. (a) In this section:

(1) "Boat landing" means a 0.841 acre tract of land, more or less, located above the 1000' contour line as defined in Subdivision (8), described in authority records as Tract Costello Island, situated in the A. J. Smith Survey, Abstract 393, Palo Pinto County, Texas, and being a part of a tract of land purchased by the Brazos River Conservation and Reclamation District from Mrs. Hugh C. Thomas, as recorded in Volume 182, Page 142, Deed Records of Palo Pinto County. The boat landing is located wholly within the FERC Project Area.

(2) "Date of decommissioning" means the effective date of the surrender of the FERC License for the Morris Sheppard Dam Project No. 1490-052 under the Order Accepting the Surrender of the License (issued December 23, 2011), 137 FERC 62,252.

(3) "Costello Island" means a 260 acre tract of land, more or less, located above the 1000' contour line as defined in Subdivision (8), described in authority records as Tract Costello Island, situated in the J.W. Bunton Survey, Abstract 52, Palo Pinto County, Texas, and being a part of that parcel that is located wholly within the boundary of the lake, and being a part of a tract of land acquired by the Brazos River Conservation and Reclamation District from E.P. Costello by Court Judgment dated July 21, 1943. The portions of Costello Island owned by the authority are located wholly within the FERC Project Area.

(4) "Costello Island Property" means Costello Island and the boat landing, but does not include any portion of Costello Island owned in fee simple by a person other than the authority.

(5) "Fair market value" means the price that the Costello Island Property would bring in an arms-length transaction when offered for sale by one who wishes, but is not obliged, to sell and when bought by one who is under no necessity of buying it. This value shall be determined as if the Costello Island Property were not subject to the FERC License, were not located within the FERC Project Area, were not subject to any lease agreement, were available for immediate possession and use, and could be used for any reasonable purpose, subject only to the restrictions in Subsection (c).

(6) "FERC License" means the order of the Federal Energy Regulatory Commission issuing a license to the authority for project number 1490-003-Texas on September 8, 1989, as such license has been renewed, extended, or amended and may be further renewed, extended, or amended at any time and from time to time, and also including the amendment to the original FERC License, which amendment was issued on May 15, 1980, to the extent incorporated or referenced in the FERC License.

(7) "FERC Project Area" means that portion of authority land that is subject to the FERC License before the date of decommissioning, as the land is identified and defined in the FERC License, as may be amended at any time and from time to time, and which FERC Project Area may move or change over time due to natural forces.

(8) "Lake" means Possum Kingdom Lake located in Young, Palo Pinto, Stephens, and Jack Counties. The boundary of the lake is defined by the 1000' contour line, as that contour may meander and change over time with natural forces, including erosion and accretion. The "1000' contour line" means the line running along the periphery of the lake if the surface of the lake is at an elevation of 1000 feet above mean sea level, as measured from the top of the spillway crest gates of the Morris Sheppard Dam, as such line may move and shift from time to time due to natural forces.

(9) "Offeree" means the individuals or corporation, other than the authority, owning a portion of Costello Island in fee simple.

(b) After the date of decommissioning, the authority shall offer for sale to the offeree the Costello Island Property. The sale shall be:

(1) for not less than the fair market value as determined under Subsection (c); and

(2) contingent upon the termination of any leases encumbering all or any portion of the Costello Island Property at the time of sale.

(c)(1) The fair market value of the Costello Island Property shall be determined as described in this subsection.

(2) Not later than 45 days after the date the authority receives the offeree's completed application of intent to purchase and an acceptable survey as provided by Subsection (d)(1), the authority shall provide the offeree with an appraisal of the fair market value of the Costello Island Property. The authority may use an existing appraisal if it is dated not more than one year before the date the authority receives the application of intent to purchase. The authority's appraiser must be certified under Chapter 1103, Occupations Code. Not later than the 15th day after the date the offeree receives the first appraisal, the offeree shall notify the authority in writing as to whether the offeree agrees with or disputes the fair market value provided in the first appraisal. If the offeree does not dispute the fair market value as determined by the first appraisal before the expiration of the 15-day period, the first appraisal is final and binding on all parties and establishes the fair market value for the Costello Island Property.

(3) If the offeree disputes the fair market value determined by the first appraisal, the offeree may withdraw its application to purchase the Costello Island Property or may employ a disinterested appraiser certified under Chapter 1103, Occupations Code, to conduct a second appraisal of the fair market value of the Costello Island Property. The second appraisal must be completed and sent to the authority not later than the 45th day after the date the offeree notifies the authority that the offeree disputes the first appraisal. If the authority does not receive the second appraisal before the expiration of the 45-day period, the offeree's application of intent to purchase will be deemed withdrawn.

(4) Not later than the 15th day after the date of receiving the second appraisal, the authority shall notify the offeree in writing as to whether the authority agrees with or disputes the fair market value determined by the second appraisal. If the authority does not dispute the fair market value as determined by the second appraisal before the expiration of the 15-day period, the second appraisal is final and binding on all parties and establishes the purchase price for the Costello Island Property. If the authority timely disputes the fair market value determined by the second appraisal, the two appraisers, or their designated agents, shall meet and attempt to reach an agreement on the fair market value of the Costello Island Property. The meeting shall occur not later than the 30th day after the date the authority notifies the offeree that the authority disputes the second appraisal.

(5) If the two appraisers reach an agreement on the fair market value, they shall issue a report, not later than the 20th day after the date of their meeting, relating the agreed fair market value to the authority and to the offeree, and this agreed fair market value shall be final and binding on all parties and establishes the purchase price. If the two appraisers fail to reach an agreement on or before the 20th day after the date of the meeting, then, not later than the 30th day after the date of the meeting, the two appraisers shall appoint a disinterested third appraiser certified under Chapter 1103, Occupations Code, to reconcile the two previous appraisals in a third appraisal. The third appraisal must be completed on or before the 30th day after the date of the third appraiser's appointment, and the fair market value determined by the third appraisal is final and binding on all parties and establishes the purchase price;

provided, however, that the final purchase price may not be more than the fair market value determined by the first appraisal or less than the fair market value determined by the second appraisal.

(6) The appraisal costs shall be paid by the person who requests the appraisal, except that the offeree and the authority shall each pay one-half of the cost of the third appraisal if a third appraisal is necessary. If the offeree fails to pay its share of the third appraisal, the offeree's application of intent to purchase will be deemed withdrawn.

(7) The timelines for the appraisal process under this subsection may be extended upon joint agreement of the authority and the offeree.

(d) To purchase the Costello Island Property, the offeree must:

(1) provide to the authority a survey of the Costello Island Property that is:

(A) prepared by a licensed state land surveyor or a registered professional land surveyor;

(B) dated not earlier than one year before the effective date of the Act enacting this section; and

(C) acceptable to the authority and any title company providing title insurance for the offeree; and

(2) pay all closing costs associated with the sale of the property.

(e) For any property sold under this section:

(1) the authority shall provide a special warranty deed that encompasses and includes all interests in the Costello Island Property held by the authority, subject only to:

(A) the restrictions, covenants, and prohibitions contained in the deed of conveyance under which the authority originally acquired title to the property, including without limitation any releases of the authority for the inundation, overflowing, or flooding of the lake;

(B) the restrictions, covenants, and prohibitions described in Section 8502.020(d);

(C) all encumbrances and other matters filed of record in the public records of the county in which the property is located;

(D) any other matters or conditions that are apparent on the ground or that would be reasonably disclosed or discovered by an inspection of the property; and

(E) any other rules, regulations, or policies of the authority in effect as of January 1, 2013, prohibiting or limiting commercial, private, or other on-water facilities for new development, and as such rules, regulations, or policies may be amended, modified, or discontinued from time to time; and

(2) the offeree shall release and agree to hold the authority harmless from, and the authority may not be held liable for, damages, claims, costs, injuries, or any other harm to any offeree or any other person or the Costello Island Property, or to any improvements on the property, caused by or arising from any temporary flooding of any portion of the Costello Island Property.

(f) Any sale of the Costello Island Property under this section must allow the authority the right to enter onto the Costello Island Property and the lake and other bodies of water, if any, located within the Costello Island Property with essential

equipment for all purposes reasonably necessary for the authority to fulfill its obligations as a river authority and any obligations set forth in the FERC License, state water rights, or other governmental regulations, or for any purpose that the authority considers necessary for public safety, health, and welfare. Any exercise by the authority of rights described by this subsection may be conducted only after written notice is given to the offeree at least 48 hours in advance of entry onto the property, except in the event of an emergency, in which case advance notice is not required, but the authority shall provide written notice as soon as practicable. The authority shall use reasonable efforts to avoid interfering with the offeree's use of the Costello Island Property and shall promptly repair any damage to the property caused by the authority's entrance. Any claim to governmental immunity on behalf of the authority is waived with respect to the recovery of any damage caused by the authority's breach of this subsection.

(g) Chapters 232 and 272, Local Government Code, Section 49.226, Water Code, and Section 8502.013 of this code do not apply to a sale of property under this section.

(h) The authority may use proceeds from the sale of property under this section for any authority purpose.

(i) The authority shall reserve its interest in all oil, gas, and other minerals in and under the property to be sold, or any portion thereof, to the extent the authority owns an interest in those minerals.

(j) If the conveyance described by this section is not completed before the second anniversary of the effective date of this Act, this section shall no longer be effective and expires on the date of the second anniversary.

(k) To the extent of any conflict with other laws of this state, this section prevails.

SECTION 4. Section 8502.020, Special District Local Laws Code, is amended to read as follows:

Sec. 8502.020. SALE OF AUTHORITY PROPERTY. (a) Definitions. In this section:

(1) "Authority Land" means the FERC Project Area and all other real property owned by the Authority at the Lake as of the date before Closing, save and except for the Leased Tract.

(2) "Buffer Zone" means that twenty-five or fifty foot strip of land measured landward horizontally from the 1000' contour line that is included in the FERC Project Area as defined in the FERC License.

(3) "Close" or "Closing" means the date on which the Authority transfers its interest in the Leased Tract, in whole or in part, to a Purchaser. There may be multiple closing dates if the Leased Tract is sold in portions.

(4) "Commercial Leased Land" means all or any [that] portion of the Initial Commercial Leased Land and the Remaining Commercial Leased Land [Tract that is located wholly outside the FERC Project Area and that is leased for commercial purposes as of the date the Restrictions are placed of record].

(5) "Consumer Price Index" means the consumer price index for Housing, Dallas-Fort Worth, TX area, Series Id: CUURA316SAH, CUUSA316SAH, Base Period: 1982-84 = 100, as published by the Bureau of Labor Statistics of the United States Department of Labor, or its equivalent substitute should this series be discontinued.

(6) "Contract" means the Authority entering into a purchase and sale agreement with a Purchaser for the transfer of the Authority's interest in the Initial Leased Tract or the Remaining Leased Tract, in whole or in part.

(7) "Driveways" means those certain private gravel and/or paved driveways that connect a Road or other street or thoroughfare to an individual Leased Tract or any improvements thereon; Driveways also includes those shared or common Driveways that serve more than one Leaseholder or individual Leased Tract.

(8) "Environmental Laws" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Toxic Substances Control Act, the Clean Water Act, the Resource Conservation and Recovery Act and any other similar federal, state or local law, rule or regulation respecting the environment or Hazardous Materials, together with all rules and regulations promulgated thereunder and all present or future amendments thereto.

(9) "FERC License" means the order of the Federal Energy Regulatory Commission issuing a license to the Authority for project number 1490-003-Texas on September 8, 1989, as such license has been renewed, extended, or amended and may be further renewed, extended, or amended at any time and from time to time, and also including the Amendment to the original FERC License, which amendment was issued on May 15, 1980, to the extent incorporated or referenced in the FERC License.

(10) "FERC Project Area" means that portion of Authority Land [~~property~~] that is subject to the FERC License before the Date of Decommissioning, as identified and defined in the FERC License, as may be amended at any time and from time to time, and which FERC Project Area may move or change over time due to natural forces.

(11) "Ground Lease" means each of those certain residential and/or commercial ground leases between the Authority and a Leaseholder, and the respective heirs, successors, and assigns.

(12) "Hazardous Materials" means underground storage tanks, petroleum and petroleum products, asbestos, PCB's, urea-formaldehyde and any hazardous or toxic substances, pollutants, contaminants, wastes, or materials as defined under any Environmental Laws.

(13) "Lake" means Possum Kingdom Lake located in Young, Palo Pinto, Stephens, and Jack Counties. The boundary of the Lake is defined by the 1000' contour line, as that contour may meander and change over time with natural forces, including erosion and accretion. The "1000' contour line" means the line running along the periphery of the Lake if the surface of the Lake is at an elevation of 1000 feet above mean sea level, as measured from the top of the spillway crest gates of the Morris Sheppard Dam, as such line may move and shift from time to time due to natural forces.

(14) "Leased Tract" or "Tract" means all or any portion of the Initial Leased Tract or the Remaining Leased Tract [~~Commercial Leased Land, the Residential Leased Land, and Undeveloped Strips~~], whether owned by the Authority, Purchaser, or Owner and whether or not subject to a lease or Ground Lease or owned in fee simple.

(15) "Leaseholder" means a person or entity that has a residential lease or a commercial lease with the Authority, including the Leaseholder's heirs, successors, and assigns.

(16) "Lienholder" means any mortgagee under a mortgage, or a trustee or beneficiary under a deed of trust, constituting a lien on any portion of the Leased Tract.

(17) "Owner" means the record holder of fee simple title to any portion of the Leased Tract sold pursuant to this section, including its heirs, personal representatives, successors, and assigns. This term does not include a Purchaser who acquires the Leased Tract from the Authority in accordance with Subsection (b).

(18) "Property" means the Leased Tract and the Authority Land.

(19) "Purchaser" means any person or entity, including its successors in interest, heirs, or assigns, that acquires the Leased Tract (or any portion thereof) from the Authority in accordance with Subsection (b). This term does not include those Leaseholders that acquire individual Leased Tracts from the Purchaser in accordance with Subsection (b).

(20) "Ranch" means that certain subdivision of record in Palo Pinto County, Texas, according to the map or plat of record in Volume 7, Page 71, Plat Records of Palo Pinto County, Texas, as it may be amended or modified from time to time, which subdivision includes a portion of the Leased Tract and a portion of the Authority Land.

(21) "Ranch Agreement" means that certain agreement by and among the Authority, The Ranch on Possum Kingdom, L.P., and Hill Country Harbor Village, L.P., effective as of August 1, 1997, and dated December 12, 1997.

(22) "Ranch Declarations" means that certain Declaration of Covenants, Conditions and Restrictions for The Ranch on Possum Kingdom Palo Pinto County, Texas, dated December 8, 1997, as recorded in Volume 944, Page 403, Official Public Records of Palo Pinto County, Texas.

(23) "Residential Leased Land" means all or any ~~that~~ portion of the Initial Residential Leased Land and the Remaining Residential Leased Land [~~Leased Tract located outside the FERC Project Area that is leased for single family residential purposes only as of the date the Restrictions are placed of record. This term does not include land that is subject to a commercial lease, where such lessee is authorized to sublease for residential purposes~~].

(24) "Restrictions" means the easements, covenants, restrictions, liens, encumbrances, and requirements contained in the Declaration of Restrictive Covenants, Easements, and Conditions to be recorded by the Authority as set forth in Subsection (d), as amended from time to time.

(25) "Roads" means those paved or gravel streets, roads, and thoroughfares owned and maintained by the Authority that are located in Stephens, Jack, Young, or Palo Pinto County and that provide access, ingress, and egress to and from the Leased Tract, the Lake, and/or Authority Land; provided, however, that the definition of Roads, as used herein, does not include:

(A) Driveways;

(B) paved or gravel roads located wholly within Authority public use areas;

(C) paved or gravel roads located within gated Authority operations areas; and

(D) paved or gravel roads located wholly within an individual tract that is part of the Commercial Leased Land, which roads only serve that individual commercial Tract.

(26) "Shoreline Management Plan" means that certain Possum Kingdom Shoreline Management Plan and Customer Guide, adopted May 22, 2006, and amended July 31, 2006, and as may be revised and/or further amended by the Authority at any time and from time to time.

(27) "Undeveloped Strips" means all or any portion of the Initial Undeveloped Strips and the Remaining Undeveloped Strips [small strips of unleased land located between individual lots within the Leased Tract and small parcels of land between the Leased Tract and Roads that the Authority determines in its sole discretion to include in any sale of all or any portion of the Leased Tract].

(28) "Amendments to the Restrictions" means the amendments to the Restrictions under Subsection (d).

(29) "Date of Decommissioning" means the effective date of the surrender of the FERC License for the Morris Sheppard Dam Project No. 1490-052 under the Order Accepting the Surrender of the License (issued December 23, 2011), 137 FERC 62,252.

(30) "Initial Commercial Leased Land" means the portion of the Initial Leased Tract located wholly outside the FERC Project Area that is leased for commercial purposes as of the date the Restrictions are recorded in the applicable county records.

(31) "Initial Leased Tract" means all or any portion of the Initial Commercial Leased Land, the Initial Residential Leased Land, and the Initial Undeveloped Strips, whether owned by the Authority, Purchaser, or Owner and whether or not subject to a lease or Ground Lease or owned in fee simple.

(32) "Initial Residential Leased Land" means the portion of the Initial Leased Tract located outside the FERC Project Area that is leased only for single-family residential purposes as of the date the Restrictions are recorded in the applicable county records. The term does not include land that is subject to a commercial lease that may be subleased for residential purposes.

(33) "Initial Undeveloped Strips" means small strips of unleased land located between individual lots in the Initial Leased Tract and small parcels of land between the Initial Leased Tract and Roads that the Authority determines in its sole discretion to include in a sale of all or any portion of the Initial Leased Tract.

(34) "Remaining Commercial Leased Land" means the portion of the Remaining Leased Tract that is located wholly or partly within the FERC Project Area as of the date preceding the Date of Decommissioning and that is leased for commercial purposes as of the date the Amendments to the Restrictions are recorded in the applicable county records. The term does not include a special use lease, hangar lease, grass lease, hunting lease, or mineral lease, any other lease for noncommercial purposes, or any portion of the Initial Commercial Leased Land.

(35) "Remaining Leased Tract" means all or any portion of the Remaining Commercial Leased Land, the Remaining Residential Leased Land, and the Remaining Undeveloped Strips, whether owned by the Authority, Purchaser, or Owner and whether or not subject to a lease or Ground Lease or owned in fee simple.

(36) "Remaining Residential Leased Land" means the portion of the Remaining Leased Tract that is located wholly within the FERC Project Area as of the date preceding the Date of Decommissioning and that is leased only for single-family residential purposes as of the date the Amendments to the Restrictions are recorded in the applicable county records. The term does not include land that is subject to a commercial lease that may be subleased for residential purposes. The term does not include a special use lease, hangar lease, grass lease, hunting lease, or mineral lease, any other lease for nonresidential purposes, or any portion of the Initial Residential Leased Land. The term does not include a lease of land in the Buffer Zone that is subject to a residual interest that will automatically vest on the Date of Decommissioning or other expiration or termination of the FERC License.

(37) "Remaining Undeveloped Strips" means small strips of unleased land located between individual lots in the Remaining Leased Tract and small parcels of land between the Remaining Leased Tract and Roads that the Authority determines in its sole discretion to include in a sale of all or any portion of the Remaining Leased Tract.

(b) Sale to Purchaser. Prior to January 1, 2011, the Authority may sell the Initial Leased Tract in whole or in part, to a Purchaser in accordance with applicable law, this subsection, and Subsections (d), (e), (f), (g), (h), and (i). For a period of two years after the Date of Decommissioning, the Authority may sell the Remaining Leased Tract in whole or in part, to a Purchaser in accordance with applicable law, this subsection, and Subsections (d), (e), (f), (g), (h), and (i). Any sale of the Initial Leased Tract or the Remaining Leased Tract to a Purchaser under this subsection shall be subject to the following:

(1) Each Leaseholder shall have the opportunity to buy such Leaseholder's individual portion of the Leased Tract from the Purchaser or to continue leasing the applicable portion of the Leased Tract from the Purchaser in accordance with the following purchase or lease options. The Purchaser shall:

(A) Permit the Leaseholder to purchase such Leaseholder's individual Leased Tract in cash or through lender financing for 90% of land only assessed value without any exemptions (as determined by the appraisal district) for the year 2008 if the tract is part of the Initial Leased Tract, or for the year 2012 if the tract is part of the Remaining Leased Tract, such options ~~option~~ to be available at Closing as set forth in Subdivision (2) and for a period of at least one year from Closing.

(B) Permit the Leaseholder to purchase for the percent of assessed value only as set forth in Paragraph (A) such Leaseholder's individual portion of the Leased Tract via seller financing, with a down payment of ten percent (10%) and an interest rate of six percent (6%), with a 30-year amortization, such seller financing option to be available at Closing as set forth in Subdivision (2) and for a period of at least one year from Closing to the Leaseholder of any portion of the Commercial Leased Tract and to the Leaseholder of any portion of the Residential Leased Tract to the extent the Leaseholder of any portion of the Residential Leased Tract qualifies for financing under the Dodd-Frank Wall Street Reform and Consumer Protection Act (Pub. L. No. 111-203) and any related regulations. The Leaseholder [~~leaseholder~~] shall not be charged any origination fees or points by the Purchaser [~~purchaser~~] as a part of the closing costs involved in the seller financing option.

(C) Offer a new 99-year lease at a rental rate of 6% of the land only assessed value without any exemptions (as determined by the appraisal district) for the year 2008 if the tract is part of the Initial Leased Tract, or the 2012 land only assessed value without any exemptions if the tract is part of the Remaining Leased Tract, with annual Consumer Price Index increases or decreases, such options [~~option~~] to be available for a period of at least one year from Closing. The 99-year lease will include an option for the Leaseholder to purchase the applicable portion of the Leased Tract at the land only assessed value without any exemptions (as determined by the appraisal district) at the time of purchase (but not less than the 2008 land only assessed value without any exemptions if the tract is part of the Initial Leased Tract, or the 2012 land only assessed value without any exemptions if the tract is part of the Remaining Leased Tract).

(D) Offer a new 20-year lease with a rental rate as determined by the current Authority lease rate methodology or other lease rate structure as set forth in the Ground Lease as applicable (and including increases and adjustments to such rates) with annual Consumer Price Index increases or decreases, to Leaseholders who are over the age of 65 and who receive an ad valorem tax exemption under Section 11.13, Tax Code, for a structure on the Leaseholder's individual Leased Tract, such option to be available for a period of at least one year from the date of Closing. The Leaseholder must have received the ad valorem tax exemption for a structure on the Leaseholder's individual Leased Tract by January 1, 2009, if the tract is part of the Initial Leased Tract or January 1, 2013, if the tract is part of the Remaining Leased Tract. The 20-year lease will include an option for the Leaseholder to purchase the applicable portion of the Leased Tract at the land only assessed value without any exemptions (as determined by the appraisal district) at the time of purchase (but not less than the 2008 land only assessed value without any exemptions if the tract is part of the Initial Leased Tract or the 2012 land only assessed value without any exemptions if the tract is part of the Remaining Leased Tract).

(E) Ratify the existing Ground Lease of any Leaseholder who does not timely exercise one of the foregoing options, such ratification to include:

(i) adoption of the current Authority lease rate methodology or other lease rate structure as set forth in the Ground Lease, as applicable (and including increases and adjustments to such rates) for a period of 8 years from Closing;

(ii) an option permitting the Leaseholder to purchase such Leaseholder's individual portion of the Leased Tract for the land only assessed value without any exemptions (as determined by the appraisal district) at the time of purchase, or for the year 2008 if the tract is part of the Initial Leased Tract, or for the year 2012 if the tract is part of the Remaining Leased Tract, whichever is greater, for a period of 8 years from Closing; and

(iii) an agreement to extend Ground Leases as necessary to allow for this full 8-year purchase option period. Nothing in this subsection shall preclude the Purchaser from offering additional purchase or lease options to the Leaseholders, provided any additional options are made available to all similarly situated Leaseholders on an equal basis.

(2) A Leaseholder who desires to buy such Leaseholder's individual Leased Tract from the Purchaser pursuant to the option set forth in either Subdivision (1)(A) or (B) concurrently with the Purchaser's Closing must exercise the desired option as follows:

(A) notify the Authority and Purchaser in writing within 90 days after the effective date of the Contract between the Authority and Purchaser of Leaseholder's intent to purchase the applicable Leased Tract;

(B) Leaseholder and Purchaser will enter into a purchase and sale agreement in substantially the form as agreed to between the Authority and Purchaser, which form will be attached to the Contract, and which individual purchase and sale agreements will be ratified by Purchaser at the Closing; the purchase and sale agreement shall contain, at a minimum, the following terms and conditions:

(i) the purchase price for the individual Leased Tract in accordance with the applicable purchase option;

(ii) earnest money in the amount of \$1,000 to be delivered to the title company agreed to by Leaseholder and Purchaser and approved by the Authority along with the executed purchase and sale agreement;

(iii) the Leaseholder's obligation to provide a survey as set forth in this subsection and a title commitment from the agreed upon title company;

(iv) a 60-day period commencing on the date of the purchase and sale agreement for the Leaseholder to obtain financing (if exercising its option pursuant to Subdivision (1)(A) above);

(v) the Leaseholder must notify Purchaser of any objections to any items on the title commitment and/or survey within fifteen (15) days after receipt of same, but in no event less than 45 days prior to the anticipated date of Closing, provided however that neither the Purchaser nor the Authority shall have any obligation to cure any such items or to incur any expenses in curing any items, except that Purchaser and/or the Authority, as applicable, shall use good faith efforts to address and/or remove those requirements or exceptions shown on Schedule C of the title commitment that are applicable to or created by the Purchaser and/or Authority, as applicable, and, notwithstanding the foregoing, neither the Purchaser nor the Authority shall have any obligation to cure any exceptions on the attached Schedule C regarding legal right of access to or from the applicable Leased Tract;

(vi) Leaseholder is purchasing the applicable individual Leased Tract in its "as-is" condition and Purchaser shall have no obligation to make any improvements or modifications thereto, nor will Purchaser make any representations or warranties as to the condition or use of the applicable Leased Tract;

(vii) Purchaser shall not be responsible for any broker fees or commissions due to any broker or agent engaged or claiming to have been engaged by Leaseholder for the purchase and sale of the applicable Leased Tract;

(viii) Purchaser shall be responsible for costs related to the release of any existing liens placed on the applicable portion of the Leased Tract by Purchaser, including prepayment penalties and recording fees, release of Purchaser's loan liability to the extent applicable to the individual Leased Tract, tax statements or certificates, preparation of the deed, and one-half of any escrow fee;

(ix) Leaseholder shall be responsible for any costs associated with a loan or financing for the applicable portion of the Leased Tract, including, without limitation, loan origination, discount, buy-down, and commitment fees, appraisal fees, loan application fees, credit reports, preparation of loan documents, loan-related inspection fees, and interest on the notes from the date of disbursement to date of first monthly payment; the cost of the survey; recording fees; copies of easements and restrictions; mortgagee title policy with endorsements required by lender, if any; one-half of any escrow fee; any prepaid items, including without limitation, insurance premiums and reserves and taxes; underwriting fee; and any title policy (including endorsements) obtained by Leaseholder;

(x) Taxes will be prorated as of the date of Closing; if taxes are not paid as of the date of Closing, then Leaseholder shall be responsible for the payment of taxes; and

(xi) the agreement between Leaseholder and Purchaser shall be contingent on Closing occurring within the timeframes set forth in this subsection.

(C) Leaseholder shall deliver to Authority and Purchaser no less than forty-five days prior to Closing, at the Leaseholder's expense, an accurate survey of the individual Leased Tract (including any Undeveloped Strips being included in such Leased Tract), which survey is acceptable to the Authority and Purchaser. To be acceptable to the Authority and Purchaser, the survey must:

(i) be acceptable to the title company selected by the Purchaser and Leaseholder and approved by the Authority for purposes of issuing any policy of title insurance on the applicable portion of the Leased Tract;

(ii) be prepared by a licensed state land surveyor or a registered professional land surveyor acceptable to the Authority;

(iii) include the boundary of the Leaseholder's Leased Tract and any Undeveloped Strips being conveyed, which boundaries must be consistent with the master survey prepared on behalf of the Authority in conjunction with the sale of the Leased Tract to the Purchaser;

(iv) include all improvements on the Leased Tract and indicate any encroachments across the applicable boundary lines [~~or into the FERC Project Area or Buffer Zone~~]; Leaseholder must provide evidence that any such encroachments across boundary lines, including encroachments onto Authority Land, [~~or into the FERC~~

~~Project Area or Buffer Zone~~] have been cured by the Leaseholder (either by removal of such encroachment or by written agreement between the affected parties permitting such encroachment to continue) prior to the survey being deemed acceptable; and

(v) be reviewed and approved by the Authority and Purchaser; the Authority, Purchaser, and their representatives or agents may perform an inspection of the applicable Leased Tract to verify the accuracy of the survey ~~[Survey]~~ and any encroachments thereon;

(D) On or before Closing, the purchase and sale agreement between the Leaseholder and Purchaser and any earnest money that may be required pursuant to such agreement shall be timely delivered to a title company or escrow agent acceptable to the Authority and agreed to by Leaseholder and Purchaser in such agreement;

(E) On or before Closing, Purchaser and Leaseholder shall complete all documentation necessary to effectuate transfer of the applicable Leased Tract from the Purchaser to the Leaseholder and deliver such completed and executed documents to the applicable escrow agent; and

(F) Promptly after Closing, the deed and any other applicable documents effectuating transfer of such Leased Tract to the Leaseholder shall be recorded in the county records where the Leased Tract is located promptly after such escrow agent receives written notice from the Authority or title company or escrow agent facilitating the Closing of the Leased Tract from the Authority to Purchaser that such Closing has been completed and the necessary documents have been recorded pursuant to such Closing. In no event shall the deed or any other documents transferring the applicable portion of the Leased Tract to the Leaseholder be recorded prior to Closing.

(3) Closing shall occur no later than December 31, 2010, for the Initial Leased Tract and not later than two years after the Date of Decommissioning for the Remaining Leased Tract. The Authority shall post on its website no later than thirty days after entering into a Contract for sale with Purchaser the effective date of such Contract and the anticipated date of Closing, which date shall be at least six (6) months from the effective date of the Contract. Any changes to the anticipated date of Closing shall also be posted on the Authority's website. These dates shall be used to establish the time periods provided in Subdivision (2).

(c) Sale to Leaseholders. This subsection shall only apply to, and be effective for, those portions of the Remaining Leased Tract (if any) for which Closing has not occurred on or before the second anniversary of the Date of Decommissioning [December 31, 2010], pursuant to Subsection (b), in which case the effective date of this subsection shall be the second anniversary of the Date of Decommissioning [January 1, 2011]. Upon the effective date of this subsection, the Authority shall suspend any applicable sale efforts under Subsection (b) for a period of two years beginning on the effective date of this subsection and initiate a tract by tract sale of the Remaining Leased Tract to the then-current Leaseholders as follows:

(1) For a period of two years beginning on the effective date of this subsection and in accordance with the procedures set forth in this subsection, and subject to Subsections (d), (e), (f), (g), (h), and (i), the Authority shall provide Leaseholders the opportunity to purchase their individual portion of the Remaining

Leased Tract [~~Tracts~~] directly from the Authority. Leaseholders shall have until the expiration of such two-year period to submit a completed application of intent to purchase their individual Remaining Leased Tracts as provided by Subdivision (4).

(2) The Authority shall determine if, and how, any Remaining Undeveloped Strips will be divided between adjacent Leaseholders and incorporated into any individual Remaining Leased Tract; provided, however, Leaseholders shall not be required to accept any such Remaining Undeveloped Strips.

(3) On or before the effective date of this subsection, the Authority shall make available to the Leaseholders a form for an application of intent to purchase the Leaseholder's individual Remaining Leased Tract. Such application shall be deemed a contract subject to the provisions set out herein. The application of intent shall provide the Leaseholder a 30-day feasibility period beginning on the date such application is submitted in which the Leaseholder can determine the feasibility of purchasing the applicable individual Remaining Leased Tract, including the ability of such Leaseholder to obtain financing for such purchase.

(4) A Leaseholder who desires to purchase such Leaseholder's individual Remaining Leased Tract must submit a completed application to the Authority on or before the second anniversary of the effective date of this subsection [~~December 31, 2012~~]. An application will be deemed "complete" upon the following:

(A) Leaseholder delivers to the Authority an executed application of intent to purchase with all required information included in the application;

(B) Leaseholder delivers an earnest money deposit, in good funds acceptable to the title company or escrow agent selected by the Authority, in the amount of \$1,000 to such title company or escrow agent, which earnest money shall be nonrefundable after the expiration of the feasibility period except in the event closing does not occur due to the fault of the Authority;

(C) any and all rent and other fees or amounts due to the Authority pursuant to such Leaseholder's Ground Lease have been paid and there are no amounts then outstanding which are past due;

(D) Leaseholder has delivered to the Authority a survey that is acceptable to the Authority of the applicable Remaining Leased Tract (and any Remaining Undeveloped Strips being included in such Remaining Leased Tract). To be acceptable to the Authority, the survey must:

(i) be acceptable to the title company selected by the Authority for purposes of issuing any policy of title insurance on the applicable portion of the Remaining Leased Tract;

(ii) be prepared by a licensed state land surveyor or a registered professional land surveyor acceptable to the Authority;

(iii) include the boundary of the Leaseholder's Remaining Leased Tract and any Remaining Undeveloped Strips being conveyed, which boundaries must be consistent with the master survey of the Remaining Leased Tract prepared on behalf of the Authority;

(iv) include all improvements on the Remaining Leased Tract and indicate any encroachments across the applicable boundary lines, including encroachments onto Authority Land [~~or into the FERC Project Area or Buffer Zone~~]; Leaseholder must provide evidence that any such encroachments across boundary

lines [~~or into the FERC Project Area or Buffer Zone~~] have been cured by the Leaseholder (either by removal of such encroachment or by written agreement between the affected parties permitting such encroachment to continue) prior to the survey being deemed acceptable; and

(v) be reviewed and approved by the Authority; the Authority or its representatives or agents may perform an inspection of the individual Remaining Leased Tract to verify the accuracy of the survey [~~Survey~~] and any encroachments thereon.

(E) Leaseholder has delivered to the Authority a title commitment and, if requested by the Authority, any exception documents referenced therein, prepared by the applicable title company or escrow agent selected by the Authority; and

(F) Leaseholder has delivered to the Authority written evidence from Leaseholder's lender or financial institution that Leaseholder has the financing or funds available, as applicable, to complete the purchase of Leaseholder's Remaining Leased Tract.

(5) Completed applications that are timely delivered will be accepted and processed by the Authority in the order in which they are received; except that the Authority shall give preference in processing applications to Leaseholders who receive an ad valorem tax exemption under Section 11.13, Tax Code, for a structure on the Leaseholder's Remaining Leased Tract.

(6) An individual Remaining [~~A~~] Leased Tract sold under this subsection shall be sold for 90% of the land only assessed value without any exemptions, as determined by the appraisal district, for the year in which the Leaseholder's application of intent to purchase is submitted to the Authority, or for the year 2012 [~~2008~~], whichever is greater.

(7) The Leaseholder purchasing such Leaseholder's Remaining Leased Tract is responsible for:

(A) timely paying all rent and other fees or amounts due to the Authority pursuant to such Leaseholder's Ground Lease through the date of closing on the Leaseholder's portion of the Remaining Leased Tract;

(B) obtaining and delivering to the Authority a survey of the applicable Remaining Leased Tract in accordance with Subdivision (4)(D) and curing any encroachments shown thereon, all at Leaseholder's expense;

(C) obtaining and delivering to the Authority, at such Leaseholder's expense, a title commitment in accordance with Subdivision (4)(E); the Authority may, but shall have no obligation to, cure any objections that Leaseholder may have to the exceptions, covenants, easements, reservations or any other items reflected on the title commitment; provided, however, that the Authority shall use good faith efforts to address and/or remove those requirements or exceptions shown on Schedule C of the title commitment that are applicable to or created by the Authority, and, notwithstanding the foregoing, the Authority shall have no obligation to cure any exceptions on the attached Schedule C regarding legal right of access to or from the applicable Remaining Leased Tract;

(D) delivering to the applicable title company or escrow agent on or before closing on the Leaseholder's Remaining Leased Tract, in good funds, the purchase price and all reasonable, normal, customary, and documented costs

associated with the transfer of the individual Remaining Leased Tract to the Leaseholder including, without limitation, all escrow fees, recording fees, taxes on the land after the date of such closing, document preparation fees, the cost of any Title Policy (including any endorsements thereon) obtained by Leaseholder, and any costs associated with removing any liens on the applicable Remaining Leased Tract; and

(E) timely delivering to the escrow agent any notices, statements, affidavits, or other documents required by the application, escrow agent, or at law to effectuate the transfer of the applicable Remaining Leased Tract to the Leaseholder.

(8) For those completed applications of intent to purchase timely delivered to the Authority under this subsection, the purchase must be completed no later than the expiration of 30 months after the effective date of this subsection [~~June 30, 2013~~]. For any individual Remaining Leased Tract [~~Tracts~~] for which closing has not occurred by such date, the application shall be deemed terminated. The Authority shall not accept any applications of intent to purchase after the second anniversary of the effective date of this subsection [~~December 31, 2012~~]; and any applications of intent to purchase that are delivered to the Authority prior to such date but that are not "complete" as of such date in accordance with Subdivision (4) shall be rejected by the Authority. Leaseholders submitting an application of intent to purchase their individual Remaining Leased Tracts are responsible for ensuring that such application is deemed "complete" on or before the second anniversary of the effective date of this subsection [~~December 31, 2012~~].

(9) Any Ground Lease that would otherwise expire shall be automatically extended as necessary for one year terms to permit such Leaseholder the full two-year period to deliver such application of intent to purchase such Leaseholder's individual Remaining Leased Tract and to complete such transaction no later than the expiration of 30 months after the effective date of this subsection [~~June 30, 2013~~].

(10) The Owner of a Remaining Leased Tract sold under this subsection shall pay the Authority any reasonable fees set by the Authority for any services the Owner accepts from the Authority. However, the Owner of a Remaining Leased Tract is under no obligation to accept services from the Authority.

(11) Any Remaining Leased Tract subject to the Ranch Agreement shall only be subject to sale under this subsection if the Authority is released from its obligations under the Ranch Agreement relating to such Remaining Leased Tract.

(12) The following laws do not apply to sale of an individual Remaining Leased Tract under this subsection:

(A) Chapter 272, Local Government Code;

(B) Section 49.226, Water Code; and

(C) Section 8502.013 of this code.

(13) A provision that applies to the Leaseholder of an individual Remaining [~~a~~] Leased Tract under this section applies to any subsequent Owner of the individual Remaining Leased Tract.

(14) At closing on the individual Remaining Leased Tract, the Leaseholder shall pay any indebtedness secured by a lien on the Leaseholder's leasehold estate (including the applicable portion of the Buffer Zone that is [~~whether or not included as~~] part of the leasehold estate [~~Leased Tract pursuant to Subsection (e)]]) or deliver~~

the express written consent of the Lienholder on the leasehold estate in the Remaining Leased Tract permitting the Leaseholder to grant a purchase money lien on the fee simple estate in the Remaining Leased Tract.

(15) At the closing of the applicable Remaining Leased Tract, the Authority will deliver a special warranty deed.

(16) For any portion of the Remaining Leased Tract that has not been sold pursuant to this subsection on or before the expiration of 30 months after the effective date of this subsection [June 30, 2013], the Board shall sell any such remaining portion of the Remaining Leased Tract pursuant to terms and conditions determined by such Board.

(d) Restrictions on Property [Leased Tract]. The Property is [Leased Tract (or any portion thereof) sold in accordance with Subsection (b) or (c) shall be] subject to the [following] Restrictions recorded in Palo Pinto, Stephens, Young, and Jack Counties, as amended from time to time. After the Date of Decommissioning and before the date the Remaining Leased Tract is conveyed under Subsection (b) or (c), the Authority, without requiring the consent of any Owner, shall further amend the Restrictions and record the Amendments to the Restrictions in the records of each applicable county, which amendments must (i) add the Remaining Commercial Leased Land as part of the Commercial Leased Land in the Restrictions; (ii) add the Remaining Residential Leased Land as part of the Residential Leased Land in the Restrictions; (iii) add the Remaining Undeveloped Strips as part of the Undeveloped Strips in the Restrictions; (iv) add the Remaining Leased Tract as part of the Leased Tract; and (v) otherwise amend the Restrictions to be substantively in accordance with the following[, which shall be included, in substance, in a Declaration of Restrictive Covenants, Easements, and Conditions to be prepared by the Authority substantively in accordance with the following and recorded by the Authority, as declarant, in the applicable county records prior to any sale pursuant to Subsection (b) or (c):

(1) Subject to Subdivision (10), no Owner, Purchaser, or Leaseholder may forbid, restrict, or take any action which effectively forbids or restricts the public from using the FERC Project Area and the adjacent areas of the Lake in accordance with the terms of the FERC License.]

(2) Each Owner, Purchaser, and Leaseholder shall agree to not block, restrict, or otherwise prohibit access over, through, or across any Road and further agrees that such Roads or portion thereof shall remain open for use by the Authority, other Owners or Purchasers, lessees of any portion of the Property (including Leaseholders) and the general public. Except for (i) those portions of the Property that are accessible by water only as of the effective date of the Restrictions, and/or (ii) restrictions of access existing as of the effective date of the Restrictions (e.g., access to and from public roads that requires traversing real property not owned by the Authority, Owners, or Purchasers hereunder), and/or (iii) the covenants and restrictions of the Ranch Declarations (to the extent applicable to the Roads) or other restrictive covenants existing prior to the date the Restrictions are recorded of record, no Owner, Purchaser, or Leaseholder shall be permitted to block, restrict, or otherwise prohibit access on, over, or across the Roads.

(3) The Driveways are not part of the Roads and shall be maintained by the Owner, Purchaser, or Leaseholder of the applicable Driveways. No Owner, Purchaser, or Leaseholder shall obstruct, prevent, or otherwise restrict access on, over or across any portion of a common Driveway by any such other Owner, Purchaser, or Leaseholder, or their guests or invitees, whose portion of the Property is served by such common Driveway. Owners, Purchasers, and/or Leaseholders whose portion of the Property is served by a common Driveway shall at all times have a nonexclusive right of ingress and egress over and across such common Driveway to access their portion of the Property.

(4) All grants and dedications of easements, rights-of-way, restrictions, and related rights affecting the Leased Tract, made prior to the Leased Tract becoming subject to the Restrictions and any Amendments to the Restrictions that are of record, or visible or apparent, shall be incorporated into such Restrictions by reference and made a part of the Restrictions for all purposes as if fully set forth therein and shall be construed as being adopted in each and every contract, deed, or conveyance executed or to be executed by or on behalf of the Authority conveying any part of the Leased Tract. The foregoing adoption of such easements includes, without limitation, any and all written easements or agreements, whether or not recorded, between the Authority and any other party for the installation, maintenance, repair, or replacement of utility lines located on, above, over, under, or beneath the Property.

(5) The Authority shall reserve for itself and its successors, assigns, and designees the nonexclusive right and easement, but not the obligation, to enter upon the Property, the Lake and other bodies of water, if any, located within the Property (a) to install, keep, maintain, and replace pumps in order to obtain water for the irrigation of any portion of the Authority Land, (b) to construct, maintain, replace, and repair any wall, dam, or other structure retaining water therein, (c) to access, construct, maintain, replace, and repair any measurement stations, monuments, or other similar improvements, (d) to remove trash and other debris, and (e) to fulfill the Authority's obligations as a river authority and any obligations set forth in [~~the FERC License,~~] state water rights[;] or other governmental regulations. The Authority and its designees shall have an access easement through, over, and across any portion of the Leased Tract to the extent reasonably necessary to exercise the rights and responsibilities under this subdivision; provided, however, that (i) the Authority shall provide written notice at least 48 hours in advance of such entry to the Purchaser or Owner of such portion of the Leased Tract (except in the event of an emergency, in which case advance notice shall not be required, but the Authority shall provide such written notice as soon as practicable thereafter); (ii) the Authority shall promptly repair any damage to the portion of the Leased Tract caused by the Authority's entrance onto such Owner's or Purchaser's portion of the Leased Tract; and (iii) the Authority shall use reasonable efforts to avoid interfering with the Owner's or Purchaser's use of the portion of the Leased Tract.

(6) The Authority shall reserve for itself and its successors, assigns, and designees a perpetual right, power, privilege, and easement to occasionally overflow, flood, and submerge that portion of the Property located at or below the elevation contour of 1015' above mean sea level in connection with the Authority's operation and maintenance of the Lake. The Authority shall have no liability to any Owner,

Purchaser, Leaseholder, or any other person for any damages, claims, costs, injuries, or liabilities to any person or the Property or any improvements thereon that are caused by or arise from any act or omission by the Authority in connection with the foregoing right and easement.

(7) Additional land may be included in the Property or Leased Tract at any time by the Authority, as long as the Authority owns any portion of the Property, by recording an amendment to these Restrictions in each of the counties in which the Property is located. Upon such additions, the Restrictions shall apply to the added land and the rights, privileges, duties, and liabilities of the Owners or Purchasers subject to the Restrictions shall be the same with respect to the added land as with respect to the Property originally covered by the Restrictions. As additional lands are added hereto, the Authority shall, with respect to said land, record amendments that may incorporate the Restrictions therein by reference and that may supplement or modify the Restrictions with such additional covenants, restrictions, and conditions that may be appropriate for those added lands.

(8) The Restrictions may not be modified in any respect whatsoever or terminated, in whole or in part, except with the consent of (i) the Owners or Purchasers of at least sixty percent (60%) of the individual lots that comprise the Residential Leased Land and Commercial Leased Land, and (ii) the Owners or Purchasers of at least sixty percent (60%) of the land area of the Authority Land, and (iii) the Authority, for so long as the Authority has any interest in the Property, whether as an Owner or ~~holder of the FERC License or~~ otherwise. Notwithstanding the foregoing, the Authority, without the joinder of any other party, shall have the absolute right to make minor changes or amendments to the Restrictions to correct or clarify errors, omissions, mistakes, or ambiguities contained therein. No amendment shall be effective until such amendment has been recorded in the Official Public Records of each of the counties in which the Property is located.

(9) No improvements (except as specifically set forth in Subdivision (11)) shall be constructed or located on the Leased Tract within twenty-five feet (25') landward measured horizontally from the 1000' contour line of the Lake, a meander line that changes over time due to natural forces, such as erosion and accretion; provided, however, this restriction shall not include improvements inside this setback that are existing at the time the Restrictions are filed that ~~[(+)]~~ have been approved in writing by the Authority~~], and (ii) if such improvements are located within the FERC Project Area, have been approved by the Federal Energy Regulatory Commission (and to the extent not already approved by the Federal Energy Regulatory Commission, the Authority intends to file an application to obtain permission for the existing encroachments into the FERC Project Area to remain in place)].~~ In addition, no improvements on the Leased Tract (or any portion thereof) shall be constructed or located within five feet (5') of any other boundary line (i.e., the side and back boundary lines), other than fences; provided, however, this restriction shall not include improvements located within this 5' setback that are existing at the time the Restrictions are filed and that have been approved in writing by the Authority.

~~[(10) No Owner, Purchaser, or Leaseholder shall have any rights to construct any improvements or fencing that block or restrict access to the FERC Project Area, except with the written consent of the Authority, to be granted or~~

~~withheld in its sole discretion, and except in compliance with the FERC License. This limitation does not apply to fences located within the Leased Tract and outside the FERC Project Area.]~~

(11) Erosion control improvements (such as retaining walls, rip rap, etc.) and landscape planting may not be constructed or located ~~[within the FERC Project Area or]~~ at or below the 1000' contour line without the prior written approval of the Authority. Such improvements shall be subject to the terms and conditions set forth in the Restrictions~~], in the FERC License, in any other Federal Energy Regulatory Commission rules and regulations,~~ and in the Authority's regulations, including without limitation, the Shoreline Management Plan.

(12) No Owner, Purchaser, or Leaseholder shall have the right to place, or permit to be placed, any advertisements, private notices, signs, or billboards on the Residential Leased Land ~~[Tract]~~ except that temporary signage customarily found on residential property may be placed on the Residential Leased Land at the reasonable discretion of the Owner, Purchaser, and/or Leaseholder of that portion of the Residential Leased Land.

(13) No activities shall be conducted on the Leased Tract and no improvements constructed on the Leased Tract that are or might be unsafe or hazardous to any person or property.

(14) No Owner, Purchaser, Leaseholder, or occupant of any portion of the Leased Tract shall use or permit the use, handling, generation, storage, release, disposal, or transportation of Hazardous Materials on, about, or under the Leased Tract except for such quantities that are routinely utilized in connection with residential use (for all portions of the Leased Tract except the Commercial Leased Land) or for commercial uses that are in compliance with the Restrictions (for the Commercial Leased Land), and that are stored, used, and disposed of in compliance with all Environmental Laws. Each Owner, Purchaser, and Leaseholder shall indemnify, defend, protect, and save the Authority, its successors and assigns, trustees, directors, employees, and officers and each other Owner, Purchaser, and Leaseholder, harmless from and against, and shall reimburse such indemnified parties for, all liabilities, obligations, losses, claims, damages, fines, penalties, costs, charges, judgments, and expenses, including, without limitation, reasonable attorneys' fees and expenses that may be imposed upon or incurred or paid by or asserted against such indemnified parties by reason of or in connection with such Owner's, Purchaser's, or Leaseholder's failure to comply with this subdivision.

(15) No Owner or Purchaser shall conduct, or permit to be conducted, any activity on the Leased Tract that is improper, immoral, noxious, annoying, creates a nuisance, or is otherwise objectionable to other Owners or Purchasers or incompatible with the recreational use of the Lake and the Authority Land ~~[FERC Project Area]~~.

(16) The Residential Leased Land (and any Undeveloped Strips that are conveyed to an Owner or Purchaser as part of the Residential Leased Land pursuant to Subsection (b) or (c)) shall be improved and used solely for single-family residential use, inclusive of a garage, fencing, and other such related improvements as are necessary or customarily incident to normal residential use and enjoyment and for no other use. No portion of the Residential Leased Land (and any Undeveloped Strips that are conveyed to an Owner or Purchaser as part of the Residential Leased Land

pursuant to Subsection (b) or (c)) shall be used for manufacturing, industrial, business, commercial, institutional, or other nonresidential purpose, save and except as set forth in Subdivision (17). Notwithstanding the foregoing, Owners, Purchasers, and/or Leaseholders shall be permitted to conduct a "garage sale" on their respective portion of the Residential Leased Land (and any Undeveloped Strips that are conveyed to an Owner or Purchaser as part of the Residential Leased Land pursuant to either Subsection (b) or (c)) not more than one time per calendar year.

(17) No professional, business, or commercial activity to which the general public is invited shall be conducted on the Residential Leased Land (and any Undeveloped Strips that are conveyed to an Owner or Purchaser as part of the Residential Leased Land pursuant to Subsection (b) or (c)); except an Owner, Purchaser, Leaseholder, or occupant of a residence may conduct business activities within a residence so long as: (a) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the residence; (b) the business activity conforms to all zoning requirements; (c) the business activity does not involve door-to-door solicitation of residents, lessees, Leaseholders, Owners, or Purchasers within the Property; (d) the business does not generate a level of vehicular or pedestrian traffic or a number of vehicles parked within the Property that is noticeably greater than that which is typical of residences in which no business activity is being conducted; and (e) the business activity is consistent with the residential character of the Residential Leased Land and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents, lessees, Owners, Purchasers, or Leaseholders of the Property. The terms "business" and "trade", as used in this provision, shall be construed to have their ordinary, generally accepted meanings and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis that involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (x) such activity is engaged in full or part-time; (y) such activity is intended to or does generate a profit; or (z) a license is required. Leasing of a residence shall not be considered a business or trade within the meaning of this subsection. This subdivision shall not apply to any activity conducted by the Authority.

(18) Except as may be otherwise provided in the Restrictions and any Amendments to the Restrictions, Commercial Leased Land (and any Undeveloped Strips that are conveyed to an Owner or Purchaser as part of the Commercial Leased Land pursuant to Subsection (b) or (c)) may be improved and used for any lawful commercial purpose, including without limitation, nonprofit organizations or governmental or quasi-governmental agencies.

(19) No portion of the Leased Tract may be used for the commercial testing or development of wind power, or to produce, lease, store, and/or transmit electrical power generated thereby for commercial or resale purposes.

(20) Each Owner or Purchaser shall keep, or cause to be kept, all improvements located on its respective portion of the Leased Tract maintained in good condition and repair, clean and free of rubbish and other hazards, and otherwise in full accordance with the Restrictions and all governmental rules, regulations, codes,

and zoning requirements. Such maintenance shall include, but not be limited to, the following: regular and timely removal of all litter, garbage, trash, and waste; regular lawn mowing; tree, shrub, and plant pruning and trimming; watering of landscaped areas; weed control; pest control; maintaining exterior lighting and mechanical facilities in good working order; keeping walks and driveways clean and in good repair; and the repairing and repainting of the exterior improvements visible to neighboring properties and/or public view.

(21) In the event of any damage to or destruction of any building or improvement on any portion of the Leased Tract from any cause whatsoever, the Owner, Purchaser, or Leaseholder upon whose portion of the Leased Tract the casualty occurred shall, at such Owner's, Purchaser's, or Leaseholder's sole option, either (i) repair, restore, or rebuild and complete the same with reasonable diligence, (ii) clear the affected area of all hazardous or dangerous debris and structures and lawfully dispose of same within one year from the date of casualty, or (iii) effectuate any combination of clauses (i) and (ii) of this subdivision as such Owner, Purchaser, or Leaseholder may deem reasonably appropriate. Notwithstanding the foregoing, in the event the Owner, Purchaser, or Leaseholder elects to rebuild buildings or improvements that were located within ~~the FERC Project Area or within~~ twenty-five feet (25') landward measured horizontally from the 1000' contour line that were approved in accordance with Subdivision (9), such buildings or improvements shall be rebuilt in accordance with Subdivision (24).

(22) The Texas Commission on Environmental Quality has adopted rules governing on-site sewage facilities (also called septic systems). The Authority is the commission's authorized agent for the septic system licensing program, including the enforcement of the commission's septic system rules and regulations for the Property. The Authority, as the agent for the commission, shall have the authority to access the Property for the purpose of issuing such licenses, inspecting such septic systems, and enforcing any and all rules and regulations related thereto. Each Owner, Purchaser, and Leaseholder agrees to comply with all sanitary regulations and the licensing process adopted by the commission and enforced by the Authority, as its agent, from time to time.

(23) The Owner or Purchaser shall be responsible, at such Owner's or Purchaser's expense, for providing for the collection, removal, and disposal of all solid waste on the Leased Tract; or the Owner or Purchaser of any portion of the Leased Tract shall be responsible for ensuring that the Leaseholders provide for such collection, removal, and disposal of all solid waste on the applicable portion of the Leased Tract. In the event the Ranch fails to provide for the collection, removal, and disposal of all solid waste related to the Ranch, the Owner or Purchaser shall be responsible for providing for the same.

(24) ~~[(i) An Owner, Purchaser, or Leaseholder, subject to approval by the Federal Energy Regulatory Commission, may repair, alter, or rebuild improvements located within the FERC Project Area, which improvements were previously approved in accordance with Subdivision (9); provided, however, such repairs, alterations, and/or rebuilding shall not extend beyond the footprint of the existing or previously existing improvement.]~~

[(ii)] An Owner, Purchaser, or Leaseholder may repair, alter, or rebuild improvements located above the 1000' contour line [~~outside the FERC Project Area~~] but within 25' landward measured horizontally from the 1000' contour line, and/or improvements located within the 5' boundary setback, which improvements were previously approved in accordance with Subdivision (9). Such repairs, alterations, or rebuilding may extend such improvements outside the previously existing footprint towards the side boundaries and back boundary of the applicable Leased Tract, but such improvements may not be extended towards the shoreline or encroach closer to the 1000' contour line of the Lake than the existing or previously existing improvements.

(25) The Authority shall reserve its rights, title, and interest in all oil, gas, and other minerals in and under any and all Property, including the Leased Tract.

(26) No land located at or below the 1000' contour line [~~within the FERC Project Area~~] shall be improved, used, or occupied, except in such manner as shall have been approved by the Authority [~~and, to the extent required, by the Federal Energy Regulatory Commission~~]. No docks, piers, on-water facilities, retaining walls, or any other structures or facilities shall be built, installed, or maintained in, on, or over the waters of the Lake [~~or within the FERC Project Area~~] except as authorized by the Authority. All such structures or facilities shall be subject to all rules and regulations applicable to the Lake [~~and the FERC Project Area~~], as the same may be adopted or amended from time to time. Owner, Purchaser, and/or the Leaseholder shall be responsible for any fees or annual charges assessed by the Authority [~~and/or the Federal Energy Regulatory Commission~~] for such permit or improvements and shall be responsible for ensuring that any such improvements are consistent with the [~~FERC License,~~] Shoreline Management Plan[;] and all other rules and regulations applicable to the Property [~~FERC Project Area~~]. Owner or Purchaser shall not, at any time, permit any liens to encumber the Authority Land [~~FERC Project Area~~].

(27) No use of the Lake or other bodies of water within the Property, if any, shall be made except in accordance with the [~~FERC License, the~~] Shoreline Management Plan, the Authority's regulations, and any other rules and regulations that may be promulgated by the [~~Federal Energy Regulatory Commission and/or the~~] Authority at any time and as amended from time to time. Any such use shall be subject to the Authority's [~~and the Federal Energy Regulatory Commission's~~] superior use rights. The Authority shall not be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of the Lake or other bodies of water within or adjacent to the Property.

(28) The Authority may use and regulate the Lake or other bodies of water within the Property for the irrigation of the Authority Land, or for any other purpose deemed appropriate by the Authority, subject to the rights and authority of any [~~the Federal Energy Regulatory Commission or~~] other governmental entity having jurisdiction of such areas, and subject to the water rights granted (or which may be granted) to the Authority by the State of Texas. The Authority's rights under this subdivision shall be superior to any rights of any Owner, Purchaser, or Leaseholder. This subdivision shall not be construed to limit or restrict the rights and authority of any [~~the Federal Energy Regulatory Commission or~~] other governmental entity having jurisdiction of the Property.

(29) Owners or Purchasers must obtain written permission from the Authority in accordance with the Authority's regulations to use or divert water from the Lake on any portion of the Leased Tract for domestic or commercial purposes.

(30) No Owner, Purchaser, or Leaseholder shall be permitted to divert or alter the natural drainage of the terrain or clear vegetation on any portion of the Property in such a manner that would cause unnatural erosion or silting of the Lake.

(31) Owners, Purchasers, and Leaseholders shall take all reasonable precautions to ensure that all use of and activities on the Leased Tract [~~and the FERC Project Area~~], including without limitation, the construction, operation, and maintenance of any improvements on the Leased Tract [~~, and/or FERC Project Area~~] occur in a manner that [~~is in compliance with the FERC License and that~~] will protect the scenic, recreational, and environmental values of the Lake. The Authority [~~, as a licensee of the Federal Energy Regulatory Commission,~~] has specific approval authority on any proposed construction that impacts the [~~FERC Project Area or~~] lakebed, and Owner, Purchaser, and Leaseholder shall comply with the approval process as may be established by the Authority [~~and/or the Federal Energy Regulatory Commission~~] from time to time.

~~[(32) Structures in place within the FERC Project Area shall be subject to the FERC License, as the same may be amended and/or renewed from time to time. Any structures erected in the FERC Project Area after May 15, 1980 (the date of the amendment to the previous FERC License) may be required to be removed at the expense of the owner of the improvement, unless such improvements are approved in writing by the Authority in accordance with the FERC License. In no event shall this subdivision grant any authorization for a violation of any rules or regulations of the Authority, the FERC License, or any state, federal, or local law.]~~

(33) The Owner, Purchaser, and Leaseholder of any portion of the Property [Leased Tract] shall comply with all of the following rules and regulations, as applicable:

(A) [~~the Shoreline Management Plan and any amendments or revisions to that document to the extent such Shoreline Management Plan applies to the Owner's, Purchaser's, and/or Leaseholder's portion of the Leased Tract;~~

~~[(B) the applicable rules, regulations, and order of the Federal Energy Regulatory Commission including, without limitation the FERC License;~~

~~[(C) the Authority's "Regulations for Governance for Brazos River Authority Lakes and Associated Lands," as published on the Authority's Internet website and as those regulations may be amended from time to time; and~~

(B) [(D)] other rules and regulations adopted by the Authority regarding conduct on and use of the Lake [or the Property].

(34) By Texas statute, the Authority is empowered to adopt and has adopted certain regulations governing conduct on and use of the Property [~~within the FERC Project Area~~] and Lake. Owners, Purchasers, Leaseholders, and persons using the Leased Tract with such Owners' or Purchasers' consent shall abide by all such rules and regulations adopted from time to time by the Authority and any future revisions and amendments thereto.

(35) Owners, Purchasers, and Leaseholders of that portion of the Leased Tract that is part of the Ranch shall comply with the terms and conditions of the Ranch Agreement and the covenants and restrictions set forth in the Ranch Declarations, to the extent applicable to such portion of the Leased Tract. As to that portion of the Property that is part of the Ranch, the Ranch Declarations shall control in the event of any conflict between the covenants, restrictions, and conditions set forth in the Ranch Declarations and the Restrictions. Owners, Purchasers, and Leaseholders of a portion of the Leased Tract that is part of any other subdivision shall comply with the terms and conditions of the covenants and restrictions governing the subdivision that apply to the portion of the Leased Tract. Any portion of the Property that is part of the subdivision is governed by the restrictions and covenants governing the subdivision which shall control in the event of a conflict between the covenants, restrictions, and conditions governing the subdivision and the Restrictions and Amendments to the Restrictions.

(36) In order to maintain the quality of the Lake's water, the stability of the shoreline, and of the environment in the Lake's vicinity, each Owner, Purchaser, and Leaseholder of all or any portion of the Leased Tract agrees to:

(A) comply with any local, state, or federal laws related to water quality or the environment, including laws governing toxic wastes and hazardous substances;

(B) if the Owner's or Purchaser's private on-site sewerage facility is not licensed by the Texas Commission on Environmental Quality (or any successor to such Commission) then the Owner, Purchaser, or Leaseholder shall connect to and use, at the Owner's, Purchaser's, or Leaseholder's expense, as applicable, any wastewater treatment system or service that becomes available to the Owner's or Purchaser's portion of the Leased Tract, not later than twelve (12) months after the system or service becomes available to such portion of the Leased Tract and thereafter discontinue use of any private on-site sewerage facility; and if, at any time after a wastewater treatment system or service becomes available to the Owner's or Purchaser's portion of the Leased Tract, the Owner's or Purchaser's private on-site sewerage facility (whether licensed or not) requires either replacement or an alteration or change in the on-site sewerage facility resulting in (i) an increase in the volume of permitted flow, (ii) a change in the nature of permitted influent, (iii) a change from the planning materials approved by the permitting authority, (iv) a change in construction, and/or (v) an increase, lengthening, or expansion of the treatment or disposal system, then such Owner or Purchaser shall promptly connect to and use, at the Owner's, Purchaser's, or Leaseholder's expense, as applicable, such wastewater treatment system or service and thereafter discontinue use of any private on-site sewerage facility. Notwithstanding the foregoing, in the event a property owners association or municipality requires the Owners or Purchasers of the portion of the Leased Tract that is included in such association or municipality to connect to a wastewater system or service, then such association or municipality rules shall control;

(C) obtain written consent of the Authority prior to diverting or pumping water from the Lake or any body of water within or adjacent to the Property, constructing or erecting any embankment or retaining wall, or commencing any dredging activity; and

(D) pay to the Authority any reasonable fee related thereto (e.g., water usage, recreational user, dredging, or retaining wall fees) as may be adopted from time to time by the Authority.

(37) Each Owner or Purchaser of all or any portion of the Leased Tract agrees and acknowledges that the water level in the Lake varies and that the Authority is not responsible for maintaining the Lake at any certain level or above or below any certain level.

(38) The Authority is not responsible or liable for any personal injury or damage to any Owner, Purchaser, Leaseholder, the Leased Tract, the Property, or any improvements caused by any increase or decrease in the water level (even if such increase or decrease is due to modifications of the Morris Sheppard (Possum Kingdom) Dam or other actions or omissions of the Authority) or caused by natural flooding.

(39) The Authority shall reserve the right of ingress and egress for the Authority and any person authorized by the Authority, including an agent of the Authority or employees, over and across the Leased Tract and any and all on-water facilities whether located within the Leased Tract or Authority Land [~~FERC Project Area~~] for all reasonable purposes of the Authority, including, without limitation, the construction, maintenance, repair, and/or replacements of any roads, drainage facilities, and power, water, wastewater, and other utility mains and lines that the Authority considers necessary or beneficial and for public safety, health, and welfare purposes; provided however, that:

(A) the Authority shall provide written notice at least 48 hours in advance of such entry to the Purchaser or Owner of such portion of the Leased Tract (except in the event of an emergency, in which case advance notice shall not be required, but the Authority shall provide such written notice as soon as practicable thereafter), which notice shall state with reasonable specificity the purpose for such entry;

(B) the Authority shall promptly repair any damage to the portion of the Leased Tract caused by the Authority's entrance onto such Owner's or Purchaser's portion of the Leased Tract; and

(C) the Authority shall use reasonable efforts to avoid interfering with the Owner's or Purchaser's use of the portion of the Leased Tract.

(40) Each Owner, Purchaser, and Leaseholder shall comply strictly with the Restrictions, as the same may be amended from time to time. Failure to comply with the Restrictions shall constitute a violation of the Restrictions, and shall give rise to a cause of action to recover sums due for damages or injunctive relief or both, maintainable by the Authority or other Owners or Purchaser; provided however, no Owner, Purchaser, Leaseholder, or other person shall have any right of action against the Authority arising under the Restrictions.

(41) The Authority shall make no warranty or representation as to the present or future validity or enforceability of any such restrictive covenants, terms, or provisions. Any Owner, Purchaser, or Leaseholder acquiring or leasing, as applicable, any portion of the Property in reliance on one or more of the Restrictions shall assume all risks of the validity and enforceability thereof and, by acquiring such portion of the Property, agrees to hold the Authority harmless therefrom.

(42) If the Owner, Purchaser, or Leaseholder of any portion of the Leased Tracts or on-water facilities related thereto (including retaining walls) shall fail to comply with the requirements of the Restrictions, then the Authority shall have the right, but not the obligation, following thirty (30) days prior written notice to such defaulting person [owner] to enter such defaulting person's [owner's] portion of the Leased Tract (but only if such failure to comply results in a public health, safety, or welfare concern) and/or such defaulting person's [owner's] on-water facility and cure such breach, the cost of which shall be reimbursed by such defaulting person [owner] to the Authority upon demand. Any such unpaid amounts, together with interest thereon (at the rate of six percent (6%) per annum) and the costs of collection (if any), shall be charged as a continuing lien against such defaulting person's [owner's] portion of the Leased Tract, which lien shall be subordinate to the lien of any third-party deed of trust previously recorded against such defaulting person's [owner's] portion of the Leased Tract.

(43) A person shall be deemed to be in default of the Restrictions only upon the expiration of thirty (30) days (ten (10) days in the event of failure to pay money) from receipt of written notice from the Authority or other Owner or Purchaser specifying the particulars in which such person has failed to perform the obligations of the Restrictions unless such person, prior to the expiration of said thirty (30) days (ten (10) days in the event of failure to pay money), has rectified the particulars specified in said notice of default. However, such person shall not be deemed to be in default if such failure (except a failure to pay money) cannot be rectified within said thirty (30) day period and such person commences the cure of such default within such thirty (30) day period and thereafter is continuously using good faith and its best efforts to rectify the particulars specified in the notice of default.

(44) The Authority shall have the right, but not the obligation, to enforce all of the provisions of the Restrictions. Any Owner or Purchaser shall have the right to enforce all of the provisions of the Restrictions against any other Owner, Purchaser, or Leaseholder, but not against the Authority. Such right of enforcement shall include the right to sue for both damages for, and injunctive relief against, the breach of any such provision. Furthermore, the Authority shall have the right, when appropriate in its sole judgment and discretion, to claim or impose a lien upon any portion of the Leased Tract, or improvement constructed thereon, in order to enforce any right or effect compliance with the Restrictions.

(45) The failure of a person (including the Authority or any Owner or Purchaser) to insist upon strict performance of any of the Restrictions shall not be deemed a waiver of any rights or remedies that said person may have, and shall not be deemed a waiver of any subsequent breach or default in the performance of any of the Restrictions by the same or any other person.

(46) The Authority shall not be liable to any Owner, Purchaser, or Leaseholder, or to any other person for any loss, damage, or injury arising out of or in any way connected with the performance or nonperformance of the Authority's rights, obligations, or privileges under the Restrictions. Without limiting the foregoing, the Authority shall not be liable to any Owner, Purchaser, or Leaseholder due to the construction of any improvements within the Property.

(47) Each of the Restrictions on the Leased Tract shall be a burden on each portion of the Leased Tract, shall be appurtenant to and for the benefit of the other portions of the Property, other portions of the Leased Tract, and each part thereof, and shall run with the land.

(48) The Restrictions shall inure to the benefit of and be binding upon the Owners or Purchasers, their heirs, successors, assigns, and personal representatives, and upon any person acquiring all or any portion of the Leased Tract, or any interest therein, whether by operation of law or otherwise. Notwithstanding the foregoing, if any Owner or Purchaser sells or transfers all or any portion of such Owner's or Purchaser's interest in all or any portion of the Leased Tract, such Owner or Purchaser shall, upon the sale and conveyance of title, be released and discharged from all of its obligations as Owner or Purchaser in connection with the property sold by it arising under the Restrictions after the sale and conveyance of title but shall remain liable for all obligations arising under the Restrictions prior to the sale and conveyance of title. The new Owner or Purchaser of all or any such portion of the Leased Tract, (including, without limitation, any Owner (or Lienholder) who acquires its interest by foreclosure, trustee's sale or otherwise) shall be liable for all obligations arising under the Restrictions with respect to such portion of the Leased Tract on and/or after the date of sale and conveyance of title. The Authority may assign, in whole or in part, any of its privileges, exemptions, rights, and obligations (if any) under the Restrictions to any other person and may permit the participation, in whole or in part, by any other person in any of its privileges, exemptions, rights, and obligations (if any) hereunder.

(49) Except as provided in this subsection, the term of the Restrictions shall be for a period of fifty (50) years from the date such Restrictions are executed by the Authority. Notwithstanding the foregoing, upon the expiration of such period, the term of the Restrictions shall automatically renew for successive periods of five (5) years each unless, at least ninety (90) days prior to the date of expiration of any period then in effect, (i) the Owners or Purchasers of at least sixty percent (60%) of the individual lots that comprise the Residential Leased Land and the Commercial Leased Land, (ii) the Owners or Purchasers of at least sixty percent (60%) of the land area of the Authority Land, and (iii) the Authority, for so long as the Authority has any interest in the Property, whether as an Owner or ~~holder of the FERC License or~~ otherwise, duly execute, acknowledge and record in the office of the recorder of the counties in which the Property is located a written termination notice, in which event, the Restrictions shall automatically expire at the end of the period then in effect.

(50) Any subdivision by an Owner of the Owner's portion of the Leased Tract is subject to all applicable laws, rules, regulations, codes, and ordinances, including any applicable platting requirements, and any rules and restrictions relating to on-site sewage facilities.

(e) Buffer Zone. Notwithstanding any provision in this subsection to the contrary, a sale under Subsection (b) or (c) shall be subject to the following:

(1) The Remaining ~~[If at the time Closing occurs under Subsection (b) or if at the time a Leaseholder completes the purchase of the applicable Leased Tract from the Authority pursuant to Subsection (c), as applicable, the Buffer Zone, or any portion thereof, has been removed from the FERC Project Area, the]~~ Leased Tract

being conveyed under Subsection (b) or (c) shall include the applicable ~~[that]~~ portion of the Buffer Zone ~~[so removed]~~; provided, however, the Purchaser and/or Owner, as applicable, shall grant the Authority access to the Buffer Zone ~~[FERC Project Area]~~ and Lake to allow the Authority to fulfill its obligations as a River Authority and any obligations set forth in ~~[the FERC License,]~~ state water rights~~;~~ or other governmental regulations.

(2) At ~~[if at]~~ the time of Closing on the Initial Leased Tract ~~[occurs]~~ under Subsection (b), ~~[or if at the time a Leaseholder closes on the purchase of the applicable Leased Tract from the Authority pursuant to Subsection (c), as applicable, the Buffer Zone, or any portion thereof, has not been removed from the FERC Project Area and]~~ a portion of the Initial Leased Tract is located within the Buffer Zone and is a part of the FERC Project Area, and therefore the Authority shall provide such Purchaser and/or Owner, as applicable, a residual interest in that portion of the Buffer Zone adjacent to the Initial Leased Tract and covered by the applicable residential Ground Lease, such residual interest to automatically vest upon satisfaction of one ~~[either]~~ of the following conditions:

(A) the Federal Energy Regulatory Commission approves an amendment to the FERC License removing the Buffer Zone from the boundaries prescribed by the FERC License such that the Buffer Zone is no longer subject to regulation by the Federal Energy Regulatory Commission; ~~[or]~~

(B) the FERC License expires (and is not renewed or extended) or is otherwise terminated and thus the Buffer Zone is no longer subject to regulation by the Federal Energy Regulatory Commission; or

(C) the Date of Decommissioning occurs.

(3) Notwithstanding the foregoing, if such residual interest has not vested on or before August 31, 2040, then such residual interest shall be terminated and of no further force and effect. Upon satisfaction of one ~~[either]~~ of the foregoing conditions prior to August 31, 2040, this conveyance shall be automatically effective without necessity of further documentation. From and after the date such conveyance becomes effective, the Buffer Zone shall be considered to be a part of the Initial Leased Tract conveyed under Subsection (b) ~~[or (c)]~~ and the Purchaser or then current Owner of the applicable Initial Leased Tract shall be the beneficiary of the residual interest created herein, but only as to the portion of the Buffer Zone located adjacent to the Purchaser's or Owner's property and all right, title, and interest in such adjacent portion of the Buffer Zone as measured by extending the boundary lines on both sides of the applicable portion of the Initial Leased Tract in a straight line across the Buffer Zone to the then current 1000' contour line of the Lake, or, if such portion cannot reasonably be measured as set forth above, then as otherwise determined by the Purchaser and approved by the Authority. Such residual interest shall immediately vest in the Purchaser or then-current Owner of such adjacent portion of the Initial Leased Tract without the necessity of any additional written conveyance.

(4) Until the residual interest in the Buffer Zone vests in the Purchaser or then-current Owner of the adjacent portion of the Initial Leased Tract as set forth in Subdivision (3), ~~[In the event a sale under Subsection (b) or (c) does not include the Buffer Zone or any portion thereof, or only includes a residual interest in the Buffer Zone or any portion thereof, then]~~ such Buffer Zone shall remain subject to the terms

and conditions of the residential Ground Lease in effect between the Leaseholder and the Authority at the time Closing occurs under Subsection (b) ~~[or at the time the Leaseholder purchases the applicable Leased Tract under Subsection (e)]~~; provided, however, no rent shall be due the Authority under such Ground Lease for the Buffer Zone. At such time as the applicable Ground Lease expires or is otherwise terminated, the Authority may, subject to approval of the Federal Energy Regulatory Commission, grant the Purchaser or the then-current Owner of the adjacent tract (as determined pursuant to the method set forth in Subdivision (2)(B)), an easement for use of such portion of the Buffer Zone, which easement shall be subject to the FERC License. The Authority shall retain ownership of such portion of the Buffer Zone and exercise control over such portion of the Buffer Zone consistent with the FERC License and this subsection. The easement granted to such Owner shall be limited to uses permitted under the terms of the FERC License and the Authority's Shoreline Management Plan, and any other Authority rules and regulations as may be adopted from time to time.

(f) Purchase Price. For purposes of determining the purchase price and/or lease rate pursuant to the options set forth in Subsection (b)(1) or the purchase price in Subsection (c), in the event the appraisal district does not provide an assessed value for the applicable portion of the Leased Tract for the applicable year, then the land only assessed value without any exemptions for the applicable portion of the Leased Tract shall be calculated based on the assessed value per square foot of comparable lots with similar physical characteristics in the applicable county or adjoining counties, as determined by the Authority.

(g) Roads. Authority or Purchaser, whichever is applicable, shall transfer its interest in the Roads to the applicable county in which the Roads, or any portion thereof, are situated as follows:

(1) All Roads located in Stephens County (approximately three miles of Roads) shall be transferred to Stephens County on or before December 31, 2011.

(2) All Roads located in Palo Pinto County (approximately forty-six miles of Roads) shall be transferred to Palo Pinto County in twenty percent increments of the total mileage per year for five consecutive years. The first twenty percent increment shall be transferred on or before December 31, 2011, and each remaining twenty percent increment shall be transferred on or before December 31 of each subsequent year, but not before January 1 of such year unless approved by an order or resolution of the Palo Pinto County Commissioners Court, with the final twenty percent increment being transferred on or before December 31, 2015, but not before January 1, 2015, unless approved by an order or resolution of the Palo Pinto County Commissioners Court.

(3) Authority or Purchaser, whichever is applicable, in consultation with the Palo Pinto County Commissioner or Commissioners who have jurisdiction over the Leased Tract, shall determine which Roads or portions thereof shall be transferred each year.

(4) The transfer of any portion of the Roads located within the FERC Project Area shall be in accordance with the FERC License and may be in the form of a grant of a right-of-way or easement, unless otherwise authorized by the Federal Energy Regulatory Commission.

(5) Beginning on the date of transfer, the Authority or Purchaser, whichever is applicable, shall no longer have any obligations regarding such Roads. The Roads shall be transferred in their "as-is" condition and neither the Authority nor the Purchaser shall have any obligation to ensure that the Roads, or any portion thereof, comply with the standards in effect at the time of transfer in the applicable county for like roads currently maintained by that county.

(6) Concurrently with the transfer in each year of a portion of the Roads, the Authority or Purchaser, as applicable, shall transfer to Palo Pinto County the amount, rounded to the nearest dollar, computed by multiplying \$200,000 by a fraction the numerator of which is the number of miles of Roads located in and transferred to Palo Pinto County in that year and the denominator of which is the total number of miles of Roads located in and transferred or to be transferred to Palo Pinto County. For every other county in which a portion of the Roads is located, the Authority or Purchaser, as applicable, shall transfer an amount equal to (A) the per mile road payment (as defined below) multiplied by (B) the number of miles of the Roads located in such county. As used in this subdivision, "per mile road payment" means the amount, rounded to the nearest dollar, computed by dividing \$200,000 by the total number of miles of Roads located in and transferred or to be transferred to Palo Pinto County pursuant to this subsection.

(7) Notwithstanding any provision in this subsection to the contrary, the Authority or Purchaser, as applicable, shall retain ownership of any portion of a Road that is inaccessible to the public. For purposes of this subdivision, a portion of the Road is considered inaccessible to the public if, as of the effective date of the Act enacting this section, the public can only access such portion of the Road by crossing property not owned by the Authority or Purchaser, as applicable, and not subject to an easement or other ownership interest that allows the public to cross such property without restriction. If a retained portion of a Road subsequently becomes accessible to the public, the Authority or Purchaser, as applicable, shall transfer such retained portion, including any interest the Authority or Purchaser has in any additional Road constructed or acquired by the Authority or Purchaser in order to make the retained portion of the Road accessible to the public, to the applicable county in accordance with the process set forth in this subsection, or in the event such portion of the Road becomes accessible to the public after December 31, 2015, within one (1) year of such retained portion of the Road becoming accessible.

(h) Platting. A sale of the Leased Tract under this section shall not be subject to Chapter 232, Local Government Code, or any other platting requirement.

(i) Mineral Interests. The Authority shall reserve its interest in all oil, gas, and other minerals in and under the Leased Tract (or any portion thereof) sold under this section.

(j) Expiration of Requirement to Sell. The requirement that the Authority conduct a sale of the Remaining Leased Tract under Subsection (b) or (c) expires on December 31, 2016, if the FERC License is not terminated by decommissioning or otherwise.

SECTION 5. Section 8502.0132(h), Special District Local Laws Code, is repealed.

SECTION 6. If the provisions of Section 8502.0132 or 8502.020, Special District Local Laws Code, as amended by this Act, or Section 8502.0133, Special District Local Laws Code, as added by this Act, conflict with any other provision of Chapter 8502 of that code, then the provisions of Section 8502.0132, 8502.0133, or 8502.020, as applicable, prevail.

SECTION 7. 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 Estes moved to concur in the House amendment to **SB 918**.

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

SENATE BILL 831 WITH HOUSE AMENDMENT

Senator Taylor called **SB 831** 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 831** by substituting in lieu thereof the following:

A BILL TO BE ENTITLED AN ACT

relating to a list of mental health, substance abuse, and suicide prevention programs that may be selected for implementation by public schools.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. The heading to Subchapter O-1, Chapter 161, Health and Safety Code, is amended to read as follows:

SUBCHAPTER O-1. ~~[EARLY] MENTAL HEALTH, SUBSTANCE ABUSE, INTERVENTION] AND [PREVENTION OF] YOUTH SUICIDE~~

SECTION 2. The heading to Section 161.325, Health and Safety Code, is amended to read as follows:

Sec. 161.325. ~~[EARLY] MENTAL HEALTH PROMOTION AND INTERVENTION, SUBSTANCE ABUSE PREVENTION AND INTERVENTION, AND SUICIDE PREVENTION.~~

SECTION 3. Section 161.325, Health and Safety Code, is amended by amending Subsections (a), (b), (d), (e), and (i) and adding Subsections (a-1) and (a-2) to read as follows:

(a) The department, in coordination with the Texas Education Agency and regional education service centers, shall provide and annually update a list of recommended best practice-based programs in the areas specified under Subsection (a-1) ~~[early mental health intervention and suicide prevention programs]~~ for implementation in public elementary, junior high, middle, and high schools within the general education setting. Each school district may select from the list a program or programs appropriate for implementation in the district.

(a-1) The list must include programs in the following areas:

- (1) early mental health intervention;
- (2) mental health promotion and positive youth development;
- (3) substance abuse prevention;
- (4) substance abuse intervention; and
- (5) suicide prevention.

(a-2) The department, the Texas Education Agency, and each regional education service center shall make the list easily accessible on their websites.

(b) The programs on the list must include components that provide for training counselors, teachers, nurses, administrators, and other staff, as well as law enforcement officers and social workers who regularly interact with students, to:

(1) recognize students at risk of committing suicide, including students who are or may be the victims of or who engage in bullying;

(2) recognize students displaying early warning signs and a possible need for early mental health or substance abuse intervention, which warning signs may include declining academic performance, depression, anxiety, isolation, unexplained changes in sleep or eating habits, and destructive behavior toward self and others; and

(3) intervene effectively with students described by Subdivision (1) or (2) by providing notice and referral to a parent or guardian so appropriate action, such as seeking mental health or substance abuse services, may be taken by a parent or guardian.

(d) The board of trustees of each school district may adopt a policy concerning [early] mental health promotion and intervention, substance abuse prevention and intervention, and suicide prevention that:

(1) establishes a procedure for providing notice of a recommendation for early mental health or substance abuse intervention regarding a student to a parent or guardian of the student within a reasonable amount of time after the identification of early warning signs as described by Subsection (b)(2);

(2) establishes a procedure for providing notice of a student identified as at risk of committing suicide to a parent or guardian of the student within a reasonable amount of time after the identification of early warning signs as described by Subsection (b)(2);

(3) establishes that the district may develop a reporting mechanism and may designate at least one person to act as a liaison officer in the district for the purposes of identifying students in need of early mental health or substance abuse intervention or suicide prevention; and

(4) sets out available counseling alternatives for a parent or guardian to consider when their child is identified as possibly being in need of early mental health or substance abuse intervention or suicide prevention.

(e) The policy must prohibit the use without the prior consent of a student's parent or guardian of a medical screening of the student as part of the process of identifying whether the student is possibly in need of early mental health or substance abuse intervention or suicide prevention.

(i) Nothing in this section is intended to interfere with the rights of parents or guardians and the decision-making regarding the best interest of the child. Policy and procedures adopted in accordance with this section are intended to notify a parent or guardian of a need for mental health or substance abuse intervention so that a parent

or guardian may take appropriate action. Nothing in this section shall be construed as giving school districts the authority to prescribe medications. Any and all medical decisions are to be made by a parent or guardian of a student.

SECTION 4. This Act takes effect September 1, 2013.

The amendment was read.

Senator Taylor moved to concur in the House amendment to **SB 831**.

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

SENATE BILL 460 WITH HOUSE AMENDMENTS
(Motion In Writing)

Senator Deuell called **SB 460** 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. 3 on Third Reading

Amend **SB 460** on third reading as follows:

(1) On page 1, line 10, strike "must" and substitute "may".

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

SECTION _____. Section 28.004(c), Education Code, is amended to read as follows:

(c) The local school health advisory council's duties include recommending:

(1) the number of hours of instruction to be provided in health education;

(2) policies, procedures, strategies, and curriculum appropriate for specific grade levels designed to prevent obesity, cardiovascular disease, ~~and~~ Type 2 diabetes, and mental health concerns through coordination of:

(A) health education;

(B) physical education and physical activity;

(C) nutrition services;

(D) parental involvement; ~~and~~

(E) instruction to prevent the use of tobacco;

(F) school health services;

(G) counseling and guidance services;

(H) a safe and healthy school environment; and

(I) school employee wellness; and

(3) appropriate grade levels and methods of instruction for human sexuality instruction; and

(4) strategies for integrating the curriculum components specified by Subdivision (2) with the following elements in a coordinated school health program for the district:

(A) school health services;

(B) counseling and guidance services;

(C) a safe and healthy school environment; and

(D) school employee wellness.

SECTION _____. Section 161.325, Health and Safety Code, is amended by adding Subsections (c-1) and (c-2) and amending Subsection (d) to read as follows:

(c-1) Except as otherwise provided by this subsection, each school district may provide training described in the components set forth under Subsection (b) for teachers, counselors, principals, and all other appropriate personnel. A school district may provide the training at an elementary school campus only to the extent that sufficient funding and programs are available. A school district may implement a program on the list to satisfy the requirements of this subsection.

(c-2) If a school district provides the training under Subsection (c-1):

(1) a school district employee described under that subsection must participate in the training at least one time; and

(2) the school district shall maintain records that include the name of each district employee who participated in the training.

SECTION _____. Subchapter O-1, Chapter 161, Health and Safety Code, is amended by adding Section 161.326 to read as follows:

Sec. 161.326. IMMUNITY. This subchapter does not:

(1) waive any immunity from liability of a school district or of district school officers or employees;

(2) create any liability for a cause of action against a school district or against district school officers or employees; or

(3) waive any immunity from liability under Section 74.151, Civil Practice and Remedies Code.

Floor Amendment No. 4 on Third Reading

Amend Amendment No. 3 by Coleman to **SB 460** (on third reading) by adding the following appropriately numbered item to the amendment and renumbering items appropriately:

() Section 74.151(e), Civil Practice and Remedies Code, is amended to read as follows:

(e) Except as provided by this subsection, this [~~This~~] section does not apply to a person whose negligent act or omission was a producing cause of the emergency for which care is being administered. This subsection does not apply to liability of a school district or district school officer or employee arising from an act or omission under a program or policy or procedure adopted under Subchapter O-1, Chapter 161, Health and Safety Code, other than liability arising from wilful or intentional misconduct.

Floor Amendment No. 5 on Third Reading

Amend Floor Amendment No. 3 to **SB 460** as follows:

Section _____. On page 2, line 16, of the Coleman amendment, insert the following language between "subsection." and "(c-2)":

Any mental health training program offered under this section shall include a component on the risks of prescription drug sharing and prescription drug abuse.

The amendments were read.

Senator Deuell submitted a Motion In Writing 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 In Writing prevailed without objection.

The Presiding Officer asked if there were any motions to instruct the conference committee on **SB 460** before appointment.

There were no motions offered.

The Presiding Officer announced the appointment of the following conferees on the part of the Senate: Senators Deuell, Chair; Patrick, Zaffirini, Taylor, and Van de Putte.

SENATE BILL 841 WITH HOUSE AMENDMENT

Senator Hancock called **SB 841** 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 841** by substituting in lieu thereof the following:

A BILL TO BE ENTITLED AN ACT

relating to certain authorized investments under the Insurance Code.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 424.064(d), Insurance Code, is amended to read as follows:

(d) Except as provided by Section 862.002, an insurer may not own, develop, or hold an equity interest in any residential property or subdivision, single or multiunit family dwelling property, or undeveloped real property to subdivide for or develop residential, single or multiunit family dwellings. This subsection does not apply to an insurer with admitted assets of \$10 billion or more.

SECTION 2. Sections 424.068(a) and (b), Insurance Code, are amended to read as follows:

(a) In addition to the investments in Canada authorized by Sections 424.051, 424.058-424.071, and 424.074 and subject to this section, an insurer may invest the insurer's funds in excess of minimum capital and surplus in ~~[an investment in]~~ a foreign commonwealth, territory, or possession of the United States or a foreign country other than Canada, or invest in debt obligations and investments within a foreign commonwealth, territory, or possession of the United States or within a foreign country other than Canada ~~[a foreign security originating in one of those commonwealths, territories, possessions, or countries,]~~ if:

(1) the investment is similar to investments the insurer is authorized by Sections 424.051, 424.058-424.071, and 424.074 to make within the United States or Canada; and

(2) the ~~[if a]~~ debt obligation or ~~[the]~~ investment is rated one or two by the securities valuation office.

(b) The aggregate amount of an insurer's investments in a single foreign jurisdiction under Sections 424.051, 424.058-424.071, and 424.074 or of an insurer's debt obligations or investments within ~~it~~ a single foreign jurisdiction may not exceed:

(1) as to a foreign jurisdiction that is given a sovereign debt rating of one by the securities valuation office, 10 percent of the insurer's admitted assets; ~~or~~

(2) as to a debt obligation or investment within a foreign jurisdiction that is rated one or two by the securities valuation office, 10 percent of the insurer's admitted assets; or

(3) as to any ~~other~~ foreign investment other than an investment described by Subdivision (1) or (2) ~~jurisdiction~~, five percent of the insurer's admitted assets.

SECTION 3. Section 425.119(f), Insurance Code, is amended to read as follows:

(f) Except as provided by Subsection (g), an insurance company may not own, develop, or hold an equity interest in any residential property or subdivision, single or multiunit family dwelling property, or undeveloped real property to subdivide for or develop residential or single or multiunit family dwellings. This subsection does not apply to an insurer with admitted assets of \$10 billion or more, as determined from the insurer's annual statements that are made as of the December 31 that precedes the date of the determination and are filed with the department as required by law.

SECTION 4. This Act takes effect September 1, 2013.

The amendment was read.

Senator Hancock moved to concur in the House amendment to **SB 841**.

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

CONFERENCE COMMITTEE REPORT ON SENATE BILL 1730 ADOPTED

Senator Nichols called from the President's table the Conference Committee Report on **SB 1730**. The Conference Committee Report was filed with the Senate on Friday, May 17, 2013.

On motion of Senator Nichols, the Conference Committee Report was adopted by the following vote: Yeas 30, Nays 1.

Nays: Campbell.

SENATE BILL 1365 WITH HOUSE AMENDMENT

Senator Duncan called **SB 1365** 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 **CSSB 1365** (house committee report) as follows:

(1) On page 1, line 14, strike "board review" and substitute "~~board~~ review by the district board of trustees".

(2) On page 1, strike lines 19 through 24 and substitute the following:

The board of trustees shall approve for each subject, to the extent available, at least four examinations that satisfy State Board of Education [board] guidelines. The examinations approved by the board of trustees must include:

(1) advanced placement examinations developed by the College Board; and
 (3) On page 2, lines 5 and 6, strike "a board-approved examination for acceleration" and substitute "an [a-board-approved] examination for acceleration approved by the board of trustees under Subsection (a)".

(4) On page 2, lines 14 through 16, strike "a board-approved examination for credit in the subject if the student scores in the 80th [90th] percentile or above on the board-approved examination" and substitute the following: an [a-board-approved] examination for credit in the subject approved by the board of trustees under Subsection (a) if the student scores in the 80th [90th] percentile or above on the examination

(5) Strike page 2, line 25, through page 3, line 15, and substitute the following:

(1) a three or higher on an advanced placement examination approved by the board of trustees under Subsection (a) and developed by the College Board; or

(2) a scaled score of 60 or higher on an examination approved by the board of trustees under Subsection (a) and administered through the College-Level Examination Program.

(d) Each district shall administer each examination approved by the board of trustees under Subsection (a) not fewer [less] than four times each [once-a] year, at times to be determined by the State Board of Education.

(e) Subsection (d) does not apply to an examination that has an administration date that is established by an entity other than the school district.

(6) On page 3, line 17, strike "a board-approved", and substitute "an".

The amendment was read.

Senator Duncan moved to concur in the House amendment to **SB 1365**.

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

RECESS

On motion of Senator Whitmire, the Senate at 2:48 p.m. recessed until 4:00 p.m. today.

AFTER RECESS

The Senate met at 4:11 p.m. and was called to order by Senator Eltife.

MESSAGE FROM THE HOUSE

HOUSE CHAMBER

Austin, Texas

Thursday, May 23, 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 CONCURRED IN THE SENATE AMENDMENTS TO THE FOLLOWING MEASURES:

HB 8 (146 Yeas, 0 Nays, 2 Present, not voting)

HB 346 (143 Yeas, 3 Nays, 2 Present, not voting)

HB 462 (145 Yeas, 0 Nays, 2 Present, not voting)

HB 1079 (139 Yeas, 1 Nays, 2 Present, not voting)

HB 1129 (140 Yeas, 0 Nays, 2 Present, not voting)

HB 1198 (134 Yeas, 7 Nays, 2 Present, not voting)

HB 1573 (128 Yeas, 19 Nays, 2 Present, not voting)

HB 2099 (139 Yeas, 2 Nays, 2 Present, not voting)

HB 2123 (135 Yeas, 4 Nays, 2 Present, not voting)

HB 2362 (145 Yeas, 0 Nays, 2 Present, not voting)

HB 2383 (134 Yeas, 5 Nays, 2 Present, not voting)

HB 2448 (146 Yeas, 1 Nays, 2 Present, not voting)

HB 2532 (116 Yeas, 24 Nays, 2 Present, not voting)

HB 3309 (140 Yeas, 0 Nays, 2 Present, not voting)

HB 3370 (143 Yeas, 0 Nays, 2 Present, not voting)

HB 3536 (79 Yeas, 58 Nays, 2 Present, not voting)

HB 3714 (134 Yeas, 6 Nays, 2 Present, not voting)

HB 3739 (135 Yeas, 5 Nays, 2 Present, not voting)

HB 3914 (138 Yeas, 1 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 12 (non-record vote)

House Conferees: Flynn - Chair/Alvarado/Larson/Martinez Fischer/Perry

HB 2818 (non-record vote)

House Conferees: Sheffield, Ralph - Chair/Geren/Johnson/Kuempel/Thompson, Senfronia

HB 3142 (non-record vote)

House Conferees: Bell - Chair/Fletcher/Nevárez/Pickett/Sheets

HB 3153 (non-record vote)

House Conferees: Lewis - Chair/Farney/Farrar/Gooden/King, Ken

HB 3572 (non-record vote)

House Conferees: Hilderbran - Chair/Bohac/Eiland/Kuempel/Sheffield, J. D.

HB 3648 (non-record vote)

House Conferees: Harper-Brown - Chair/Fletcher/Laubenberg/Lavender/Longoria

HB 3903 (non-record vote)

House Conferees: Isaac - Chair/Ashby/Bonnen, Dennis/Clardy/Workman

Respectfully,

/s/Robert Haney, Chief Clerk
House of Representatives**SENATE BILL 148 WITH HOUSE AMENDMENT**

Senator Williams called **SB 148** 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 148** by substituting in lieu thereof the following:

A BILL TO BE ENTITLED
AN ACT

relating to certain legal advice or legal services rendered to certain public servants.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 36.10, Penal Code, is amended by amending Subsection (a) and adding Subsection (e) to read as follows:

(a) Sections 36.08 (Gift to Public Servant) and 36.09 (Offering Gift to Public Servant) do not apply to:

(1) a fee prescribed by law to be received by a public servant or any other benefit to which the public servant is lawfully entitled or for which he gives legitimate consideration in a capacity other than as a public servant;

(2) a gift or other benefit conferred on account of kinship or a personal, professional, or business relationship independent of the official status of the recipient; ~~(e)~~

(3) a benefit to a public servant required to file a statement under Chapter 572, Government Code, or a report under Title 15, Election Code, that is derived from a function in honor or appreciation of the recipient if:

(A) the benefit and the source of any benefit in excess of \$50 is reported in the statement; and

(B) the benefit is used solely to defray the expenses that accrue in the performance of duties or activities in connection with the office which are nonreimbursable by the state or political subdivision;

- (4) a political contribution as defined by Title 15, Election Code;
- (5) a gift, award, or memento to a member of the legislative or executive branch that is required to be reported under Chapter 305, Government Code;
- (6) an item with a value of less than \$50, excluding cash or a negotiable instrument as described by Section 3.104, Business & Commerce Code;
- (7) an item issued by a governmental entity that allows the use of property or facilities owned, leased, or operated by the governmental entity; ~~or~~
- (8) transportation, lodging, and meals described by Section 36.07(b); or
- (9) complimentary legal advice or legal services relating to a will, power of attorney, advance directive, or other estate planning document rendered:

(A) to a public servant who is a first responder; and

(B) through a program or clinic that is:

(i) operated by a local bar association or the State Bar of Texas; and

(ii) approved by the head of the agency employing the public

servant, if the public servant is employed by an agency.

(e) In this section, "first responder" means:

(1) a peace officer whose duties include responding rapidly to an emergency;

(2) fire protection personnel, as that term is defined by Section 419.021, Government Code;

(3) a volunteer firefighter who performs firefighting duties on behalf of a political subdivision and who is not serving as a member of the Texas Legislature or holding a statewide elected office;

(4) an ambulance driver; or

(5) an individual certified as emergency medical services personnel by the Department of State Health Services.

SECTION 2. The change in law made by this Act applies only to the prosecution of an offense committed on or after the effective date of this Act. The prosecution of an offense committed before the effective date of this Act is covered by the law in effect when the offense was committed, and the former law is continued in effect for that purpose. For purposes of this section, an offense is committed before the effective date of this Act if any element of the offense occurs before the effective date.

SECTION 3. This Act takes effect September 1, 2013.

The amendment was read.

Senator Williams moved to concur in the House amendment to **SB 148**.

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

SENATE BILL 1914 WITH HOUSE AMENDMENT

Senator Garcia called **SB 1914** 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 1914** by substituting in lieu thereof the following:

A BILL TO BE ENTITLED
AN ACT

relating to certain specialty license plates.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 504.401(a), Transportation Code, is amended to read as follows:

(a) The department shall issue specialty license plates [~~that include the words "State Official"~~] to a state official.

SECTION 2. Section 504.603, Transportation Code, is amended to read as follows:

Sec. 504.603. TEXAS CAPITOL LICENSE PLATES. (a) The department shall design and issue specialty license plates relating to [depicting] the State Capitol. The department may design the license plates in consultation with the State Preservation Board.

(b) After deduction of the department's administrative costs, the remainder of the fee for issuance of the license plates shall be deposited to the credit of the Capitol [general revenue] fund established under Section 443.0101, Government Code.

SECTION 3. This Act takes effect September 1, 2013.

The amendment was read.

Senator Garcia moved to concur in the House amendment to **SB 1914**.

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

SENATE BILL 1536 WITH HOUSE AMENDMENT

Senator Van de Putte called **SB 1536** 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 1536** as follows:

(1) On page 58, line 14, between "(3)" and "must", insert "subject to Subsection (c),".

(2) On page 58, between lines 19 and 20, insert the following:

(c) The adjutant general may adopt a policy regarding waiver of the maximum age requirement under Subsection (b)(3).

The amendment was read.

Senator Van de Putte moved to concur in the House amendment to **SB 1536**.

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

SENATE BILL 534 WITH HOUSE AMENDMENT

Senator West called **SB 534** 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 534** (house committee report) by adding the following appropriately numbered SECTIONS to the bill and renumbering subsequent SECTIONS of the bill accordingly:

SECTION _____. Subchapter B, Chapter 264, Family Code, is amended by adding Section 264.120 to read as follows:

Sec. 264.120. DISCHARGE NOTICE. (a) Except as provided by Subsection (b), a substitute care provider with whom the department contracts to provide substitute care services for a child shall include in a discharge notice the following information:

(1) the reason for the child's discharge; and
(2) the provider's recommendation regarding a future placement for the child that would increase the child's opportunity to attain a stable placement.

(b) In an emergency situation in which the department is required under the terms of the contract with the substitute care provider to remove a child within 24 hours after receiving the discharge notice, the provider must provide the information required by Subsection (a) to the department not later than 48 hours after the provider sends the discharge notice.

SECTION _____. Section 263.502(c), Family Code, is amended to read as follows:

(c) The placement review report must identify the department's permanency goal for the child and must:

(1) evaluate whether the child's current placement is appropriate for meeting the child's needs;

(2) evaluate whether efforts have been made to ensure placement of the child in the least restrictive environment consistent with the best interest and special needs of the child if the child is placed in institutional care;

(3) contain a transition plan for a child who is at least 16 years of age that identifies the services and specific tasks that are needed to assist the child in making the transition from substitute care to adult living and describes the services that are being provided through the Transitional Living Services Program operated by the department;

(4) evaluate whether the child's current educational placement is appropriate for meeting the child's academic needs;

(5) identify other plans or services that are needed to meet the child's special needs or circumstances;

(6) describe the efforts of the department or authorized agency to place the child for adoption if parental rights to the child have been terminated and the child is eligible for adoption, including efforts to provide adoption promotion and support services as defined by 42 U.S.C. Section 629a and other efforts consistent with the federal Adoption and Safe Families Act of 1997 (Pub. L. No. 105-89);

(7) for a child for whom the department has been named managing conservator in a final order that does not include termination of parental rights, describe the efforts of the department to find a permanent placement for the child, including efforts to:

- (A) work with the caregiver with whom the child is placed to determine whether that caregiver is willing to become a permanent placement for the child;
- (B) locate a relative or other suitable individual to serve as permanent managing conservator of the child; and
- (C) evaluate any change in a parent's circumstances to determine whether:
- (i) the child can be returned to the parent; or
 - (ii) parental rights should be terminated; ~~and~~
- (8) with respect to a child committed to the Texas Juvenile Justice Department [~~Youth Commission~~] or released under supervision by the Texas Juvenile Justice Department [~~Youth Commission~~]:
- (A) evaluate whether the child's needs for treatment and education are being met;
 - (B) describe, using information provided by the Texas Juvenile Justice Department [~~Youth Commission~~], the child's progress in any rehabilitation program administered by the Texas Juvenile Justice Department [~~Youth Commission~~]; and
 - (C) recommend other plans or services to meet the child's needs; and
- (9) identify any placement changes that have occurred since the most recent court hearing concerning the child and describe any barriers to sustaining the child's placement, including any reason for which a substitute care provider has requested a placement change.

The amendment was read.

Senator West moved to concur in the House amendment to **SB 534**.

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

SENATE BILL 1379 WITH HOUSE AMENDMENT
(Motion In Writing)

Senator Hancock called **SB 1379** 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 1379** by substituting in lieu thereof the following:

A BILL TO BE ENTITLED
AN ACT

relating to the standard valuation for life insurance, accident and health insurance, and annuities.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 425.052, Insurance Code, is amended by amending Subsection (a) and adding Subsection (c) to read as follows:

(a) In this subchapter:

(1) "Accident and health insurance" means contracts that incorporate morbidity risk and provide protection against economic loss resulting from accident, sickness, or medical conditions and as may be specified in the valuation manual.

(2) "Appointed actuary" means a qualified actuary who is appointed in accordance with the valuation manual to prepare the actuarial opinion required by Section 425.0545.

(3) "Company" means an entity that:

(A) has written, issued, or reinsured life insurance contracts, accident and health insurance contracts, or deposit-type contracts in this state and has at least one such policy in force or on claim; or

(B) has written, issued, or reinsured life insurance contracts, accident and health insurance contracts, or deposit-type contracts in any state and is required to hold a certificate of authority to write life insurance, accident and health insurance, or deposit-type contracts in this state.

(4) "Deposit-type contract" means a contract that does not incorporate mortality or morbidity risk and as may be specified in the valuation manual.

(5) "Life insurance" means contracts that incorporate mortality risk, including annuity and pure endowment contracts, and as may be specified in the valuation manual.

(6) "Policyholder behavior" means any action a policyholder, a contract holder, or any other person with the right to elect options, such as a certificate holder, may take under a policy or contract subject to this subchapter, including lapse, withdrawal, transfer, deposit, premium payment, loan, annuitization, or benefit elections prescribed by the policy or contract but excluding events of mortality or morbidity that result in benefits prescribed in their essential aspects by the terms of the policy or contract.

(7) "Principle-based valuation" means the valuation described by Section 425.074.

(8) "Qualified actuary" means an individual who is qualified to sign the applicable statement of actuarial opinion in accordance with the American Academy of Actuaries' qualification standards for actuaries signing such statements and who meets the requirements specified in the valuation manual.

(9) "Reserves" [~~reserves~~] means reserve liabilities.

(10) "Tail risk" means a risk that occurs either where the frequency of low probability events is higher than expected under a normal probability distribution or where there are observed events of very significant size or magnitude.

(11) "Valuation manual" means the manual of valuation instructions adopted by the commissioner by order.

(c) The definitions under Subsection (a) of "accident and health insurance," "appointed actuary," "company," "deposit-type contract," "life insurance," "policyholder behavior," "principle-based valuation," "qualified actuary," and "tail risk" apply only on and after the operative date of the valuation manual.

SECTION 2. The heading to Section 425.053, Insurance Code, is amended to read as follows:

Sec. 425.053. ANNUAL VALUATION OF RESERVES FOR POLICIES AND CONTRACTS ISSUED BEFORE OPERATIVE DATE OF VALUATION MANUAL.

SECTION 3. Section 425.053, Insurance Code, is amended by amending Subsections (a) and (c) and adding Subsections (d) and (e) to read as follows:

(a) The department shall annually value or cause to be ~~[have]~~ valued the reserves for all outstanding life insurance policies and annuity and pure endowment contracts of each life insurance company engaged in business in this state issued before the operative date of the valuation manual. ~~[The department may certify the amount of those reserves, specifying the mortality table or tables, rate or rates of interest, and methods, including the net level premium method or another method, used in computing those reserves.]~~

(c) Instead of valuing the reserves as required by Subsection (a) for a foreign or alien company, the department may accept any valuation made by or for the insurance supervisory official of another state or jurisdiction if:

~~[(1) the valuation complies with the minimum standard provided by this subchapter; and~~

~~[(2) the official accepts as sufficient and valid for all legal purposes a certificate of valuation made by the department that states the valuation was made in a specified manner according to which the aggregate reserves would be at least as large as they would be if computed in the manner prescribed by the law of that state or jurisdiction].~~

(d) Except as otherwise provided by this subchapter, policies and contracts issued on or after the operative date of the valuation manual are governed by Section 425.0535.

(e) The minimum standards for the valuation of policies and contracts issued before the operative date of the valuation manual are as provided by Sections 425.058 through 425.071 and Section 425.072(b), as applicable. Sections 425.072(a), 425.073, and 425.074 do not apply to a policy or contract described by this subsection.

SECTION 4. Subchapter B, Chapter 425, Insurance Code, is amended by adding Section 425.0535 to read as follows:

Sec. 425.0535. ANNUAL VALUATION OF RESERVES FOR POLICIES AND CONTRACTS ISSUED ON OR AFTER OPERATIVE DATE OF VALUATION MANUAL. (a) The commissioner shall annually value, or cause to be valued, the reserves for all outstanding life insurance contracts, annuity and pure endowment contracts, accident and health contracts, and deposit-type contracts of each company issued on or after the operative date of the valuation manual as provided by this section.

(b) In lieu of the valuation of the reserves required of a foreign or alien company, the commissioner may accept a valuation made, or caused to be made, by the insurance supervisory official of another state if the valuation complies with the minimum standard provided by this subchapter.

(c) Sections 425.072(a), 425.073, and 425.074 apply to all policies and contracts issued on or after the operative date of the valuation manual.

SECTION 5. The heading to Section 425.054, Insurance Code, is amended to read as follows:

Sec. 425.054. ACTUARIAL OPINION OF RESERVES BEFORE OPERATIVE DATE OF VALUATION MANUAL [REQUIRED].

SECTION 6. Section 425.054, Insurance Code, is amended by amending Subsection (a) and adding Subsections (a-1), (j), (k), (l), (m), (n), (o), (p), and (q) to read as follows:

(a) This section applies only to an actuarial opinion of reserves before the operative date of the valuation manual.

(a-1) For purposes of this section, "qualified actuary" means:

(1) a qualified actuary, as that term is defined by Section 802.002; or
(2) a person who, before September 1, 1993, satisfied the requirements of the former State Board of Insurance to submit an opinion under former Section 2A(a)(1), Article 3.28.

(j) Except as provided by Subsections (l), (n), (o), and (p), any document or other information in the possession or control of the department that is a memorandum in support of the opinion or other material provided by the company to the commissioner in connection with a memorandum is confidential and not subject to:

(1) disclosure under Chapter 552, Government Code;

(2) subpoena;

(3) discovery; or

(4) admissibility as evidence in a private civil action.

(k) The commissioner or any person who receives a document or other information described by Subsection (j) while acting under the authority of the commissioner may not testify and may not be compelled to testify in a private civil action concerning the document or other information.

(l) The commissioner may:

(1) share documents or other information, including the confidential and privileged documents or information described by Subsection (j), with another state, federal, or international regulatory agency, with the National Association of Insurance Commissioners and its affiliates and subsidiaries, and with state, federal, and international law enforcement authorities, provided that the recipient agrees to maintain the confidentiality of the document or information;

(2) receive documents or other information, including confidential documents or information, from the National Association of Insurance Commissioners and its affiliates and subsidiaries, and from regulatory and law enforcement officials of other foreign or domestic jurisdictions, provided that the commissioner shall maintain as confidential any document or information received with notice or understanding that it is confidential under the laws of the jurisdiction that is the source of the document or information; and

(3) enter into agreements governing sharing and use of documents and other information consistent with this section.

(m) Disclosing information or providing a document to the commissioner under this section, or sharing information as authorized under this section, does not result in a waiver of any applicable privilege or claim of confidentiality that may apply to the document or information.

(n) A memorandum in support of the opinion, and any other material provided by the company to the commissioner in connection with the memorandum, may be subject to subpoena for the purpose of defending an action seeking damages from the actuary submitting the memorandum by reason of an action required by this section or rules adopted under this section.

(o) The memorandum or other material provided by the company to the commissioner in connection with the memorandum may otherwise be released by the commissioner with the written consent of the company, or to the Actuarial Board for Counseling and Discipline or its successor on receipt of a request stating that the memorandum or other material is required for the purpose of professional disciplinary proceedings and setting forth procedures satisfactory to the commissioner for preserving the confidentiality of the memorandum or other material.

(p) The memorandum ceases to be confidential if:

(1) any portion of the memorandum is cited by the company in its marketing;

(2) the memorandum is cited by the company before a government agency other than a state insurance department; or

(3) the memorandum is released by the company to the news media.

(q) This section does not prohibit the commissioner from using information acquired under this section in the furtherance of a legal or regulatory action relating to the administration of this code.

SECTION 7. Subchapter B, Chapter 425, Insurance Code, is amended by adding Section 425.0545 to read as follows:

Sec. 425.0545. ACTUARIAL OPINION OF RESERVES AFTER OPERATIVE DATE OF VALUATION MANUAL. (a) A company that has outstanding life insurance contracts, accident and health insurance contracts, or deposit-type contracts in this state and is subject to regulation by the department shall annually submit the opinion of the appointed actuary as to whether the reserves and related actuarial items held in support of the policies and contracts are computed appropriately, are based on assumptions that satisfy contractual provisions, are consistent with prior reported amounts, and are in compliance with applicable laws of this state. An opinion under this section must comply with provisions of the valuation manual, including in regard to any items necessary to its scope.

(b) Unless exempted by the valuation manual, a company described by Subsection (a) shall include with the opinion required by that subsection an opinion of the same appointed actuary concerning whether the reserves and related actuarial items held in support of the policies and contracts specified in the valuation manual, when considered in light of the assets held by the company with respect to the reserves and related actuarial items, including investment earnings on the assets and considerations anticipated to be received and retained under the policies and contracts, make adequate provision for the company's obligations under the policies and contracts, including benefits under and expenses associated with the policies and contracts.

(c) Each opinion required by this section must:

(1) be in the form and contain the substance that is specified by the valuation manual and is acceptable to the commissioner;

(2) be submitted with the annual statement reflecting the valuation of reserves for each year ending on or after the operative date of the valuation manual;

(3) apply to all policies and contracts subject to this section, plus other actuarial liabilities specified by the valuation manual; and

(4) be based on standards adopted from time to time by the Actuarial Standards Board or its successor, and on any additional standards prescribed by the valuation manual.

(d) In the case of an opinion required to be submitted by a foreign or alien company, the commissioner may accept the opinion filed by the company with the insurance supervisory official of another state if the commissioner determines that the opinion reasonably meets the requirements applicable to a company domiciled in this state.

SECTION 8. Section 425.055(a), Insurance Code, is amended to read as follows:

(a) A memorandum [~~that, in form and substance, complies with the commissioner's rules~~] shall be prepared to support each actuarial opinion required by Section 425.054 or 425.0545. The form and substance of each supporting memorandum must comply with the commissioner's rules for memorandums subject to Section 425.054, or the valuation manual for memorandums subject to Section 425.0545.

SECTION 9. Section 425.056(a), Insurance Code, is amended to read as follows:

(a) Except in cases of fraud or wilful misconduct or as provided by Subsection (b), a person who certifies an opinion under Section 425.054 or 425.0545 is not liable for damages to a person, other than the life insurance company covered by the opinion, for an act, error, omission, decision, or other conduct with respect to the person's opinion.

SECTION 10. Section 425.057, Insurance Code, is amended to read as follows:

Sec. 425.057. **DISCIPLINARY ACTION: COMPANY OR PERSON CERTIFYING OPINION.** A company or person that certifies an opinion under Section 425.054 or 425.0545 and that violates Section 425.054, 425.0545, or 425.055 or rules adopted or orders issued under those sections is subject to disciplinary action under Chapter 82.

SECTION 11. The heading to Section 425.058, Insurance Code, is amended to read as follows:

Sec. 425.058. **COMPUTATION [~~VALUATION~~] OF MINIMUM STANDARD [POLICY OR CONTRACT]: GENERAL RULE.**

SECTION 12. The heading to Section 425.059, Insurance Code, is amended to read as follows:

Sec. 425.059. **COMPUTATION [~~VALUATION~~] OF MINIMUM STANDARD FOR CERTAIN ANNUITIES AND PURE ENDOWMENT CONTRACTS.**

SECTION 13. The heading to Section 425.064, Insurance Code, is amended to read as follows:

Sec. 425.064. **COMMISSIONERS RESERVE VALUATION METHOD FOR LIFE INSURANCE AND ENDOWMENT BENEFITS.**

SECTION 14. The heading to Section 425.065, Insurance Code, is amended to read as follows:

Sec. 425.065. **COMMISSIONERS ANNUITY RESERVE VALUATION METHOD FOR ANNUITY AND PURE ENDOWMENT BENEFITS.**

SECTION 15. Subchapter B, Chapter 425, Insurance Code, is amended by adding Sections 425.072, 425.073, 425.074, 425.075, 425.076, and 425.077 to read as follows:

Sec. 425.072. MINIMUM STANDARD FOR ACCIDENT AND HEALTH INSURANCE CONTRACTS. (a) The standard prescribed by the valuation manual for accident and health insurance contracts issued on or after the operative date of the valuation manual is the minimum standard of valuation required under Section 425.0535.

(b) For disability, accident and sickness, and accident and health insurance contracts issued before the operative date of the valuation manual, the minimum standard of valuation is the standard in existence before the operative date of the valuation manual.

Sec. 425.073. POLICIES ISSUED ON OR AFTER THE OPERATIVE DATE OF THE VALUATION MANUAL. (a) Except as otherwise provided by this section, for policies issued on or after the operative date of the valuation manual, the standard prescribed by the valuation manual is the minimum standard of valuation required under Section 425.0535.

(b) The commissioner by order shall adopt a valuation manual and determine the operative date of the valuation manual. A valuation manual adopted by the commissioner under this section must be substantially similar to the valuation manual approved by the National Association of Insurance Commissioners. The operative date must be January 1 of the first calendar year immediately following a year in which, on or before July 1, the commissioner determines that:

(1) the valuation manual has been adopted by the National Association of Insurance Commissioners by an affirmative vote of at least 42 members, or three-fourths of the members voting, whichever is greater;

(2) the National Association of Insurance Commissioners Standard Model Valuation Law, as amended by the National Association of Insurance Commissioners in 2009, or legislation including substantially similar terms and provisions, has been enacted by states representing greater than 75 percent of the direct premiums written as reported in the following annual statements submitted for 2008:

(A) life insurance and accident and health annual statements;

(B) health annual statements; or

(C) fraternal annual statements; and

(3) the National Association of Insurance Commissioners Standard Model Valuation Law, as amended by the National Association of Insurance Commissioners in 2009, or legislation including substantially similar terms and provisions, has been enacted by at least 42 of the following 55 jurisdictions:

(A) the 50 United States;

(B) American Samoa;

(C) the United States Virgin Islands;

(D) the District of Columbia;

(E) Guam; and

(F) Puerto Rico.

(c) After a valuation manual has been adopted by the commissioner by order, any changes to the valuation manual must be adopted by order and must be substantially similar to changes adopted by the National Association of Insurance Commissioners. Unless a change in the valuation specifies a later effective date, the effective date for changes to the valuation manual may not be earlier than January 1 of the year immediately following the date on which the commissioner determines that the changes to the valuation manual have been adopted by the National Association of Insurance Commissioners by an affirmative vote representing:

(1) at least three-fourths of the members of the National Association of Insurance Commissioners voting, but not less than a majority of the total membership; and

(2) members of the National Association of Insurance Commissioners representing jurisdictions totaling greater than 75 percent of the direct premiums written as reported in the most recently available annual statements as provided by Subsections (b)(2)(A)-(C).

(d) The valuation manual must specify:

(1) the minimum valuation standards for and definitions of the policies or contracts subject to Section 425.0535, including:

(A) the commissioner's reserve valuation method for life insurance contracts subject to Section 425.0535;

(B) the commissioner's annuity reserve valuation method for annuity contracts subject to Section 425.0535; and

(C) the minimum reserves for all other policies or contracts subject to Section 425.0535;

(2) the policies or contracts that are subject to the requirements of a principle-based valuation under Section 425.074 and the minimum valuation standards consistent with those requirements, including:

(A) the requirements for the format of reports to the commissioner under Section 425.074(b)(3), which must include the information necessary to determine if a valuation is appropriate and in compliance with this subchapter;

(B) the assumptions prescribed for risks over which the company does not have significant control or influence; and

(C) the procedures for corporate governance and oversight of the actuarial function, and a process for appropriate waiver or modification of the procedures;

(3) the policies that are not subject to a principle-based valuation under Section 425.074;

(4) the data and form of data required under Section 425.074, to whom the data must be submitted, and other desired requirements, including requirements concerning data analyses and reporting of analyses; and

(5) other requirements, including requirements relating to reserve methods, models for measuring risk, generation of economic scenarios, assumptions, margins, use of company experience, disclosure, certification, reports, actuarial opinions and memorandums, transition rules, and internal controls.

(e) With respect to policies that are not subject to a principle-based valuation under Section 425.074 as described by Subsection (d)(3), the minimum valuation standard specified in the valuation manual must:

(1) be consistent with the minimum valuation standard before the operative date of the valuation manual; or

(2) develop reserves that quantify the benefits and guarantees, and the funding, associated with the contracts and their risks at a level of conservatism that reflects conditions that include unfavorable events that have a reasonable probability of occurring.

(f) In the absence of a specific valuation requirement or if a specific valuation requirement in the valuation manual does not in the commissioner's opinion comply with this subchapter, the company shall, with respect to the requirement, comply with minimum valuation standards prescribed by the commissioner by rule.

(g) The commissioner may employ or contract with a qualified actuary, at the expense of the company, to perform an actuarial examination of the company and provide an opinion concerning the appropriateness of any reserve assumption or method used by the company, or to review and provide an opinion on a company's compliance with any requirement of this subchapter. The commissioner may rely on the opinion, regarding provisions contained within this subchapter, of a qualified actuary engaged by the insurance supervisory official of another state.

(h) The commissioner may require a company to change an assumption or method as necessary in the commissioner's opinion to comply with a requirement of the valuation manual or this subchapter.

(i) The commissioner may take other disciplinary action as permitted under Chapter 82.

Sec. 425.074. REQUIREMENTS OF A PRINCIPLE-BASED VALUATION.

(a) A company shall establish reserves using a principle-based valuation that meets the conditions for policies or contracts provided by the valuation manual. At a minimum, the valuation shall:

(1) quantify the benefits and guarantees, and the funding, associated with the contracts and their risks at a level of conservatism that reflects conditions that include unfavorable events that have a reasonable probability of occurring during the terms of the contracts;

(2) with respect to policies and contracts with significant tail risk, reflect conditions appropriately adverse to quantify the tail risk;

(3) incorporate assumptions, risk analysis methods, and financial models and management techniques that are consistent with those used in the company's overall risk assessment process, while recognizing potential differences in financial reporting structures and any prescribed assumptions or methods;

(4) incorporate assumptions:

(A) prescribed by the valuation manual; or

(B) established:

(i) using the company's available experience, to the extent that data is relevant and statistically credible; or

(ii) to the extent that the company data is not available, relevant, or statistically credible, using other relevant, statistically credible experience; and

(5) provide margins for uncertainty, including adverse deviation and estimation error, such that the greater the uncertainty the larger the margin and resulting reserve.

(b) A company using a principle-based valuation for one or more policies or contracts subject to this section and as specified by the valuation manual shall:

(1) establish procedures for corporate governance and oversight of the actuarial valuation function consistent with procedures specified by the valuation manual;

(2) provide to the commissioner and the company's board of directors an annual certification of the effectiveness of the internal controls with respect to the principle-based valuation; and

(3) develop, and file with the commissioner on request, a principle-based valuation report that complies with standards prescribed in the valuation manual.

(c) A company's internal controls with respect to the principle-based valuation must be designed to ensure that all material risks inherent in the liabilities and associated assets subject to the valuation are included in the valuation, and that valuations are made in accordance with the valuation manual. The certification described by Subsection (b)(2) must be based on the controls in place as of the end of the preceding calendar year.

(d) A principle-based valuation may include a prescribed formulaic reserve component.

Sec. 425.075. EXPERIENCE REPORTING FOR POLICIES IN FORCE ON OR AFTER OPERATIVE DATE OF VALUATION MANUAL. A company shall submit mortality, morbidity, policyholder behavior, or expense experience and other data as prescribed in the valuation manual.

Sec. 425.076. CONFIDENTIALITY. (a) In this section, "confidential information" means:

(1) a memorandum in support of an opinion submitted under Section 425.0545 and any other documents, materials, and other information, including, but not limited to, all working papers, and copies thereof, created, produced, or obtained by or disclosed to the commissioner or any other person in connection with such memorandum;

(2) all documents, materials, and other information, including, but not limited to, all working papers, and copies thereof, created, produced, or obtained by or disclosed to the commissioner or any other person in the course of an examination made under Section 425.073(g); provided, however, that if an examination report or other material prepared in connection with an examination made under Subchapter B, Chapter 401, is not held as private and confidential information under Subchapter B, Chapter 401, an examination report or other material prepared in connection with an examination made under Section 425.073(g) shall not be "confidential information" to the same extent as if such examination report or other material had been prepared under Subchapter B, Chapter 401;

(3) any reports, documents, materials, and other information developed by a company in support of, or in connection with, an annual certification by the company under Section 425.074(b)(2) evaluating the effectiveness of the company's internal controls with respect to a principle-based valuation and any other documents,

materials, and other information, including, but not limited to, all working papers, and copies thereof, created, produced, or obtained by or disclosed to the commissioner or any other person in connection with such reports, documents, materials, and other information;

(4) any principle-based valuation report developed under Section 425.074(b)(3) and any other documents, materials, and other information, including, but not limited to, all working papers, and copies thereof, created, produced, or obtained by or disclosed to the commissioner or any other person in connection with such report; and

(5) any documents, materials, data, and other information submitted by a company under Section 425.075 (collectively, "experience data") and any other documents, materials, data, and other information, including, but not limited to, all working papers, and copies thereof, created or produced in connection with such experience data, in each case that include any potentially company-identifying or personally identifiable information, that is provided to or obtained by the commissioner (together with any "experience data," the "experience materials") and any other documents, materials, data, and other information, including, but not limited to, all working papers, and copies thereof, created, produced, or obtained by or disclosed to the commissioner or any other person in connection with such experience materials.

(b) Except as provided in this section, a company's confidential information is confidential by law and privileged, and shall not be subject to Chapter 552, Government Code, shall not be subject to subpoena, and shall not be subject to discovery or admissible in evidence in any private civil action; provided, however, that the commissioner is authorized to use the confidential information in the furtherance of any regulatory or legal action brought against the company as a part of the commissioner's official duties.

(c) Neither the commissioner nor any person who received confidential information while acting under the authority of the commissioner shall be permitted or required to testify in any private civil action concerning any confidential information.

(d) In order to assist in the performance of the commissioner's duties, the commissioner may share confidential information (1) with other state, federal, and international regulatory agencies and with the National Association of Insurance Commissioners and its affiliates and subsidiaries and (2) in the case of confidential information specified in Subsections (a)(1) and (a)(4) only, with the Actuarial Board for Counseling and Discipline or its successor upon request stating that the confidential information is required for the purpose of professional disciplinary proceedings and with state, federal, and international law enforcement officials; in the case of (1) and (2), provided that such recipient agrees, and has the legal authority to agree, to maintain the confidentiality and privileged status of such documents, materials, data, and other information in the same manner and to the same extent as required for the commissioner.

(e) The commissioner may receive documents, materials, data, and other information, including otherwise confidential and privileged documents, materials, data, or information, from the National Association of Insurance Commissioners and its affiliates and subsidiaries, from regulatory or law enforcement officials of other

foreign or domestic jurisdictions and from the Actuarial Board for Counseling and Discipline or its successor and shall maintain as confidential or privileged any document, material, data, or other information received with notice or the understanding that it is confidential or privileged under the laws of the jurisdiction that is the source of the document, material, or other information.

(f) The commissioner may enter into agreements governing sharing and use of information consistent with Subsections (b) through (k).

(g) No waiver of any applicable privilege or claim of confidentiality in the confidential information shall occur as a result of disclosure to the commissioner under this section or as a result of sharing as authorized in Subsection (d).

(h) A privilege established under the law of any state or jurisdiction that is substantially similar to the privilege established under Subsections (b) through (k) shall be available and enforced in any proceeding in, and in any court of, this state.

(i) In this section, a reference to a regulatory agency, law enforcement agency, or the National Association of Insurance Commissioners includes an employee, agent, consultant, or contractor of the agency or association, as applicable.

(j) Notwithstanding this section, any confidential information specified in Subsections (a)(1) and (a)(4) may be:

(1) subject to subpoena for the purpose of defending an action seeking damages from the appointed actuary submitting the related memorandum in support of an opinion submitted under Section 425.054 or 425.0545 or a principle-based valuation report developed under Section 425.074(b)(3) by reason of an action required by this subchapter or by rules adopted or orders issued under this subchapter; and

(2) released by the commissioner with the written consent of the company.

(k) Once any portion of a memorandum in support of an opinion submitted under Section 425.0545 or a principle-based valuation report developed under Section 425.074(b)(3) is cited by the company in its marketing or is publicly volunteered to or before a governmental agency other than a state insurance department or is released by the company to the news media, all portions of such memorandum or report shall no longer be confidential.

Sec. 425.077. SINGLE STATE EXEMPTION. The commissioner may exempt specific product forms or product lines of a domestic company that is licensed and doing business only in this state from the requirements of Section 425.073 if:

(1) the commissioner has issued an exemption in writing to the company and has not subsequently revoked the exemption in writing; and

(2) the company computes reserves using assumptions and methods used before the operative date of the valuation manual in addition to any requirements established by the commissioner and adopted by rule.

SECTION 16. The commissioner of insurance shall determine whether the National Association of Insurance Commissioners and a sufficient number of states and other jurisdictions have adopted a valuation manual as required by Section 425.073(b), Insurance Code, as added by this Act. As soon as practicable after the commissioner of insurance determines that the National Association of Insurance

Commissioners and a sufficient number of states and other jurisdictions have adopted the valuation manual as required by that section, the commissioner of insurance shall adopt rules or issue orders necessary to implement this Act.

SECTION 17. This Act takes effect January 1, 2014.

The amendment was read.

Senator Hancock submitted a Motion In Writing 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 In Writing prevailed without objection.

The Presiding Officer asked if there were any motions to instruct the conference committee on **SB 1379** before appointment.

There were no motions offered.

The Presiding Officer announced the appointment of the following conferees on the part of the Senate: Senators Hancock, Chair; Taylor, Van de Putte, Ellis, and Huffman.

CONFERENCE COMMITTEE ON HOUSE BILL 2152

Senator Lucio 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 2152** 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 2152** 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 Lucio, Chair; Deuell, Ellis, Eltife, and Seliger.

(Senator Whitmire in Chair)

CONFERENCE COMMITTEE REPORT ON SENATE BILL 1546 ADOPTED

Senator Eltife called from the President's table the Conference Committee Report on **SB 1546**. The Conference Committee Report was filed with the Senate on Thursday, May 16, 2013.

On motion of Senator Eltife, the Conference Committee Report was adopted by the following vote: Yeas 31, Nays 0.

(Senator Eltife in Chair)

SENATE RESOLUTION 1029

Senator Nelson offered the following resolution:

BE IT RESOLVED by the Senate of the State of Texas, 83rd Legislature, Regular Session, 2013, That Senate Rule 12.03 be suspended in part as provided by Senate Rule 12.08 to enable the conference committee appointed to resolve the differences on House Bill 1160 (the transfer of a certificate of convenience and necessity in certain municipalities) to consider and take action on the following matter:

Senate Rule 12.03(1) is suspended to permit the committee to change text not in disagreement in proposed Section 1 of the bill, in added Section 552.024(a), Local Government Code, to read as follows:

(a) This section applies to:

(1) a municipality that:

(A) has a population of not more than 2,500;

(B) is located in a county that:

(i) has a population of 1.7 million or more; and

(ii) has two municipalities with a population of 300,000 or more;

and

(C) is served by a public utility that:

(i) provides service to the entire municipality; and

(ii) charges rates for 5,000 gallons of water for residential customers that are at least 50 percent higher than the rates charged by a municipally owned utility that serves another part of the county in which the municipality is located; and

(2) a municipality:

(A) with a population of more than 95,000;

(B) located in a county that:

(i) borders Lake Palestine; and

(ii) has a population of more than 200,000;

(C) that owns and operates a utility that provides sewer service; and

(D) that has an area within the boundaries of the municipality that is certificated to another retail public utility that provides sewer service.

Explanation: The change is necessary to specify the municipalities to which the added section will apply.

NELSON
ELTIFE

SR 1029 was read and was adopted by the following vote: Yeas 31, Nays 0.

**CONFERENCE COMMITTEE REPORT ON
HOUSE BILL 1160 ADOPTED**

Senator Nelson called from the President's table the Conference Committee Report on **HB 1160**. The Conference Committee Report was filed with the Senate on Tuesday, May 21, 2013.

On motion of Senator Nelson, the Conference Committee Report was adopted by the following vote: Yeas 31, Nays 0.

SENATE RESOLUTION 1017

Senator Duncan offered the following resolution:

SR 1017, Recognizing May 23, 2013, as Leadership Plainview Day.

The resolution was read and was adopted without objection.

MESSAGE FROM THE HOUSE

HOUSE CHAMBER

Austin, Texas

Thursday, May 23, 2013 - 4

(Revised Message)

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 GRANTED THE REQUEST OF THE SENATE FOR THE APPOINTMENT OF A CONFERENCE COMMITTEE ON THE FOLLOWING MEASURES:

SB 7 (non-record vote)

House Conferees: Raymond - Chair/Alvarado/Pitts/Ratliff/Zerwas

SB 8 (non-record vote)

House Conferees: Kolkhorst - Chair/Bonnen, Greg/Davis, Sarah/Raymond/Zedler

SB 58 (non-record vote)

House Conferees: Zerwas - Chair/Davis, John/Naishtat/Price/Rose

SB 358 (non-record vote)

House Conferees: Muñoz, Jr. - Chair/Carter/Herrero/Moody/Toth

SB 578 (non-record vote)

House Conferees: Sheffield, J. D. - Chair/Johnson/Miller, Rick/Morrison/Simmons

SB 1017 (non-record vote)

House Conferees: Lavender - Chair/Goldman/Guerra/Paddie/Thompson, Ed

SB 1023 (non-record vote)

House Conferees: Naishtat - Chair/Cook/Geren/Larson/Turner, Sylvester

SB 1106 (non-record vote)

House Conferees: Davis, John - Chair/Alvarado/Davis, Yvonne/Huberty/Zerwas

SB 1458 (non-record vote)

House Conferees: Callegari - Chair/Allen/Alonzo/Branch/Stephenson

SB 1678 (non-record vote)

House Conferees: Isaac - Chair/Davis, John/Geren/Larson/Menéndez

THE HOUSE HAS ADOPTED THE FOLLOWING CONFERENCE COMMITTEE REPORTS:

SB 176 (146 Yeas, 0 Nays, 2 Present, not voting)

SB 971 (144 Yeas, 1 Nays, 2 Present, not voting)

Respectfully,

/s/Robert Haney, Chief Clerk
House of Representatives

BILLS SIGNED

The Presiding Officer announced the signing of the following enrolled bills in the presence of the Senate after the captions had been read:

SB 542, SB 545, SB 551, SB 564, SB 583, SB 608, SB 609, SB 623, SB 631, SB 632, SB 639, SB 658, SB 660.

SENATE BILL 894 WITH HOUSE AMENDMENTS

Senator Whitmire called **SB 894** 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 894** by substituting in lieu thereof the following:

A BILL TO BE ENTITLED AN ACT

relating to real property within the Capitol complex.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter F, Chapter 2165, Government Code, is amended by adding Section 2165.259 to read as follows:

Sec. 2165.259. CAPITOL COMPLEX. (a) In this section, "Capitol complex" has the meaning assigned by Section 443.0071.

(b) Notwithstanding Subchapter D, the commission may not lease, sell, or otherwise dispose of real property or an interest in real property located in the Capitol complex.

(c) This section does not affect the commission's authority under Subchapter E to lease space in state office buildings and parking garages.

SECTION 2. Section 2267.003, Government Code, as added by Chapter 1334 (S.B. 1048), Acts of the 82nd Legislature, Regular Session, 2011, is amended to read as follows:

Sec. 2267.003. APPLICABILITY. This chapter does not apply to:

(1) the financing, design, construction, maintenance, or operation of a highway in the state highway system;

(2) a transportation authority created under Chapter 451, 452, 453, or 460, Transportation Code; [✕]

(3) any telecommunications, cable television, video service, or broadband infrastructure other than technology installed as part of a qualifying project that is essential to the project; or

(4) a qualifying project located in the Capitol complex, as defined by Section 443.0071.

SECTION 3. Section 31.155(d), Natural Resources Code, is amended to read as follows:

(d) The duty under this subchapter of the division to review and verify real property records and to make recommendations regarding real property and of the commissioner to prepare a report involving real property does not apply to:

(1) the real property of an institution of higher education;

(2) the real property that is part of a fund created or specifically authorized by the constitution of this state and that is administered by or with the assistance of the land office;

(3) the real property of the Employees Retirement System of Texas; ~~and~~

(4) the real property of the Teacher Retirement System of Texas; and

(5) the real property located in the Capitol complex, as defined by Section 443.0071, Government Code.

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. 3

Amend **CSSB 894** (house committee printing) by striking SECTION 2 of the bill and substituting the following:

SECTION 2. Subchapter A, Chapter 2267, Government Code, as added by Chapter 1334 (S.B. 1048), Acts of the 82nd Legislature, Regular Session, 2011, is amended by adding Section 2267.005 to read as follows:

Sec. 2267.005. QUALIFYING PROJECTS IN CAPITOL COMPLEX. The Texas Facilities Commission may develop or operate a qualifying project located in the Capitol complex, as defined by Section 443.0071, as provided by this chapter only if specifically granted the authority by the legislature.

The amendments were read.

Senator Whitmire moved to concur in the House amendments to **SB 894**.

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

SENATE BILL 997 WITH HOUSE AMENDMENT

Senator Deuell called **SB 997** 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 997** by substituting in lieu thereof the following:

A BILL TO BE ENTITLED
AN ACT

relating to the sales and use tax consequences of economic development agreements made by certain municipalities.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 321.203, Tax Code, is amended by adding Subsections (c-4) and (c-5) to read as follows:

(c-4) Subsection (c) does not apply if:

(1) the taxable item is shipped or delivered from a warehouse:

(A) located in a municipality with a population of 5,000 or less;

(B) that is a place of business of the retailer;

(C) in relation to which the retailer has an economic development agreement with the municipality that was entered into under Chapter 380, 504, or 505, Local Government Code, or a predecessor statute, before January 1, 2009; and

(D) in relation to which the municipality provided information relating to the economic development agreement as required by Subsection (c-3), as that subsection existed immediately before its expiration; and

(2) the place of business of the retailer at which the retailer first receives the order in the manner described by Subsection (c) is a retail outlet identified in the information required by Subsection (c-3), as that subsection existed immediately before its expiration, as being served by the warehouse on January 1, 2009.

(c-5) This subsection and Subsection (c-4) expire September 1, 2024.

SECTION 2. Section 323.203, Tax Code, is amended by adding Subsections (c-4) and (c-5) to read as follows:

(c-4) Subsection (c) does not apply if:

(1) the taxable item is shipped or delivered from a warehouse:

(A) located in a municipality with a population of 5,000 or less;

(B) that is a place of business of the retailer;

(C) in relation to which the retailer has an economic development agreement with the municipality that was entered into under Chapter 380, 504, or 505, Local Government Code, or a predecessor statute, before January 1, 2009; and

(D) in relation to which the municipality provided information relating to the economic development agreement as required by Section 321.203(c-3), as that subsection existed immediately before its expiration; and

(2) the place of business of the retailer at which the retailer first receives the order in the manner described by Subsection (c) is a retail outlet identified in the information required by Section 321.203(c-3), as that subsection existed immediately before its expiration, as being served by the warehouse on January 1, 2009.

(c-5) This subsection and Subsection (c-4) expire September 1, 2024.

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 amendment was read.

Senator Deuell moved to concur in the House amendment to **SB 997**.

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

SENATE BILL 1729 WITH HOUSE AMENDMENT

Senator Nichols called **SB 1729** 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 1729** (house committee report) as follows:

(1) On page 1, line 18, strike "and".

(2) On page 1, line 20, strike the period and substitute "; and".

(3) On page 1, between lines 20 and 21, insert the following:

(4) notwithstanding Subdivisions (1)-(3), any county in which the department operates a driver's license office as a scheduled or mobile office.

The amendment was read.

Senator Nichols moved to concur in the House amendment to **SB 1729**.

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

MOTION TO RECESS

On motion of Senator Whitmire and by unanimous consent, the Senate at 5:15 p.m. agreed to recess, pending the receipt of Messages from the House, until 11:00 a.m. tomorrow.

MESSAGE FROM THE HOUSE

HOUSE CHAMBER

Austin, Texas

Thursday, May 23, 2013 - 5

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:

HCR 205 Menéndez

In memory of U.S. Marine Corporal Michael Arthur Preuss of Houston.

HCR 206 Menéndez

In memory of U.S. Army Specialist James Jesse Delacruz of Spring.

HCR 207 Menéndez

In memory of U.S. Marine Sergeant Lorenzo Aranda, Jr., of Baytown.

THE HOUSE HAS CONCURRED IN THE SENATE AMENDMENTS TO THE FOLLOWING MEASURES:

HB 148 (132 Yeas, 11 Nays, 2 Present, not voting)

HB 581 (131 Yeas, 14 Nays, 2 Present, not voting)

HB 826 (145 Yeas, 0 Nays, 2 Present, not voting)

HB 866 (146 Yeas, 0 Nays, 2 Present, not voting)

HB 984 (144 Yeas, 0 Nays, 2 Present, not voting)

HB 1382 (142 Yeas, 2 Nays, 2 Present, not voting)

HB 2036 (142 Yeas, 3 Nays, 2 Present, not voting)

HB 2100 (144 Yeas, 2 Nays, 2 Present, not voting)

HB 2201 (146 Yeas, 0 Nays, 2 Present, not voting)

HB 3259 (145 Yeas, 0 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 29 (non-record vote)

House Conferees: Branch - Chair/Alvarado/Burkett/Button/Darby

HB 1897 (non-record vote)

House Conferees: Eiland - Chair/Anchia/Harless/Huberty/Kacal

HB 1951 (non-record vote)

House Conferees: Thompson, Senfronia - Chair/Clardy/Raymond/Sheets/Simmons

THE HOUSE HAS GRANTED THE REQUEST OF THE SENATE FOR THE APPOINTMENT OF A CONFERENCE COMMITTEE ON THE FOLLOWING MEASURES:

SB 396 (non-record vote)

House Conferees: Martinez, "Mando" - Chair/Darby/Gutierrez/Menéndez/Moody

Respectfully,

/s/Robert Haney, Chief Clerk
House of Representatives

ORDERED NOT PRINTED

The Conference Committee Report on **SB-1** was ordered not printed in the *Senate Journal*.

CONFERENCE COMMITTEE REPORT ON SENATE BILL 1

Senator Williams submitted the following Conference Committee Report:

Austin, Texas
May 23, 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 1** have had the same under consideration, and beg to report it back with the recommendation that it do pass.

WILLIAMS
HINOJOSA
WHITMIRE
NELSON
DUNCAN

PITTS
CROWNOVER
OTTO
ZERWAS

On the part of the Senate

On the part of the House

The Conference Committee Report on **SB 1** was filed with the Secretary of the Senate.

**CONFERENCE COMMITTEE REPORT ON
SENATE BILL 700**

Senator Hegar submitted the following Conference Committee Report:

Austin, Texas
May 23, 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 700** 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.

HEGAR
BIRDWELL
RODRÍGUEZ
SCHWERTNER
ZAFFIRINI

KACAL
CLARDY
GONZÁLEZ, MARY
LARSON
LEWIS

On the part of the Senate

On the part of the House

**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 water, electricity, gasoline, and natural gas 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.

The Conference Committee Report on **SB 700** was filed with the Secretary of the Senate.

CONFERENCE COMMITTEE REPORT ON SENATE BILL 396

Senator Hegar submitted the following Conference Committee Report:

Austin, Texas
May 23, 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 396** 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.

HEGAR
ELLIS

MARTINEZ, "MANDO"
MENÉNDEZ

ESTES
 HUFFMAN
 WILLIAMS
 On the part of the Senate

MOODY
 DARBY
 GUTIERREZ
 On the part of the House

A BILL TO BE ENTITLED
 AN ACT

relating to the provision of state death benefits to certain employees of the Department of Public Safety of the State of Texas and the Parks and Wildlife Department.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 615.003, Government Code, is amended to read as follows:

Sec. 615.003. APPLICABILITY. This chapter applies only to eligible survivors of the following individuals:

(1) an individual elected, appointed, or employed as a peace officer by the state or a political subdivision of the state under Article 2.12, Code of Criminal Procedure, or other law;

(2) a paid probation officer appointed by the director of a community supervision and corrections department who has the duties set out in Section 76.002 and the qualifications set out in Section 76.005, or who was appointed in accordance with prior law;

(3) a parole officer employed by the Texas Department of Criminal Justice who has the duties set out in Section 508.001 and the qualifications set out in Section 508.113 or in prior law;

(4) a paid jailer;

(5) a member of an organized police reserve or auxiliary unit who regularly assists peace officers in enforcing criminal laws;

(6) a member of the class of employees of the correctional institutions division formally designated as custodial personnel under Section 615.006 by the Texas Board of Criminal Justice or its predecessor in function;

(7) a jailer or guard of a county jail who is appointed by the sheriff and who:

(A) performs a security, custodial, or supervisory function over the admittance, confinement, or discharge of prisoners; and

(B) is certified by the Commission on Law Enforcement Officer Standards and Education;

(8) a juvenile correctional employee of the Texas Juvenile Justice Department [~~Youth Commission~~];

(9) an employee of the Department of Aging and Disability Services or Department of State Health Services who:

(A) works at the department's maximum security unit; or

(B) performs on-site services for the Texas Department of Criminal Justice;

(10) an individual who is employed by the state or a political or legal subdivision and is subject to certification by the Texas Commission on Fire Protection;

(11) an individual employed by the state or a political or legal subdivision whose principal duties are aircraft crash and rescue fire fighting;

- (12) a member of an organized volunteer fire-fighting unit that:
- (A) renders fire-fighting services without remuneration; and
 - (B) conducts a minimum of two drills each month, each two hours long;
- (13) an individual who:
- (A) performs emergency medical services or operates an ambulance;
 - (B) is employed by a political subdivision of the state or is an emergency medical services volunteer as defined by Section 773.003, Health and Safety Code; and
 - (C) is qualified as an emergency care attendant or at a higher level of training under Section 773.046, 773.047, 773.048, 773.049, or 773.0495, Health and Safety Code;
- (14) an individual who is employed or formally designated as a chaplain for:
- (A) an organized volunteer fire-fighting unit or other fire department of this state or of a political subdivision of this state;
 - (B) a law enforcement agency of this state or of a political subdivision of this state; or
 - (C) the Texas Department of Criminal Justice; [✕]
- (15) an individual who is employed by the state or a political subdivision of the state and who is considered by the governmental employer to be a trainee for a position otherwise described by this section;
- (16) an individual who is employed by the Department of Public Safety and, as certified by the director, is:
- (A) deployed into the field in direct support of a law enforcement operation, including patrol, investigative, search and rescue, crime scene, on-site communications, or special operations; and
 - (B) given a special assignment in direct support of operations relating to organized crime, criminal interdiction, border security, counterterrorism, intelligence, traffic enforcement, emergency management, regulatory services, or special investigations; or
- (17) an individual who is employed by the Parks and Wildlife Department and, as certified by the executive director of the Parks and Wildlife Department, is:
- (A) deployed into the field in direct support of a law enforcement operation, including patrol, investigative, search and rescue, crime scene, on-site communications, or special operations; and
 - (B) given a special assignment in direct support of operations relating to organized crime, criminal interdiction, border security, counterterrorism, intelligence, traffic enforcement, emergency management, regulatory services, or special investigations.

SECTION 2. The change in law made by this Act relating to the death of certain employees of the Department of Public Safety of the State of Texas and the Parks and Wildlife Department applies only in relation to a death that occurs on or after the effective date of this Act. Matters regarding eligibility, payment, and benefits under Chapter 615, Government Code, in relation to a death that occurs before the effective date of this Act are governed by the law in effect when the death occurs, and the former law is continued in effect for that purpose.

SECTION 3. This Act takes effect September 1, 2013.

The Conference Committee Report on **SB 396** was filed with the Secretary of the Senate.

**CONFERENCE COMMITTEE REPORT ON
SENATE BILL 901**

Senator Fraser submitted the following corrected Conference Committee Report:

Austin, Texas
May 23, 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
ESTES
DEUELL
ELTIFE
HINOJOSA

On the part of the Senate

PADDIE
CRADDICK
CROWNOVER
GEREN
THOMPSON, SENFRONIA

On the part of the House

A BILL TO BE ENTITLED
AN ACT

relating to safety standards and practices applicable to the transportation by pipeline 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. This Act takes effect September 1, 2013.

The corrected Conference Committee Report on **SB 901** was filed with the Secretary of the Senate.

**CONFERENCE COMMITTEE REPORT ON
HOUSE BILL 396**

Senator Huffman submitted the following Conference Committee Report:

Austin, Texas
May 22, 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 396** have had the same under consideration, and beg to report it back with the recommendation that it do pass.

HUFFMAN

FRASER

PATRICK

URESTI

VAN DE PUTTE

On the part of the Senate

THOMPSON, SENFRONIA

BURNAM

DAVIS, SARAH

HOWARD

MILLER, RICK

On the part of the House

The Conference Committee Report on **HB 396** was filed with the Secretary of the Senate.

RESOLUTIONS OF RECOGNITION

The following resolutions were adopted by the Senate:

Memorial Resolutions

SR 1044 by Ellis, In memory of Oliver Brown.

SR 1047 by Watson, In memory of John Evangelista Gutierrez.

HCR 199 (Van de Putte), In memory of U.S. Army Staff Sergeant Omar L. Aceves of El Paso.

HCR 200 (Van de Putte), In memory of U.S. Army Sergeant Zainah C. Creamer of Texarkana.

HCR 201 (Van de Putte), In memory of U.S. Army Private First Class Ira B. Laningham IV of Zapata.

HCR 202 (Van de Putte), In memory of U.S. Army Specialist Omar Soltero of San Antonio.

HCR 203 (Van de Putte), In memory of U.S. Army Staff Sergeant Chauncy R. Mays of Cookville.

HCR 204 (Van de Putte), In memory of U.S. Air Force Airman First Class Corey C. Owens of San Antonio.

Congratulatory Resolutions

SR 1045 by Ellis, Recognizing Jose Flores on the occasion of his retirement.

SR 1046 by Watson, Commending the Girl Scout Bronze Award winners of Troop 131.

SR 1048 by Watson, Recognizing David Sanders for his contributions to the artistic heritage of Texas.

SR 1050 by West, Recognizing Shirley Ison-Newsome on the occasion of her retirement.

SR 1051 by Huffman, Recognizing Donald L. Smithers for his service to the City of Sugar Land.

SR 1052 by Seliger, Recognizing Jimmie and Peggy Cockerham on the occasion of their 60th wedding anniversary.

SR 1053 by Seliger, Recognizing Becky Groneman for her service to Oldham County.

SR 1054 by Seliger, Recognizing Annyston H. Pennington for being named a 2013 United States Presidential Scholar in the Arts.

(Senator Hegar in Chair)

RECESS

Pursuant to a previously adopted motion, the Senate at 5:34 p.m. recessed until 11:00 a.m. tomorrow.

APPENDIX

BILLS AND RESOLUTIONS ENROLLED

May 22, 2013

SB 17, SB 123, SB 141, SB 209, SB 220, SB 247, SB 289, SB 351, SB 357, SB 369, SB 485, SB 495, SB 499, SB 503, SB 514, SB 553, SB 562, SB 605, SB 606, SB 628, SB 697, SB 701, SB 736, SB 893, SB 913, SB 939, SB 946, SB 948, SB 958, SB 976, SB 987, SB 1035, SB 1044, SB 1053, SB 1063, SB 1066, SB 1200, SB 1221, SB 1224, SB 1237, SB 1367, SB 1386, SB 1406, SB 1437, SB 1451, SB 1459, SB 1475, SB 1484, SB 1542, SB 1556, SB 1567, SB 1672, SB 1705, SB 1759, SB 1769, SB 1803, SB 1812, SB 1821, SB 1832, SB 1835, SB 1841, SB 1846, SB 1861, SB 1864, SCR 36, SJR 18, SJR 42, SR 1031, SR 1032, SR 1033, SR 1034, SR 1035, SR 1036, SR 1038, SR 1039, SR 1040, SR 1041, SR 1042, SR 1043

SENT TO GOVERNOR

May 23, 2013

SB 24





