

# SENATE JOURNAL

**EIGHTY-THIRD LEGISLATURE — REGULAR SESSION**

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**AUSTIN, TEXAS**

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**PROCEEDINGS**

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**FIFTY-FOURTH DAY**

(Tuesday, May 7, 2013)

The Senate met at 11:14 a.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, Rodríguez, Schwertner, Seliger, Taylor, Uresti, Watson, West, Whitmire, Williams, Zaffirini.

Absent-excused: Van de Putte.

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

Pastor Robert Emmitt, Community Bible Church, San Antonio, was introduced by Senator Campbell and offered the invocation as follows:

Lord, we praise You for every day. Especially for days like this, blue skies and sunshine. Thank You for life and breath and friendship and the ability to make decisions and the ability to enjoy the freedoms we have in this country. Father, I pray for Leticia right now and for Samantha and the heartache they are going through. I pray that Your grace and Your mercy will be sufficient. All of us who are parents or grandparents can appreciate the pain and the shock that they are going through this morning so, please, by Your grace, get them through it. Lord, I pray for all of the Senators in this room that You would give them wisdom to make the right decisions. You have given each us a moral compass on this Earth that guides us. Help us to make those decisions accordingly. May they have knowledge of the bills and the decisions they make, and may they come together as one as they represent millions and millions of Texans. We praise You for the privilege to gather. With respect to all faiths, I pray in Jesus' name. 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.

## **LEAVE OF ABSENCE**

On motion of Senator Whitmire, Senator Van de Putte was granted leave of absence for today on account of a death in the family.

**REMARKS ORDERED PRINTED**

On motion of Senator Huffman and by unanimous consent, the remarks by the Senators and the Lieutenant Governor regarding the death of Rex Neal Van de Putte, Senator Van de Putte's grandson, were ordered reduced to writing and printed in the *Senate Journal* as follows:

**Senator Watson:** Thank you, Mr. President. Members, the Lieutenant Governor and I, we spoke briefly before we all came on the floor about how best to recognize this moment, this tragic and sad moment. And we decided that one of the ways to do that would be for those on the Senate floor that felt they wanted to say something, but then that we as a Senate, the 32 Members that are here, would be in a, I guess 31 today, because of Senator Van de Putte not being here, but those of us, on behalf of Senator Van de Putte and her family, pausing before we start the day with a moment of silence, just us. And I think it's entirely appropriate that we do that. This session, we have enjoyed great success as a Senate, where we've come together on a variety of very hard issues. And that is symbolic, I think, of what this body is. There's not a Member on this floor or the Lieutenant Governor that doesn't, when we pause for just a moment, recognize that we're part of something very special. Not so much because we're here getting to deal with issues of public policy, not so much just because we're here getting to touch other lives, but in large part because of the relationships we have with each other. We're in a situation where we become close personal friends with people that we have very disparate points of view from time to time, people that come from different backgrounds. Those friendships become so deep that we are, and we say this frequently, but it bears repeating, we become like family with each other. And so, we experience the highs that families experience with each other. Just this past weekend for Senator Van de Putte and her Governor for the Day ceremony, where we got to enjoy one of the high moments of her life and one of the high moments of her family's life. And then, today, we get this very tragic news. We are a family, and it's moments like this that I think we probably ought to pause, recognize what we mean one to each other, and at the end of this moment, we pause on behalf of Senator Van de Putte, her children, her grandchild, and we recognize that she's part of our family. Her family is part of our family. And we recognize her loss, we mourn for her loss, we pray for her loss, but we also hold her to each of ourselves and try to pass strength on to her. So, Mr. President, thank you for this opportunity. God bless all of you, and God bless Senator Van de Putte and her family.

**President:** Well said, thank you, Senator Watson. You know your comments brought to mind when one of our colleagues, Senator West, lost his son. I was in his office, we grew closer just being there. Chair recognizes Senator Lucio.

**Senator Lucio:** Thank you, Governor. Thank you, Senator Watson. Little Rex is now an angel that's in heaven, that's what Leticia texted me with earlier this morning. And I broke down because it's like Senator Watson said, a family member, 31 of us, and all these beautiful people sitting around here we call staff. Mother Theresa reminded us of that before she passed away. She said the reason we're not at peace in the world is because we forget we belong to one another. Well, little Rex, this little angel in heaven, has brought us together in the realization that we do belong to one another, and when a member of this family hurts we all hurt, and we all are

considerate, and we all are understanding, and we all feel. I just got off the phone prior to our Governor gaveling us in, with Leticia, and it's very heartbreaking to hear someone you love and respect, over the phone, hurting as much as she's hurting. She told me to pray for her family, which I intend to do continuously today. You all are welcome to join with us upon adjournment, a few minutes afterwards, right up there in the Civil Rights Room, where we will pray the glorious mysteries of a rosary for that little angel. But, it is just very hard to understand at times why things happen the way they do. The celebration this weekend, as Chairman Watson pointed out, and celebrating life and all the wonderful things that life has to offer. And now, we have to turn around and celebrate death, life in that child, that was given to us for about nine months, I believe, and it's just hard to understand and sometimes accept that. Those things happen to some of us, and I know that for those of us that are deep in faith, we can place ourselves in Leticia's position and Pete's position as grandparents and feel an inward pain that's indescribable. So, I think it's time that we should take right now, in finding out who we are and where we're going from here and why we should continue to reach out and embrace one another, truly embracing one another in what's truly right in this life we live. That's what my faith has taught me, and I'm sure that that's what everyone's faith has taught them on the Senate floor. I was privileged to be at a Bible study one morning where we prayed for little John Mark, little baby in Senator Hancock's office, that was born about that big, fit in your hand. He's still struggling, fighting for his life. Senator Hancock, Senator Estes, myself took part in a Bible study, and we spoke about what we are speaking about on this floor right now, right before little Rex passed away. So, I guess we're all hurting right now, and it's a time to meditate, and it's a time to reflect. As Senator Watson said, we truly belong to one another, and it's time that we completely embrace each other and be totally understanding that we need to rise to the occasion every minute of every day so that we can make a difference for those that follow. Thank you, Mr. President. Thank you.

**President:** Thank you so much, Senator Lucio. Senator Campbell, did you wish to say something? You're recognized.

**Senator Campbell:** Thank you. This morning when I talked to Senator Van de Putte, she did ask for our prayers, wanted me to ask for that for her. And, you know, prayers are the first thing we should reach for because that's where the true comfort's going to lie. And while we go about our daily life, walk in the light, those of us with our faith and belief in God. Times like this make us, sometimes there are questions, but I think what would be, what is good, something I've heard in the past is, especially when we have dark times like this, is never doubt in the dark what we've learned in the light. And we knew, do know, that to be absent in the body is to be present with the Lord for those who know the Lord and for our innocents, such as our babies. So, we'll pray peace for her, and she appreciates that, so I wanted to share that with you. Thank you.

**President:** Thank you, Senator Campbell. Chair recognizes Senator Nelson to speak.

**Senator Nelson:** Thank you, Mr. President. We are family, Senator Watson, and my heart aches for our sister this morning. You know, Senator Van de Putte and I talked all the time about our proudest caucus that we belong to was the grandparent caucus. And we reminded each other that we do what we do here in the Texas Senate for our grandchildren and our children and all of our children and grandchildren in Texas.

And I think the greatest tribute that we can pay to Senator Van de Putte is to continue on with our business of passing legislation. In fact, this morning in Health and Human Services Committee, I was, I'd just found out about Rex and was going down the list of bills to hear, and the first bill that the Senator was there to take up the bill was Senator Deuell. And it just happened that that bill was a newborn screening bill, and we had testimony from parents who lost children who asked us to pass that legislation. And we're going to hear many, many other pieces of legislation that will help our children and our grandchildren, and I think the thing that we can do best for Senator Van de Putte is to carry on about our business. And I want Senator Van de Putte and her family to know that our thoughts and prayers are with her and her family and that we're going to carry on and make this state a good place for our kids. Thank you, Mr. President.

**President:** Thank you, Senator Nelson. I'm going to go to Senator Deuell. Senator Deuell, thanks for trying to reach out to me this morning and, Senator Zaffirini, thanks for reaching out. Just to pick up on what you all just said, when I spoke to Senator Van de Putte a little while ago, she said, Senator Campbell, she was feeling our prayers, she was feeling our love. And it's tough for her; she was looking forward to seeing Rex in the future. So, she thanks all of her colleagues for picking up her legislation this week, and she said she plans to be back on Monday, as tough as that may be, because she needs to get on. But, Chair recognizes Senator Deuell.

**Senator Deuell:** Thank you, Mr. President. As our founding fathers used the word providence that, as we had come to order in the Health and Human Services Committee, we did a newborn screening bill for congenital heart disease. And we don't know yet why Rex passed away, but congenital heart disease, undetected congenital heart disease is a reason that children die unexpectedly. You know, Leticia's a very special person. I helped her along with many others celebrate her Governor of the Day Saturday, and that child was there, and we've always had a special bond. Her daughter, my son, one of our sons graduated from medical school at the same time, and we follow their residencies. And her daughter practices in San Antonio. Our son is finishing up and getting ready to move to San Antonio. And our first grandson was born November 16. Rex was born November 19. And we exchanged pictures through the telephone of those kids, and we talked about a day when they'd both have their photographs on the composite, and they'd perhaps come here as adults and look at our pictures up there and, you know, Rex won't participate in that dream now. And that's pretty tough, but I go back and think about this state we call Texas and this nation, and Senator West and I grew up in South Oak Cliff in different worlds, and I think about the fact that the memorial service, the celebration of his son's life was at a church across the street from the elementary school that I attended in the early '60s, it was segregated. And I think about where Leticia and our other Latino Members were and African American Members were as children and how things have changed. And I think, much as Abraham Lincoln asked the people of Gettysburg, when he gave the Gettysburg Address, to dedicate their lives to the nation, recognizing that the men who died at that battle were really the ones that consecrated the land. And I would just hope that we can dedicate our work in the next three weeks to the State of Texas and to Rex. Thank you.

**President:** Chair recognizes Senator Patrick.

**Senator Patrick:** I was sitting here thinking yesterday, our spirited debate and our embrace at the end, we do come together. I was thinking what Senator Watson said about times like this, we need to pause for her family. And I think this is maybe a message for all of us to pause to, you know, we're all one phone call away from being on our knees. And we get so wrapped up in life, of what we think is important, until something really important happens. And so, as we all are very busy and we spend time away from our families, this is a good time to know how blessed we are every day when tragedy does not strike us, when our hearts are not broken. And before we leave to embrace our life or embrace our children or my grandson, who, and I think all of us who have children and grandchildren, you know, it's not supposed to be that they leave before we do from this world. But it's a time for us to really reflect as individuals what's really important in life. And the work we do here is important, I understand that, and we'll go on with the work, and I know she would want us to. But her heart is broken today, and it will probably never heal, but God's grace and His promise and His peace and His comfort. And so many, we've had a number of funerals here just since I've been here in 2007 for Members' parents or Members' children. And so, as I pray for Leticia today, it hit me like a brick, like it hit Eddie when we were in the Committee this morning, and others. I just think we also have to pause for our own family and our own blessings, Governor, and pray for each other on a daily basis and really, really mean it, Senator Lucio, really care about each other, not just as Senators but everyone we come across, our staff and our neighbors and our friends. Because people hurt every day, and this is going to be a visible hurt, and we're going to know, but we have to pray for others who are hurting that we don't see that pain that's so obvious. And so, I just think it's a time for us to pause and reflect on what's really important and, today, what's really important is our friend and our colleague and that we should pray for her.

**President:** I agree. Chair recognizes Senator Whitmire.

**Senator Whitmire:** Thank you, Mr. President, Members, and I really don't think I can add to the sincere comments that have been made. Senator Watson, your remarks were very revealing. About all I can add, maybe, is a historical perspective, which I'll do before I sit down. But from a personal standpoint, to amplify what has been said, I was sitting in conference working with the House and Sylvester Turner, and we got a text from Dr. Deuell, and things just came to a complete halt so we could see what was transpiring. It's amazing, this is kind of the grandchildren's corner over here with the Nelsons and Senator Deuell. And, of course, I'm not supposed to tell anybody, but Whitney's three months pregnant. So, I think it does make us all pause, and what I would like to say on behalf of Senator Van de Putte, she would probably, because she's so caring, is we need to recognize that there are Texans who are experiencing heartache this morning and loss that do not have the support system that Senator Van de Putte will have. There's probably an undocumented mother somewhere alone in this state that's not going to have the kind of support system that the Van de Putte family appreciates this morning. I think it's also appropriate to point out again how we care for one another. It was Senator Campbell that took Senator Garcia to the hospital last week, and, once again, she's administering and caring for Senator Van de Putte as

a Senator, but certainly as a medical doctor. I will close by saying, when I got to the Senate in '83, I often mention how the Senators were good people, kind of crusty back in those days, and I could give you a lineup of Oscar Mauzy and others, came on the Senate for a couple of hours, did their business, and got out of here. It's a different body now. I don't want to judge those gentlemen, and I think a lady back in '83, but the fellowship and the caring that Senator Watson, Nelson, Campbell, Deuell, Dan mentioned, is so genuine that I really don't think we could ever describe it adequately to where our constituents and people of Texas do it, and I would also suggest there's probably not another governing body that enjoys that. I know in Congress they don't have it because they don't even know the person next door to them. I don't know how they survive in that environment, but the greatest thing about serving in this body, as we all know, and we're witnessing it today, is the personal relationships and the family that'll be, relationships that last a lifetime. Senator Van de Putte knows that. She described it Saturday in her Governor for the Day. And I'm just thankful to be able to be present today and watch this outreach of love and caring for our colleague that we would not enjoy if we were not blessed to be Members of the State Senate. Thank you, Mr. President.

**President:** Thank you, Senator Whitmire. Chair recognizes Senator Zaffirini.

**Senator Zaffirini:** Mr. President and Members, it's unbelievable that only this weekend we celebrated the love, the joy, the pride, the excitement of Senator Van de Putte and her family. Baby Rex was at all the festivities, such a beautiful child, one of six grandchildren that Pete and Leticia Van de Putte loved so very much. She was so incredibly proud of her family, and they were so incredibly proud of her, and we thank God that she has not only our support system in the Texas Senate but that she also has that strong support system of an extended family. For all of you who were here, you witnessed that love and that joy. Today, we are witnessing the disruption of the natural order of things. Children expect to bury their parents and their grandparents and worry about it. And parents' greatest fear, grandparents' greatest fear is to bury a child or a grandchild. Senator Van de Putte feels that agony today. This morning when she called me, I was presiding over Government Organization, I saw her name on my caller ID, and something just told me that something was wrong, and I walked out immediately. Senator Schwertner, thank you so much for taking over the meeting with no advance notice, you did a beautiful job I know, but the agony in her voice was just incredible. It just breaks your heart to know that she has gone from such a wonderful high to such a depth of heartbreak, and each of us feels that with her. I've communicated with her several times today, and repeatedly I have said that we will all handle her bills in committee and on the floor. I repeatedly said that all of us are ready to help, and she knows that. And all she has asked for is this, that we pray for her and for her family. And I know that we will, and I know that it will be heartfelt. And I know that Senator Van de Putte is so incredibly strong and such a woman of deep faith that somehow, somehow, I can't tell you how, somehow she will be able to bear this, only because of her love for others and their love for her, because truly, she is loved so very much, because she is so loving. It is her love and her strength that will help her cope. I don't know how she's going to handle coming back Monday, but each of us needs to reach out before she comes to the floor and try to interact before, so that she will have a slower emotional transition into this body. But

trust me, Senator Van de Putte will rely on her faith, and she will pray, and she will be supported by her family, and she will come back to continue her great work for the people of Texas, the people who love her, the people who need her. Thank you, Mr. President and Members.

**President:** Thank you, Senator Zaffirini, and thank you, Members, for those heartfelt and beautiful words. If you would, let's all bow our heads in a moment of silence, please.

### **MOMENT OF SILENCE OBSERVED**

At the request of the President, the Senate observed a moment of silence in honor of Senator Van de Putte and her family.

### **MESSAGE FROM THE HOUSE**

HOUSE CHAMBER

Austin, Texas

Tuesday, May 7, 2013 - 1

The Honorable President of the Senate  
Senate Chamber  
Austin, Texas

Mr. President:

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

**THE HOUSE HAS PASSED THE FOLLOWING MEASURES:**

**HB 48** Flynn

Relating to the procedure under which a person may renew a license to carry a concealed handgun.

**HB 485** Davis, Sarah

Relating to the amount of the fees paid by certain peace officers, correctional officers, members of the state military forces, and veterans of the armed forces for a license to carry a concealed handgun and to the issuance of such a license to certain peace officers and members of the state military forces; authorizing a fee.

**HB 508** Guillen

Relating to certain offenses relating to carrying concealed handguns on property owned or leased by a governmental entity; providing a civil penalty.

**HB 777** White

Relating to oversize or overweight vehicles transporting timber or timber products; authorizing fees and civil penalties.

**HB 801** Muñoz, Jr.

Relating to the discharge of a firearm across the property line of a school.

**HB 972** Fletcher

Relating to the carrying of concealed handguns on the premises of and certain other locations associated with institutions of higher education.

**HB 1009**

Villalba

Relating to the creation of a new category of law enforcement officer who shall be designated a school marshal, the training and appointment of certain employees of a school district or open-enrollment charter school as school marshals, and the rights, restrictions, limitations, and responsibilities of school marshals; authorizing the imposition of a fee.

**HB 1076**

Toth

Relating to certain firearms, firearm accessories, and firearm ammunition within the State of Texas; providing an exemption from federal regulation and providing penalties.

**HB 1245**

Turner, Sylvester

Relating to the allocation of money in the judicial and court personnel training fund.

**HB 1314**

Creighton

Relating to the unlawful seizure of a firearm by a governmental officer or employee; providing penalties.

**HB 1869**

Price

Relating to contractual subrogation and other recovery rights of certain insurers and benefit plan issuers.

**HB 3077**

Miller, Rick

Relating to display of the Honor and Remember flag.

**HJR 86**

Ritter

Proposing a constitutional amendment authorizing the legislature to exempt from ad valorem taxation real property leased to certain schools organized and operated primarily for the purpose of engaging in educational functions.

**HJR 133**

Harper-Brown

Proposing a constitutional amendment to authorize a political subdivision of this state to extend the number of days that aircraft parts that are exempt from ad valorem taxation due to their location in this state for a temporary period may be located in this state for purposes of qualifying for the tax exemption.

Respectfully,

/s/Robert Haney, Chief Clerk  
House of Representatives

**PHYSICIAN OF THE DAY**

Senator Davis was recognized and presented Dr. Joane Baumer of Fort Worth as the Physician of the Day.

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

**GUESTS PRESENTED**

Senator Estes was recognized and introduced to the Senate a Harrold Independent School District delegation.

The Senate welcomed its guests.



**BILLS AND RESOLUTION SIGNED**

The President announced the signing of the following enrolled bills and resolution in the presence of the Senate after the captions had been read:

**SB 60, SB 186, SB 275, SB 299, HB 893, HCR 35.**

**MESSAGE FROM THE GOVERNOR**

The following Message from the Governor was read and was referred to the Committee on Nominations:

May 6, 2013

Austin, Texas

TO THE SENATE OF THE EIGHTY-THIRD LEGISLATURE, REGULAR SESSION:

I ask the advice, consent and confirmation of the Senate with respect to the following appointments:

To be members of the Parks and Wildlife Commission for terms to expire February 1, 2019:

Ralph H. Duggins, III  
Fort Worth, Texas  
(Mr. Duggins is being reappointed)

James H. Lee  
Houston, Texas  
(replacing Karen Hixon of San Antonio whose term expired)

Respectfully submitted,

/s/Rick Perry  
Governor

**SENATE RESOLUTION 846**

Senator Zaffirini offered the following resolution:

WHEREAS, The Senate of the State of Texas is pleased to join the citizens of Caldwell County and Texans across the state in celebrating May 7, 2013, as Caldwell County Day at the State Capitol; and

WHEREAS, Caldwell County was formed in 1848 out of territory from Bastrop and Gonzales Counties and is named for Mathew Caldwell, a signer of the Texas Declaration of Independence; and

WHEREAS, For many years, the county's economy was based on agriculture; thousands of cattle were driven north on the Chisholm Trail and other trails in the county and cotton became a major crop in the 1890s after A. D. Mebane developed strains of cotton that could flourish in less fertile soils; and

WHEREAS, The 1922 discovery of oil in the Luling and Prairie Lea area served to diversify the county's economy; today, the production of oil and gas continues to play an important role, along with farming, ranching, and manufacturing in driving the region's economy; and

WHEREAS, Caldwell County offers residents and visitors ample outdoor recreational opportunities and features a wide variety of architectural attractions, including a beautifully restored courthouse and the oldest Episcopal church in Texas; the people of Caldwell County eagerly look forward to a bright future while continuing to cherish their rich and colorful past; now, therefore, be it

RESOLVED, That the Senate of the State of Texas, 83rd Legislature, hereby commend the citizens of Caldwell County on their many contributions to our state and extend to them best wishes for a memorable Caldwell County Day at the State Capitol; and, be it further

RESOLVED, That a copy of this Resolution be prepared in honor of this special occasion.

**SR 846** was read and was adopted without objection.

### **GUESTS PRESENTED**

Senator Zaffirini was recognized and introduced to the Senate a Caldwell County delegation, accompanied by Tom Bonn, County Judge; and County Commissioners Alfredo Munoz, Fred Buchholtz, Ernest Madrigal, and Joe Roland.

The Senate welcomed its guests.

### **SENATE RESOLUTION 830**

Senator West offered the following resolution:

WHEREAS, The Senate of the State of Texas is pleased to recognize Bradie Gene James for his ongoing philanthropic efforts and his outstanding leadership; and

WHEREAS, This renowned football player has made a priority of giving back to the community, whether in his hometown of Monroe, Louisiana, or in his adopted city of Dallas, Texas; and

WHEREAS, A standout linebacker for the Dallas Cowboys, Bradie James launched Foundation 56 in 2007 in honor of his late mother, Etta James; and

WHEREAS, Foundation 56 is dedicated to expanding and enhancing the quality of life of women, men, and families who have been directly or indirectly affected by breast cancer; since its founding, it has served some 25,000 individuals; and

WHEREAS, The organization has helped to fund mobile mammogram units in South Louisiana and North Texas, and in 2010, it unveiled the Bradie James Resource Center in the Women's Imaging Center at Methodist Dallas Medical Center; and

WHEREAS, Bradie James is also a much-respected mentor to young people; he works with the Heroes Foundation to encourage at-risk children through sports, and he has sponsored summer football camps for youngsters in his hometown of Monroe; and

WHEREAS, This star athlete also holds a degree in criminology and was named a National Scholar Athlete by the National Football Foundation; he is an inspiring role model to people of all ages, and his many accomplishments and his heartfelt philanthropic efforts are truly worthy of recognition and praise; now, therefore, be it

RESOLVED, That the Senate of the State of Texas, 83rd Legislature, hereby commend Bradie Gene James for his exceptional leadership and his tireless humanitarian pursuits and extend to him best wishes for continued success in all his endeavors; and, be it further

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

**SR 830** was again read.

The resolution was previously adopted on Friday, May 3, 2013.

#### GUESTS PRESENTED

Senator West was recognized and introduced to the Senate Bradie James, NFL player and founder of Foundation 56, breast cancer outreach program, accompanied by Governor Rick Perry.

The Senate welcomed its guests.

#### SENATE RESOLUTION 834

Senator Zaffirini, on behalf of Senator Van de Putte, offered the following resolution:

WHEREAS, The Senate of the State of Texas is pleased to join the many dedicated partners in the Texas Science, Technology, Engineering, and Mathematics Initiative in celebrating May 6 through 12, 2013, as STEM Education Week; and

WHEREAS, During this time, participating schools, centers, and networks highlight the accomplishments and consider the future goals of this laudable educational initiative; and

WHEREAS, Texas currently has 65 Science, Technology, Engineering, and Mathematics Academies, which serve more than 35,000 students; these T-STEM Academies serve as learning laboratories and demonstration schools in the statewide effort to improve science and mathematics education; and

WHEREAS, Over the past several years, the State of Texas has made significant investments in STEM education, and those efforts have resulted in notable gains in student achievement and have attracted national attention; and

WHEREAS, The growth of T-STEM Academies and centers reflects an awareness of the need to better educate students in disciplines that will help them thrive in a changing world, and to that end, the T-STEM Initiative strives to empower teachers, inspire pupils, and prepare the youth of today for the many employment opportunities of tomorrow; now, therefore, be it

RESOLVED, That the Senate of the State of Texas, 83rd Legislature, hereby commend the many partners and participants in the Texas Science, Technology, Engineering, and Mathematics Initiative and extend to them sincere best wishes as they celebrate STEM Education Week; and, be it further

RESOLVED, That a copy of this Resolution be prepared in honor of STEM Education Week.

**SR 834** was again read.

The resolution was previously adopted on Friday, May 3, 2013.

#### GUESTS PRESENTED

Senator Zaffirini, on behalf of Senator Van de Putte, was recognized and introduced to the Senate students from the Austin Independent School District representing STEM Education Week.

The Senate welcomed its guests.

**SENATE RESOLUTION 817**

Senator Watson offered the following resolution:

**SR 817**, In memory of Tim Carlton Thatcher.

The resolution was again read.

The resolution was previously adopted on Thursday, May 2, 2013.

In honor of the memory of Tim Carlton Thatcher, the text of the resolution is printed at the end of today's *Senate Journal*.

Senator Watson was recognized and introduced to the Senate Cristiana Thatcher, widow, and children, Christopher Alan, Nicolas Andres, and Sofia Loree.

The Senate welcomed its guests and extended its sympathy.

**SENATE RESOLUTION 149**

Senator Huffman offered the following resolution:

**SR 149**, In memory of Jimmie DeVeril Norman.

On motion of Senator Huffman, the resolution was read and was adopted by a rising vote of the Senate.

In honor of the memory of Jimmie DeVeril Norman, the text of the resolution is printed at the end of today's *Senate Journal*.

Senator Huffman was recognized and introduced to the Senate Byron Holloway; Jeffrey Cotton; Mitzie Norman, widow; Dallas Norman, daughter; Daniel Norman, son; and Hillary Norman, daughter-in-law.

The Senate welcomed its guests and extended its sympathy.

**LEAVE OF ABSENCE**

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

**INTRODUCTION OF  
BILLS AND RESOLUTIONS POSTPONED**

The President announced that the introduction of bills and resolutions on first reading would be postponed until the end of today's session.

There was no objection.

**CONCLUSION OF MORNING CALL**

The President at 12:29 p.m. announced the conclusion of morning call.

**SENATE BILL 202 WITH HOUSE AMENDMENT**

Senator Huffman called **SB 202** 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 202** (house committee report) on third reading as follows:

(1) In Subsection (c) of SECTION 5 of the bill, directing the governor to appoint members to the Texas Commission on the Arts for terms scheduled to begin September 1, 2015, immediately following the period (page 2, line 23), insert the following:

Two of the three members appointed to the commission for terms expiring August 31, 2021, must be residents of a county with a population of less than 50,000, as provided by Section 444.003, Government Code.

(2) Add the following appropriately lettered subsection to SECTION 5 of the bill and reletter subsequent subsections accordingly:

( ) To the extent that the reduction in positions on the Texas Commission on the Arts under this Act causes the composition of the commission to violate the residency requirement of Section 444.003(a), Government Code, that provision of law is suspended from the effective date of this Act until September 1, 2015.

The amendment was read.

Senator Huffman moved to concur in the House amendment to **SB 202**.

The motion prevailed by the following vote: Yeas 29, Nays 0.

Absent-excused: Van de Putte, Williams.

#### **SENATE BILL 1110 WITH HOUSE AMENDMENT**

Senator Nichols called **SB 1110** 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 1110** by substituting in lieu thereof the following:

#### A BILL TO BE ENTITLED AN ACT

relating to the purposes and designation of a transportation reinvestment zone.

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

SECTION 1. Subchapter E, Chapter 222, Transportation Code, is amended by adding Section 222.1001 to read as follows:

Sec. 222.1001. DEFINITION. In this subchapter, "transportation project" has the meaning assigned by Section 370.003.

SECTION 2. Section 222.105, Transportation Code, is amended to read as follows:

Sec. 222.105. PURPOSES. The purposes of Sections 222.106 and 222.107 are to:

- (1) promote public safety;
- (2) facilitate the improvement, development, or redevelopment of property;
- (3) facilitate the movement of traffic; and
- (4) enhance a local entity's ability to sponsor a transportation project

[~~authorized under Section 222.104~~].

SECTION 3. Sections 222.106(b), (c), (g), (i), (i-1), (i-2), and (j), Transportation Code, are amended to read as follows:

(b) This section applies only to a municipality in which a transportation project is to be developed under Section 222.104 or 222.108.

(c) If the governing body determines an area to be unproductive and underdeveloped and that action under this section will further the purposes stated in Section 222.105, the governing body of the municipality by ordinance may designate a contiguous geographic area in the jurisdiction of the municipality to be a transportation reinvestment zone to promote one or more [a] transportation projects [~~project~~].

(g) The ordinance designating an area as a transportation reinvestment zone must:

(1) describe the boundaries of the zone with sufficient definiteness to identify with ordinary and reasonable certainty the territory included in the zone;

(2) provide that the zone takes effect immediately on passage of the ordinance and that the base year shall be the year of passage of the ordinance or some year in the future;

(3) assign a name to the zone for identification, with the first zone designated by a municipality designated as "Transportation Reinvestment Zone Number One, (City or Town, as applicable) of (name of municipality)," and subsequently designated zones assigned names in the same form, numbered consecutively in the order of their designation;

(4) designate the base year for purposes of establishing the tax increment base of the municipality;

(5) establish a tax increment account for the zone; and

(6) contain findings that promotion of the transportation project or projects will cultivate the improvement, development, or redevelopment of the zone.

(i) All or the portion specified by the municipality of the money deposited to a tax increment account must be used to fund the transportation project or projects for which the zone was designated, as well as aesthetic improvements within the zone. Any remaining money deposited to the tax increment account may be used for other purposes as determined by the municipality. A municipality may issue bonds to pay all or part of the cost of a [~~the~~] transportation project and may pledge and assign all or a specified amount of money in the tax increment account to secure repayment of those bonds.

(i-1) The governing body of a municipality may contract with a public or private entity to develop, redevelop, or improve a transportation project in a transportation reinvestment zone and may pledge and assign all or a specified amount of money in the tax increment account to that entity. After a pledge or assignment is made, [~~if the entity that received the pledge or assignment has itself pledged or assigned that amount to secure bonds or other obligations issued to obtain funding for the transportation project,~~] the governing body of the municipality may not rescind its pledge or assignment until the contractual commitments that are the subject of [~~bonds or other obligations secured by~~] the pledge or assignment have been satisfied [~~paid or discharged~~].

(i-2) To accommodate changes in the limits of a [~~the~~] project for which a reinvestment zone was designated, the boundaries of a zone may be amended at any time, except that property may not be removed or excluded from a designated zone if

any part of the tax increment account has been assigned or pledged directly by the municipality or through another entity to secure bonds or other obligations issued to obtain funding or development of a ~~the~~ project, and property may not be added to a designated zone unless the governing body of the municipality complies with Subsections (e) and (g).

(j) Except as provided by Subsections (i-1) and (k), a transportation reinvestment zone terminates on December 31 of the year in which the municipality completes:

(1) all ~~[a]~~ contractual requirements ~~[requirement, if any,]~~ that included the pledge or assignment of all or a portion of money deposited to a tax increment account; or

(2) the repayment of money owed under an agreement for development, redevelopment, or improvement of the project or projects for which the zone was designated.

SECTION 4. Sections 222.107(b), (c), (e), (f), (k-1), and (l), Transportation Code, are amended to read as follows:

(b) This section applies only to a county in which a transportation project is to be developed under Section 222.104 or 222.108.

(c) The commissioners court of the county, after determining that an area is unproductive and underdeveloped and that action under this section would further the purposes described by Section 222.105, by order or resolution may designate a contiguous geographic area in the jurisdiction of the county to be a transportation reinvestment zone to promote one or more ~~[a]~~ transportation projects ~~[project and for the purpose of abating ad valorem taxes or granting other relief from taxes imposed by the county on real property located in the zone]~~.

(e) Not later than the 30th day before the date the commissioners court proposes to designate an area as a transportation reinvestment zone under this section, the commissioners court must hold a public hearing on the creation of the zone, its benefits to the county and to property in the proposed zone, and the possible abatement of ad valorem taxes or the grant of other relief from ad valorem taxes imposed by the county on real property located in the zone. At the hearing an interested person may speak for or against the designation of the zone, its boundaries, or the possible abatement of or the relief from county taxes on real property in the zone. Not later than the seventh day before the date of the hearing, notice of the hearing and the intent to create a zone must be published in a newspaper having general circulation in the county.

(f) The order or resolution designating an area as a transportation reinvestment zone must:

(1) describe the boundaries of the zone with sufficient definiteness to identify with ordinary and reasonable certainty the territory included in the zone;

(2) provide that the zone takes effect immediately on adoption of the order or resolution and that the base year shall be the year of passage of the order or resolution or some year in the future;

(3) assign a name to the zone for identification, with the first zone designated by a county designated as "Transportation Reinvestment Zone Number One, County of (name of county)," and subsequently designated zones assigned names in the same form numbered consecutively in the order of their designation;

(4) designate the base year for purposes of establishing the tax increment base of the county; ~~and~~

(5) establish an ad valorem tax increment account for the zone; and

(6) contain findings that promotion of the transportation project or projects will cultivate the improvement, development, or redevelopment of the zone.

(k-1) To accommodate changes in the limits of a ~~the~~ project for which a reinvestment zone was designated, the boundaries of a zone may be amended at any time, except that property may not be removed or excluded from a designated zone if any part of the tax increment or assessment has been assigned or pledged directly by the county or through another entity to secure bonds or other obligations issued to obtain funding or development of a ~~the~~ project, and property may not be added to a designated zone unless the commissioners court of the county complies with Subsections (e) and (f).

(l) Except as provided by Subsection (m), a transportation reinvestment zone, a tax abatement agreement entered into under Subsection (h), or an order or resolution on the abatement of taxes or the grant of relief from taxes under that subsection~~;~~ terminates on December 31 of the year in which the county completes:

(1) all ~~any~~ contractual requirements ~~requirement~~ that included the pledge or assignment of all or a portion of:

(A) money deposited to a tax increment account; or

(B) the assessments collected under this section; or

(2) the repayment of money owed under an agreement for the development, redevelopment, or improvement of the project or projects for which the zone was designated.

SECTION 5. Section 222.107(h), Transportation Code, as amended by Chapters 475 (H.B. 563) and 1345 (S.B. 1420), Acts of the 82nd Legislature, Regular Session, 2011, is reenacted to read as follows:

(h) The commissioners court may:

(1) from taxes collected on property in a zone, pay into a tax increment account for the zone an amount equal to the tax increment produced by the county less any amounts allocated under previous agreements, including agreements under Section 381.004, Local Government Code, or Chapter 312, Tax Code;

(2) by order or resolution enter into an agreement with the owner of any real property located in the transportation reinvestment zone to abate all or a portion of the ad valorem taxes or to grant other relief from the taxes imposed by the county on the owner's property in an amount not to exceed the amount calculated under Subsection (a)(1) for that year;

(3) by order or resolution elect to abate all or a portion of the ad valorem taxes imposed by the county on all real property in a zone; or

(4) grant other relief from ad valorem taxes on property in a zone.



SECTION 6. Section 222.107(h-1), Transportation Code, as added by Chapter 1345 (S.B. 1420), Acts of the 82nd Legislature, Regular Session, 2011, is reenacted and amended to conform to Section 222.107(h), Transportation Code, as amended by Chapter 475 (H.B. 563), Acts of the 82nd Legislature, Regular Session, 2011, to read as follows:

(h-1) All abatements or other relief granted by the commissioners court in a transportation reinvestment zone must be equal in rate. In any ad valorem tax year, the total amount of the taxes abated or the total amount of relief granted under this section may not exceed the amount calculated under Subsection (a)(1) for that year, less any amounts allocated under previous agreements, including agreements under Chapter 381 [Section 381.004], Local Government Code, or Chapter 312, Tax Code.

SECTION 7. Section 222.107(h-1), Transportation Code, as added by Chapter 475 (H.B. 563), Acts of the 82nd Legislature, Regular Session, 2011, is redesignated as Section 222.107(h-2), Transportation Code, and amended to read as follows:

(h-2) ~~[(h-1)]~~ To further the development of the transportation project or projects for which the transportation reinvestment zone was designated, a county may assess all or part of the cost of the transportation project or projects against property within the zone. The assessment against each property in the zone may be levied and payable in installments in the same manner as provided by Sections 372.016-372.018, Local Government Code, provided that the installments do not exceed the total amount of the tax abatement or other relief granted under Subsection (h). The county may elect to adopt and apply the provisions of Sections 372.015-372.020 and 372.023, Local Government Code, to the assessment of costs and Sections 372.024-372.030, Local Government Code, to the issuance of bonds by the county to pay the cost of a transportation project. The commissioners court of the county may contract with a public or private entity to develop, redevelop, or improve a transportation project in the transportation reinvestment zone, including aesthetic improvements, and may pledge and assign to that entity all or a specified amount of the revenue the county receives from the tax increment or the installment payments of the assessments for the payment of the costs of that transportation project. After a pledge or assignment is made, ~~[if the entity that received the pledge or assignment has itself pledged or assigned that amount to secure bonds or other obligations issued to obtain funding for the transportation project,]~~ the commissioners court of the county may not rescind its pledge or assignment until the contractual commitments that are the subject of [bonds or other obligations secured by] the pledge or assignment have been satisfied [paid or discharged]. Any amount received from the tax increment or the installment payments of the assessments not pledged or assigned in connection with a ~~[the]~~ transportation project may be used for other purposes as determined by the commissioners court [associated with the transportation project or in the zone].

SECTION 8. Section 222.108(a), Transportation Code, is amended to read as follows:

(a) A ~~[Notwithstanding the requirement in Sections 222.106(b) and 222.107(b) that a transportation reinvestment zone be established in connection with a project under Section 222.104, a]~~ municipality or county may establish a transportation reinvestment zone for one or more [any] transportation projects [project]. If all or part of a ~~[the]~~ transportation project is subject to oversight by the department, at the option

of the governing body of the municipality or county, the department, to the extent permitted by law, shall delegate full responsibility for the development, design, letting of bids, and construction of the project, including project inspection, to the municipality or county. After assuming responsibility for a project under this subsection, a municipality or county shall enter into an agreement with the department that prescribes:

- (1) the development process;
- (2) the roles and responsibilities of the parties; and
- (3) the timelines for any required reviews or approvals.

SECTION 9. Section 222.110(e), Transportation Code, is amended to read as follows:

(e) The sales and use taxes to be deposited into the tax increment account under this section may be disbursed from the account only to:

(1) pay for projects authorized under Section 222.104 or 222.108 [~~including the repayment of amounts owed under an agreement entered into under that section~~]; and

(2) notwithstanding Sections 321.506 and 323.505, Tax Code, satisfy claims of holders of tax increment bonds, notes, or other obligations issued or incurred for projects authorized under Section 222.104 or 222.108.

SECTION 10. Subchapter E, Chapter 222, Transportation Code, is amended by adding Section 222.111 to read as follows:

Sec. 222.111. TRANSPORTATION REINVESTMENT ZONES FOR PROJECTS LOCATED IN OTHER JURISDICTIONS. Notwithstanding any other law, the governing body of a county or municipality may designate a transportation reinvestment zone for a transportation project located outside the boundaries of the county or municipality if:

(1) the county or municipality finds that:

(A) the project will benefit the property and residents located in the zone; and

(B) the creation of the zone will serve a public purpose of that county or municipality;

(2) a zone has been designated for the same project by one or more counties or municipalities in whose boundaries the project is located; and

(3) an agreement for joint support of the designated zones is entered into under this section by:

(A) the county or municipality whose boundaries do not contain the project; and

(B) one or more of the counties or municipalities that have designated a zone for the project and in whose boundaries the project is located.

SECTION 11. Sections 222.107(i-1) and 222.108(d), Transportation Code, are repealed.

SECTION 12. This Act takes effect September 1, 2013.

The amendment was read.

Senator Nichols moved to concur in the House amendment to **SB 1110**.

The motion prevailed by the following vote: Yeas 29, Nays 0.

Absent-excused: Van de Putte, Williams.

### **SENATE BILL 120 WITH HOUSE AMENDMENT**

Senator Rodríguez called **SB 120** 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 120** (house committee printing) in SECTION 4 of the bill, by striking added Section 110.36, Education Code (page 3, lines 9 through 13), and substituting the following:

Sec. 110.36. TEACHING HOSPITAL. A teaching hospital considered suitable by the board of regents for the Texas Tech University Health Sciences Center at El Paso may be provided by a public or private entity. The hospital may not be constructed, maintained, or operated with state funds.

The amendment was read.

Senator Rodríguez moved to concur in the House amendment to **SB 120**.

The motion prevailed by the following vote: Yeas 29, Nays 0.

Absent-excused: Van de Putte, Williams.

### **SENATE BILL 447 WITH HOUSE AMENDMENT**

Senator Fraser called **SB 447** 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 447** by substituting in lieu thereof the following:

#### A BILL TO BE ENTITLED AN ACT

relating to annual and special meetings of and election procedures for members of boards of directors for water supply or sewer service corporations.

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

SECTION 1. Section 67.0052, Water Code, is amended by amending Subsections (a) and (b) and adding Subsection (d) to read as follows:

(a) To be listed on the ballot as a candidate for a director's position, a person must file an application with the corporation that includes:

(1) the director's position sought, including any position number or other distinguishing number;

(2) if the corporation has 1,500 or more members or shareholders, a petition[;] signed by ~~[the lesser of] 20 members or shareholders [or five percent of the members or shareholders,]~~ requesting that the person's name be placed on the ballot as a candidate for that position;

(3) the person's written consent to serve, if elected;

(4) biographical information about the person; and

(5) a statement of the person's qualifications, including a statement that the person has the qualifications prescribed by Section 67.0051.

(b) The application must be filed with the corporation not later than the 45th day before the date of the annual meeting. The corporation shall notify the members or shareholders of the application deadline not later than the 30th day before the deadline.

(d) This section applies only to a corporation that provides retail water or sewer service.

SECTION 2. Section 67.0053, Water Code, is amended by adding Subsection (c) to read as follows:

(c) This section:

(1) applies only to a corporation that provides retail water or sewer service;  
and

(2) does not apply to an election in relation to a candidate for a director's position for which the board has adopted a resolution under Section 67.0055.

SECTION 3. Section 67.0054, Water Code, is amended by amending Subsection (c) and adding Subsection (g) to read as follows:

(c) For each director's position, the candidate who receives the highest number of votes or who is the subject of a resolution described by Section 67.0055 is elected.

(g) This section applies only to a corporation that provides retail water or sewer service.

SECTION 4. Subchapter A, Chapter 67, Water Code, is amended by adding Section 67.0055 to read as follows:

Sec. 67.0055. ELECTION OF UNOPPOSED CANDIDATE. (a) This section applies only to an election for a director's position on a board of a corporation that provides retail water or sewer service in which a candidate who is to appear on the ballot for the position is unopposed.

(b) The board by resolution may declare a candidate elected to a director's position if the board certifies in writing that the candidate is unopposed for the position. A copy of the resolution shall be posted at the corporation's main office.

(c) If a declaration is made under Subsection (b), the election for that position is not held.

(d) If the election for the unopposed candidate would have been held with an annual meeting of the members or shareholders of the corporation, the text of the declaration described by Subsection (b) shall be read into the record at the annual meeting.

(e) The ballots used at a separate election that is held at the same time as an election for an unopposed candidate would have been held shall include after measures or contested races the position and name of a candidate declared elected under this section, under the heading "Unopposed Candidates Declared Elected."

(f) A person may not, by intimidation or by means of coercion, influence or attempt to influence a person to withdraw as a candidate or not to file an application for a place on the ballot so that an election may be canceled.

(g) The board may adopt necessary rules or bylaws to implement this section, including rules or bylaws to ensure the fairness, integrity, and openness of the process.

SECTION 5. The heading to Section 67.007, Water Code, is amended to read as follows:

Sec. 67.007. ANNUAL OR SPECIAL MEETING OF RETAIL CORPORATION.

SECTION 6. Section 67.007, Water Code, is amended by adding Subsection (e) to read as follows:

(e) This section applies only to a corporation that provides retail water or sewer service.

SECTION 7. Subchapter A, Chapter 67, Water Code, is amended by adding Section 67.0075 to read as follows:

Sec. 67.0075. ANNUAL OR SPECIAL MEETING OF OTHER CORPORATION. A corporation to which Section 67.007 does not apply shall comply with the annual meeting and director election provisions prescribed by Chapter 22, Business Organizations Code.

SECTION 8. The change in law made by this Act applies only to an annual or special meeting or a director election held on or after the 75th day after the effective date of this Act. A meeting or an election held before the 75th day after the effective date of this Act is governed by the law in effect when the meeting or election was held, and that law is continued in effect for that purpose.

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 Fraser moved to concur in the House amendment to **SB 447**.

The motion prevailed by the following vote: Yeas 29, Nays 0.

Absent-excused: Van de Putte, Williams.

#### **GUEST PRESENTED**

Senator Hancock was recognized and introduced to the Senate his father, Dean Hancock.

The Senate welcomed its guest.

#### **SENATE BILL 1815 WITH HOUSE AMENDMENTS**

Senator Zaffirini called **SB 1815** 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.

#### **Floor Amendment No. 1**

Amend **SB 1815** (house committee printing) as follows:

(1) On page 1, line 9, strike "department" and substitute "Department of Public Safety".

(2) On page 3, line 12, strike "department" and substitute "Department of Public Safety".

(3) On page 6, line 7, strike "county assessor-collector" and substitute "department".

(4) On page 6, lines 11-12, strike "county assessor-collector" and substitute "department".

(5) On page 6, line 22, strike "county assessor-collector" and substitute "department".

### Floor Amendment No. 2

Amend **SB 1815** (house committee printing) as follows:

(1) On page 3, line 17, strike "521.421(g)," and substitute "[521.421(g)]".

(2) Insert the following appropriately numbered SECTION and renumber subsequent SECTIONS accordingly:

SECTION \_\_\_\_\_. Section 521.427(b), Transportation Code, is amended to read as follows:

(b) Subsection (a) does not apply to:

(1) the portion of a fee collected under Section 521.421(b) or Section 521.421(f), as added by Chapter 1156, Acts of the 75th Legislature, Regular Session, 1997, that is required by Section 662.011 to be deposited to the credit of the motorcycle education fund account;

(2) a fee collected under Section 521.421(j);

~~[(3) a fee collected under Section 521.421(g);]~~ or

(3) [(4)] a fee collected under Section 521.422(b) or (c).

(3) On page 9, line 6, insert "(a)" between the period and "Sections".

(4) On page 9, between lines 7 and 8, insert the following:

(b) Effective September 1, 2014, Section 521.421(g), Transportation Code, is repealed.

The amendments were read.

Senator Zaffirini moved to concur in the House amendments to **SB 1815**.

The motion prevailed by the following vote: Yeas 29, Nays 0.

Absent-excused: Van de Putte, Williams.

### SENATE BILL 945 WITH HOUSE AMENDMENT

Senator Nelson called **SB 945** 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 945** (house committee report) on page 1, line 24, by striking "the provider's title, as assigned by the hospital" and substituting "the type of license held by the provider, if the provider holds a license under Title 3, Occupations Code".

The amendment was read.

Senator Nelson moved to concur in the House amendment to **SB 945**.

The motion prevailed by the following vote: Yeas 29, Nays 0.

Absent-excused: Van de Putte, Williams.

**SENATE BILL 412 WITH HOUSE AMENDMENT**

Senator Seliger called **SB 412** 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 412** (house committee report) in SECTION 3 of the bill as follows:

- (1) In added Section 352.1038(1), Tax Code, after the semicolon, insert "and".
- (2) In added Section 352.1038(2), Tax Code, strike "; and" and substitute ";".
- (3) Strike added Section 352.1038(3), Tax Code.

The amendment was read.

Senator Seliger moved to concur in the House amendment to **SB 412**.

The motion prevailed by the following vote: Yeas 29, Nays 0.

Absent-excused: Van de Putte, Williams.

**SENATE BILL 307 WITH HOUSE AMENDMENTS**

Senator Huffman called **SB 307** 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 307** by substituting in lieu thereof the following:

A BILL TO BE ENTITLED  
AN ACT

relating to the transfer of adult education and literacy programs from the Texas Education Agency to the Texas Workforce Commission.

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

ARTICLE 1. CHANGES TO LABOR CODE

SECTION 1.01. Subtitle B, Title 4, Labor Code, is amended by adding Chapter 315 to read as follows:

CHAPTER 315. ADULT EDUCATION AND LITERACY PROGRAMS

Sec. 315.001. DEFINITIONS. In this chapter:

(1) "Adult" means any individual who is over the age of compulsory school attendance prescribed by Section 25.085, Education Code.

(2) "Adult education" means services and instruction provided below the college level for adults by public school districts, public junior colleges, regional education service centers, nonprofit agencies, or community-based organizations.

(3) "Community-based organization" has the meaning assigned by 20 U.S.C. Section 7801.

Sec. 315.002. COMMISSION DUTIES. (a) The commission shall:

(1) provide adequate staffing, including by hiring a director, to develop, administer, and support a comprehensive statewide adult education program and coordinate related federal and state programs for the education and training of adults;

(2) develop the mechanism and guidelines for the coordination of comprehensive adult education and related skill training services for adults with other entities, including public agencies and private organizations, in planning, developing, and implementing related programs;

(3) administer all state and federal funds for adult education and related skill training services in this state, other than funds that another entity is specifically authorized to administer under other law;

(4) prescribe and administer standards and accrediting policies for adult education;

(5) prescribe and administer rules for teacher certification for adult education;

(6) accept and administer grants, gifts, services, and funds from available sources for use in adult education;

(7) adopt or develop and administer a standardized assessment mechanism for assessing all adult education program participants who need literacy instruction, adult basic education, or secondary education leading to an adult high school diploma or the equivalent; and

(8) monitor and evaluate educational and employment outcomes of students who participate in the commission's adult education and literacy programs.

(b) The assessment mechanism prescribed by Subsection (a)(7) must include an initial basic skills screening instrument and must provide comprehensive information concerning baseline student skills before and student progress after participation in an adult education program.

(c) Not later than December 1 of each even-numbered year, the commission shall report to the legislature regarding the educational and employment outcomes of students who participate in the commission's adult education and literacy programs.

(d) The commission may adopt rules for the administration of this chapter.

Sec. 315.003. PROVISION OF ADULT EDUCATION PROGRAMS. Adult education programs must be provided by public school districts, public junior colleges, regional education service centers, nonprofit agencies, and community-based organizations approved in accordance with state statutes and rules adopted by the commission. The programs must be designed to meet the education and training needs of adults to the extent possible using available public and private resources. Bilingual education may be used to instruct students who do not function satisfactorily in English whenever it is appropriate for those students' optimum development.

Sec. 315.004. ADULT EDUCATION ASSESSMENT. The commission shall, in consultation with the Texas Higher Education Coordinating Board and the Texas Education Agency, review the standardized assessment mechanism required under Section 315.002(a)(7) and recommend any changes necessary to align the assessment with the assessments designated under Section 51.3062, Education Code, to allow for the proper placement of a student in an adult basic education course or to provide the student with the proper developmental or English as a second language coursework, as appropriate.

Sec. 315.005. ADULT EDUCATION AND LITERACY ADVISORY COMMITTEE. (a) In this section, "advisory committee" means the adult education and literacy advisory committee created under this section.



(b) The commission shall establish an adult education and literacy advisory committee composed of not more than nine members appointed by the commission. Members of the advisory committee must have expertise in the field of adult education and literacy and may include adult educators, providers, advocates, current or former adult education and literacy program students, and leaders in the nonprofit community engaged in literacy promotion efforts. The advisory committee's membership must include at least one representative of the business community and at least one representative of a local workforce development board.

(c) The advisory committee shall:

(1) meet at least quarterly;

(2) report to the commission at least annually; and

(3) advise the commission on:

(A) the development of:

(i) policies and program priorities that support the development of an educated and skilled workforce in this state;

(ii) statewide curriculum guidelines and standards for adult education and literacy services that ensure a balance of education and workplace skill development;

(iii) a statewide strategy for improving student transitions to postsecondary education and career and technical education training; and

(iv) a centralized system for collecting and tracking comprehensive data on adult basic education and literacy program performance outcomes;

(B) the exploration of potential partnerships with entities in the nonprofit community engaged in literacy promotion efforts, entities in the business community, and other appropriate entities to improve statewide literacy programs; and

(C) any other issue the commission considers appropriate.

(d) Chapter 2110, Government Code, does not apply to the size, composition, or duration of the advisory committee.

Sec. 315.006. STATE FUNDING. (a) Funds shall be appropriated to implement statewide adult basic education, adult bilingual education, high school equivalency, and high school credit programs to eliminate illiteracy in this state and to implement and support a statewide program to meet the total range of adult needs for adult education and related skill training. The commission shall ensure that public school districts, public junior colleges, regional education service centers, nonprofit agencies, and community-based organizations have direct and equitable access to those funds.

(b) In addition to any amount appropriated under Subsection (a), the legislature may appropriate an additional amount to the commission for the purpose of skill training in direct support of industrial expansion and new business development in locations, industries, and occupations designated by the commission, if the training supports the basic purposes of this chapter. To support the basic purposes of this chapter, the legislature may also appropriate an additional amount to the commission for skill training that is conducted to support the expansion of civilian employment opportunities on United States military reservations.

Sec. 315.007. PERFORMANCE INCENTIVE FUNDING. (a) The commission by rule shall develop and establish a performance-based process for annually awarding funds to entities that deliver adult education and literacy services under this chapter. The process must be designed to reward those entities demonstrating exemplary performance in the delivery of services.

(b) In developing the process for awarding funds under this section, the commission shall prescribe:

(1) criteria, including fiscal and programmatic performance criteria, to be used to evaluate the performance by the entities described by Subsection (a); and

(2) procedures for taking corrective action, including contract termination or the discontinuation of an award of funds, against an entity for the entity's failure to satisfy the performance criteria prescribed under Subdivision (1).

Sec. 315.008. SERVICE PROVIDER CONTRACTS: COMPETITIVE PROCUREMENT REQUIREMENT. The commission shall use a competitive procurement process to award a contract to a service provider of an adult education program.

SECTION 1.02. Section 302.004, Labor Code, is amended to read as follows:

Sec. 302.004. FUNDS FOR JOB TRAINING, EMPLOYMENT SERVICES, ADULT EDUCATION AND LITERACY ACTIVITIES, AND CHILD CARE. In providing job training, [and] employment services, adult education and literacy services, and child care to eligible persons, the commission, notwithstanding the provisions in this chapter or other law, may establish a need-based formula to allocate funds available under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Pub. L. No. 104-193) and the Workforce Investment Act of 1998 (29 U.S.C. Section 2801 et seq.) for job training, [and] employment services, adult education and literacy activities, and child care to local workforce development areas so as to:

(1) ensure compliance with federal participation rates and requirements and full utilization of the funding; and

(2) achieve integrated education and training.

SECTION 1.03. Section 302.062(g), Labor Code, is amended to read as follows:

(g) Block grant funding under this section does not apply to:

(1) the work and family policies program under Chapter 81;

(2) a program under the skills development fund created under Chapter 303;

(3) the job counseling program for displaced homemakers under Chapter 304;

(4) the Communities In Schools program under Subchapter E, Chapter 33, Education Code, to the extent that funds are available to the commission for that program;

(5) the reintegration of offenders program under Chapter 306;

(6) apprenticeship programs under Chapter 133, Education Code;

(7) the continuity of care program under Section 501.095, Government Code;

(8) employment programs under Chapter 31, Human Resources Code;

(9) the senior citizens employment program under Chapter 101, Human Resources Code;

(10) the programs described by Section 302.021(b)(2);

(11) the community service program under the National and Community Service Act of 1990 (42 U.S.C. Section 12501 et seq.);

(12) the trade adjustment assistance program under Part 2, Subchapter II, Trade Act of 1974 (19 U.S.C. Section 2271 et seq.);

(13) the programs to enhance the employment opportunities of veterans;  
[and]

(14) the functions of the State Occupational Information Coordinating Committee; and

(15) the adult education and literacy programs under Chapter 315.

**ARTICLE 2. TEXAS EDUCATION AGENCY RESPONSIBILITY FOR  
COMMUNITY EDUCATION PROGRAMS; CONFORMING CHANGES TO  
EDUCATION CODE**

SECTION 2.01. Section 7.021(b)(8), Education Code, is amended to read as follows:

(8) The agency shall carry out powers and duties relating to ~~[adult and]~~ community education as required under Subchapter H, Chapter 29.

SECTION 2.02. The heading to Subchapter H, Chapter 29, Education Code, is amended to read as follows:

**SUBCHAPTER H. ~~[ADULT AND]~~ COMMUNITY  
EDUCATION PROGRAMS**

SECTION 2.03. Section 29.251(4), Education Code, is amended to read as follows:

(4) "Community education" means the process by which the citizens in a school district, using the resources and facilities of the district, organize to support each other and to solve their mutual educational problems and meet their mutual lifelong needs. Community education may include:

(A) educational programs, including programs relating to ~~[for occupational and technological skills training, retraining of displaced workers,]~~ cultural awareness, parenting skills education and parental involvement in school programs, and multilevel adult education and personal growth;

(B) community involvement programs, including programs for community economic development, school volunteers, partnerships between schools and businesses, coordination with community agencies, school-age child care, family ~~[and workplace]~~ literacy, and community use of facilities; and

(C) programs for youth enrolled in schools, including programs for dropout prevention and recovery programs, drug-free school programs, school-age parenting programs, and academic enhancement.

SECTION 2.04. Section 29.252, Education Code, is amended to read as follows:

Sec. 29.252. **AGENCY ~~[STATE]~~ ROLE IN ~~[ADULT AND]~~ COMMUNITY EDUCATION.** (a) The agency shall:

(1) ~~[provide adequate staffing to develop, administer, and support a comprehensive statewide adult education program and coordinate related federal and state programs for education and training of adults;~~

~~[(2)] develop, implement, and regulate a comprehensive statewide program for community [level] education services [to meet the special needs of adults];~~

~~(2) [(3) develop the mechanism and guidelines for coordination of comprehensive adult education and related skill training services for adults with other agencies, both public and private, in planning, developing, and implementing related programs, including community education programs;~~

~~[(4)] administer all state and federal funds for community [adult] education [and related skill training] in this state, other than funds that [except in programs for which] another entity is specifically authorized to administer [do so] under other law; and~~

~~(3) [(5) prescribe and administer standards and accrediting policies for adult education;~~

~~[(6) prescribe and administer rules for teacher certification for adult education;~~

~~[(7)] accept and administer grants, gifts, services, and funds from available sources for use in community [adult] education[;]~~

~~[(8) adopt or develop and administer a standardized assessment mechanism for assessing all adult education program participants who need literacy instruction, adult basic education, or secondary education leading to an adult high school diploma or the equivalent;~~

~~[(9) collaborate with the Texas Workforce Commission to improve the coordination and implementation of adult education and literacy services in this state; and~~

~~[(10) monitor and evaluate educational and employment outcomes of students who participate in the agency's adult education and literacy programs].~~

(b) The agency may adopt rules for the administration of this subchapter ~~[assessment mechanism prescribed under Subsection (a)(8) must include an initial basic skills screening instrument and must provide comprehensive information concerning baseline student skills before and student progress after participation in an adult education program].~~

SECTION 2.05. Section 29.255, Education Code, is amended to read as follows:

Sec. 29.255. STATE FUNDING. ~~[(a)]~~ Funds shall be appropriated to implement statewide community [adult basic] education ~~[, adult bilingual education, high school equivalency, and high school credit] programs, including~~ [to eliminate illiteracy in this state and to implement and support a statewide program to meet the total range of adult needs for adult education, related skill training, and] pilot programs to demonstrate the effectiveness of the community education concept. The agency shall ensure that public local education agencies, public nonprofit agencies, and community-based organizations have direct and equitable access to those funds. ~~[An additional sum of money may be appropriated to the Texas Department of Commerce for the purpose of skill training in direct support of industrial expansion and start-up, and those locations, industries, and occupations designated by the Texas~~

~~Department of Commerce, when such training is also in support of the basic purposes of this subchapter. To fulfill the basic purposes of this subchapter, an additional sum of money may be appropriated for skill training that is conducted to support the expansion of civilian employment opportunities on United States military reservations.~~

~~[(b) The agency, in conjunction with the Texas Department of Commerce, may adopt rules to administer skill training programs for which the agency is responsible, and the Texas Department of Commerce may adopt rules to administer skill training programs for which it is responsible.]~~

SECTION 2.06. (a) The following provisions of the Education Code are repealed:

- (1) Section 7.102(c)(16);
  - (2) Sections 29.251(1), (2), and (3);
  - (3) Section 29.253;
  - (4) Section 29.2531;
  - (5) Section 29.2535; and
  - (6) Section 29.254.
- (b) Chapter 312, Labor Code, is repealed.

#### ARTICLE 3. TRANSITION PROVISIONS; EFFECTIVE DATE

SECTION 3.01. (a) Not later than January 1, 2014:

(1) the administration of adult education and literacy programs shall be transferred from the Texas Education Agency to the Texas Workforce Commission;

(2) all rules, policies, procedures, and decisions of the Texas Education Agency relating to the administration of adult education and literacy programs are continued in effect as rules, policies, procedures, and decisions of the Texas Workforce Commission until superseded by a rule or other appropriate action by the Texas Workforce Commission; and

(3) a reference in law or administrative rule to the Texas Education Agency relating to the administration of adult education and literacy programs means the Texas Workforce Commission.

(b) Not later than the 60th day before the date of the transfer of the administration of adult education and literacy programs from the Texas Education Agency to the Texas Workforce Commission under Subsection (a) of this section, the Texas Education Agency and the Texas Workforce Commission shall enter into a memorandum of understanding relating to that transfer. The memorandum must include:

(1) a timetable and specific steps and methods for the transfer of all powers, duties, obligations, rights, contracts, leases, records, real or personal property, and unspent and unobligated appropriations and other funds relating to the administration of adult education and literacy programs from the Texas Education Agency to the Texas Workforce Commission on the date of the transfer; and

(2) measures to ensure against any unnecessary disruption to adult education and literacy services provided at the local level.

SECTION 3.02. This Act takes effect September 1, 2013.

#### **Floor Amendment No. 1 on Third Reading**

Amend **CSSB 307**, on third reading, as follows:

(1) On page 2, line 20, strike "and".

(2) On page 2, line 23, between "programs" and the period, insert:  
; and

(9) provide, within the context of administering adult education and literacy programs, training opportunities for parents regarding how to be the primary teachers for their children and full partners in the their children's education

The amendments were read.

Senator Huffman moved to concur in the House amendments to **SB 307**.

The motion prevailed by the following vote: Yeas 29, Nays 0.

Absent-excused: Van de Putte, Williams.

### SENATE BILL 900 WITH HOUSE AMENDMENT

Senator Fraser called **SB 900** 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 900** (house committee printing) by adding the following appropriately numbered SECTION to the bill and renumbering subsequent SECTIONS of the bill accordingly:

SECTION \_\_\_\_ . Section 121.007, Utilities Code, is amended by amending Subsection (a) and adding Subsection (c) to read as follows:

(a) A person who owns or operates ~~operating~~ a natural gas pipeline, a liquefied natural gas pipeline, or an underground storage facility is not a gas utility if the person certifies to the railroad commission that the person uses the pipeline or underground storage facility solely to deliver natural gas or liquefied natural gas or the constituents of natural gas or liquefied natural gas:

(1) to a liquefied natural gas marine terminal;

(2) from a liquefied natural gas marine terminal to the owner of the gas or another person on behalf of the owner of the gas;

(3) that is acquired, liquefied, or sold by the person as necessary for the operation or maintenance of its facility that is excluded as a gas utility under this section; or

(4) that has been stored for export.

(c) This section does not create an exception to the applicability of a pipeline safety requirement provided under this chapter or a penalty for a violation of such a requirement.

The amendment was read.

Senator Fraser moved to concur in the House amendment to **SB 900**.

The motion prevailed by the following vote: Yeas 29, Nays 0.

Absent-excused: Van de Putte, Williams.

(Senator Eltife in Chair)

### SENATE BILL 1913 ON SECOND READING

On motion of Senator Nichols and by unanimous consent, the regular order of business was suspended to take up for consideration **SB 1913** at this time on its second reading:

**SB 1913**, Relating to authorizing certain special districts in Montgomery County to enter into strategic partnership agreements.

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

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

Absent-excused: Van de Putte, Williams.

### SENATE BILL 1913 ON THIRD READING

Senator Nichols moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **SB 1913** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 29, Nays 0.

Absent-excused: Van de Putte, Williams.

The bill was read third time and was passed by the following vote: Yeas 29, Nays 0. (Same as previous roll call)

### HOUSE BILL 666 ON SECOND READING

On motion of Senator Huffman and by unanimous consent, the regular order of business was suspended to take up for consideration **HB 666** at this time on its second reading:

**HB 666**, Relating to the elections to which certain applications for a ballot to be voted by mail are applicable.

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

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

Absent-excused: Van de Putte, Williams.

### HOUSE BILL 666 ON THIRD READING

Senator Huffman moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HB 666** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 29, Nays 0.

Absent-excused: Van de Putte, Williams.

The bill was read third time and was passed by the following vote: Yeas 29, Nays 0. (Same as previous roll call)

#### **SENATE BILL 1899 ON SECOND READING**

On motion of Senator Zaffirini and by unanimous consent, the regular order of business was suspended to take up for consideration **SB 1899** at this time on its second reading:

**SB 1899**, 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.

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

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

Absent-excused: Van de Putte, Williams.

#### **SENATE BILL 1899 ON THIRD READING**

Senator Zaffirini moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **SB 1899** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 29, Nays 0.

Absent-excused: Van de Putte, Williams.

The bill was read third time and was passed by the following vote: Yeas 29, Nays 0. (Same as previous roll call)

#### **SENATE BILL 807 ON SECOND READING**

On motion of Senator Deuell and by unanimous consent, the regular order of business was suspended to take up for consideration **SB 807** at this time on its second reading:

**SB 807**, Relating to the authority of the Department of State Health Services to admit certain nonresident tuberculosis patients to a state chest hospital.

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

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

Absent-excused: Van de Putte, Williams.

#### **SENATE BILL 807 ON THIRD READING**

Senator Deuell moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **SB 807** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 29, Nays 0.

Absent-excused: Van de Putte, Williams.



The bill was read third time and was passed by the following vote: Yeas 29, Nays 0. (Same as previous roll call)

#### **SENATE BILL 1910 ON SECOND READING**

On motion of Senator Hegar and by unanimous consent, the regular order of business was suspended to take up for consideration **SB 1910** at this time on its second reading:

**SB 1910**, 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.

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

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

Absent-excused: Van de Putte, Williams.

#### **SENATE BILL 1910 ON THIRD READING**

Senator Hegar moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **SB 1910** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 29, Nays 0.

Absent-excused: Van de Putte, Williams.

The bill was read third time and was passed by the following vote: Yeas 29, Nays 0. (Same as previous roll call)

#### **SENATE BILL 1873 ON SECOND READING**

On motion of Senator Estes and by unanimous consent, the regular order of business was suspended to take up for consideration **SB 1873** at this time on its second reading:

**SB 1873**, Relating to the authority to issue bonds of the Mustang Special Utility District.

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

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

Absent-excused: Van de Putte, Williams.

#### **SENATE BILL 1873 ON THIRD READING**

Senator Estes moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **SB 1873** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 29, Nays 0.

Absent-excused: Van de Putte, Williams.

The bill was read third time and was passed by the following vote: Yeas 29, Nays 0. (Same as previous roll call)

**COMMITTEE SUBSTITUTE  
SENATE BILL 628 ON SECOND READING**

Senator Watson moved to suspend the regular order of business to take up for consideration **CSSB 628** at this time on its second reading:

**CSSB 628**, Relating to the creation of regional emergency communications districts; authorizing the issuance of bonds; authorizing a fee.

The motion prevailed.

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

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

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

Nays: Schwertner.

Absent-excused: Van de Putte, Williams.

**COMMITTEE SUBSTITUTE  
SENATE BILL 628 ON THIRD READING**

Senator Watson moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **CSSB 628** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 28, Nays 1.

Nays: Schwertner.

Absent-excused: Van de Putte, Williams.

The bill was read third time and was passed by the following vote: Yeas 28, Nays 1. (Same as previous roll call)

**SENATE BILL 1635 ON SECOND READING**

On motion of Senator Deuell and by unanimous consent, the regular order of business was suspended to take up for consideration **SB 1635** at this time on its second reading:

**SB 1635**, Relating to the transfer of the assets of and the dissolution of the Dallas County Water Control and Improvement District No. 6.

The bill was read second time.

Senator Deuell offered the following amendment to the bill:

**Floor Amendment No. 1**

Amend **SB 1635** (senate committee report), in SECTION 4 of the bill, by striking the effective date provision (page 1, lines 49-53), and substituting:

SECTION 4. EFFECTIVE DATE. This Act takes effect October 1, 2013.

The amendment to **SB 1635** was read and was adopted by a viva voce vote.

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

Absent-excused: Van de Putte, Williams.

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

**SB 1635** as amended was passed to engrossment by a viva voce vote.

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

Absent-excused: Van de Putte, Williams.

#### **SENATE BILL 1635 ON THIRD READING**

Senator Deuell moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **SB 1635** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 29, Nays 0.

Absent-excused: Van de Putte, Williams.

The bill was read third time and was passed by the following vote: Yeas 29, Nays 0. (Same as previous roll call)

#### **COMMITTEE SUBSTITUTE SENATE BILL 1563 ON SECOND READING**

On motion of Senator Ellis and by unanimous consent, the regular order of business was suspended to take up for consideration **CSSB 1563** at this time on its second reading:

**CSSB 1563**, Relating to the definition of and access to public information.

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

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

Absent-excused: Van de Putte, Williams.

#### **COMMITTEE SUBSTITUTE SENATE BILL 1563 ON THIRD READING**

Senator Ellis moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **CSSB 1563** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 29, Nays 0.

Absent-excused: Van de Putte, Williams.

The bill was read third time and was passed by the following vote: Yeas 29, Nays 0. (Same as previous roll call)

**SENATE BILL 1312 WITH HOUSE AMENDMENTS**  
**(Motion In Writing)**

Senator Schwertner called **SB 1312** from the President's table for consideration of the House amendments to the bill.

The Presiding Officer, Senator Eltife in Chair, laid the bill and the House amendments before the Senate.

**Floor Amendment No. 1**

Amend **SB 1312** (house committee printing) on page 8, line 10, by striking "direct or".

**Floor Amendment No. 2**

Amend **SB 1312** (house committee printing) by adding the following appropriately numbered SECTION to the bill and renumbering subsequent SECTIONS of the bill accordingly:

SECTION \_\_\_\_\_. Subchapter H, Chapter 801, Occupations Code, is amended by adding Section 801.363 to read as follows:

Sec. 801.363. ANIMAL CHIROPRACTIC. (a) In this section, "animal chiropractor" means a person who holds a certification in animal chiropractic from the American Veterinary Chiropractic Association.

(b) An animal chiropractor may only provide chiropractic services for an animal under the supervision of a veterinarian licensed under this chapter.

(c) The board shall adopt rules governing the supervision requirements described by Subsection (b).

The amendments were read.

Senator Schwertner moved that the Senate do not concur in the House amendments, but that a conference committee be appointed to adjust the differences between the two Houses on the bill.

The motion prevailed without objection.

The Presiding Officer asked if there were any motions to instruct the conference committee on **SB 1312** before appointment.

There were no motions offered.

The Presiding Officer announced the appointment of the following conferees on the part of the Senate: Senators Schwertner, Chair; Campbell, Deuell, Huffman, and Hegar.

**SENATE BILL 200 WITH HOUSE AMENDMENTS**  
**(Motion In Writing)**

Senator Patrick called **SB 200** 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 200** by substituting in lieu thereof the following:

A BILL TO BE ENTITLED  
AN ACT

relating to the continuation and functions of the State Pension Review Board.

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

SECTION 1. Subsection (a), Section 801.102, Government Code, is amended to read as follows:

(a) The board is composed of seven ~~nine~~ members.

SECTION 2. Section 801.1021, Government Code, is amended to read as follows:

Sec. 801.1021. CONFLICT PROVISIONS. (a) In this section, "Texas trade association" means a cooperative and voluntarily joined statewide association of business or professional competitors in this state designed to assist its members and its industry or profession in dealing with mutual business or professional problems and in promoting their common interest.

(b) A person is not eligible for appointment as a member of the board if the person or the person's spouse:

(1) is employed by or participates in the management of a business entity or other organization receiving funds from the board;

(2) owns or controls, directly or indirectly, more than a 10 percent interest in a business entity or other organization receiving funds from the board; or

(3) uses or receives a substantial amount of tangible goods, services, or funds from the board, other than compensation or reimbursement authorized by law for board membership, attendance, or expenses.

(c) ~~(b)~~ A person may not serve as a member of the board or act as the general counsel to the board if the person is required to register as a lobbyist under Chapter 305 because of the person's activities for compensation on behalf of a profession related to the operation of the board.

(d) A person may not be a member of the board and may not be a board employee employed in a "bona fide executive, administrative, or professional capacity," as that phrase is used for purposes of establishing an exemption to the overtime provisions of the federal Fair Labor Standards Act of 1938 (29 U.S.C. Section 201 et seq.), if:

(1) the person is an officer, employee, or paid consultant of a Texas trade association in the field of pensions; or

(2) the person's spouse is an officer, manager, or paid consultant of a Texas trade association in the field of pensions.

SECTION 3. Section 801.106, Government Code, is amended to read as follows:

Sec. 801.106. TERMS OF OFFICE. Members of the board hold office for staggered terms of six years, with the terms of two or three members, as appropriate, expiring on January 31 of each odd-numbered year.

SECTION 4. Subsection (a), Section 801.1061, Government Code, is amended to read as follows:

(a) It is a ground for removal from the board that a member:

(1) does not have at the time of taking office the qualifications required by Section 801.103 [~~or 801.104~~];

(2) does not maintain during service on the board the qualifications required by Section 801.103 [~~or 801.104~~];

(3) is ineligible for membership under Section 801.1021;

(4) cannot, because of illness or disability, discharge the member's duties for a substantial part of the member's term; or

(5) is absent from more than half of the regularly scheduled board meetings that the member is eligible to attend during a calendar year without an excuse approved by a majority vote of the board.

SECTION 5. Section 801.107, Government Code, is amended to read as follows:

Sec. 801.107. SUNSET PROVISION. The State Pension Review Board is subject to Chapter 325 (Texas Sunset Act). Unless continued in existence as provided by that chapter, the board is abolished and this chapter expires September 1, 2025 [~~2013~~].

SECTION 6. Subchapter C, Chapter 801, Government Code, is amended by adding Section 801.2012 to read as follows:

Sec. 801.2012. NEGOTIATED RULEMAKING AND ALTERNATIVE DISPUTE RESOLUTION PROCEDURES. (a) The board shall develop and implement a policy to encourage the use of:

(1) negotiated rulemaking procedures under Chapter 2008 for the adoption of board rules; and

(2) appropriate alternative dispute resolution procedures under Chapter 2009 to assist in the resolution of internal and external disputes under the board's jurisdiction.

(b) The board's procedures relating to alternative dispute resolution must conform, to the extent possible, to any model guidelines issued by the State Office of Administrative Hearings for the use of alternative dispute resolution by state agencies.

(c) The board shall:

(1) coordinate the implementation of the policy adopted under Subsection (a);

(2) provide training as needed to implement the procedures for negotiated rulemaking or alternative dispute resolution; and

(3) collect data concerning the effectiveness of those procedures.

SECTION 7. Subchapter C, Chapter 801, Government Code, is amended by adding Section 801.208 to read as follows:

Sec. 801.208. EDUCATION AND TRAINING. As authorized by Section 801.113(e), the board may develop and conduct training sessions and other educational activities for trustees and administrators of public retirement systems. In exercising the board's authority under this section, the board may:

(1) conduct live training seminars on an Internet website at intervals the board considers necessary to keep trustees and administrators reasonably informed;

(2) maintain archives of previous seminars reasonably accessible to trustees and administrators on the Internet website; and

(3) use technologies and innovations the board considers appropriate to educate the greatest practicable number of trustees and administrators.

SECTION 8. Section 802.001, Government Code, is amended by adding Subdivision (1-a) to read as follows:

(1-a) "Defined contribution plan" means a plan provided by the governing body of a public retirement system that provides for an individual account for each participant and for benefits based solely on the amount contributed to the participant's account, and any income, expenses, gains and losses, and any forfeitures of accounts of other participants that may be allocated to the participant's account.

SECTION 9. Section 802.002, Government Code, is amended by amending Subsection (b) and adding Subsections (c) and (d) to read as follows:

(b) If a public ~~[an exempt]~~ retirement system or program that is exempt under Subsection (a) is required by law to make an actuarial valuation of the assets of the system or program and publish actuarial information about the system or program, the actuary making the valuation and the governing body publishing the information must include the information required by Section 802.101(b).

(c) Notwithstanding any other law, a defined contribution plan is exempt from Sections 802.101, 802.1012, 802.1014, 802.103, 802.104, and 802.202(d). This subsection may not be construed to exempt any plan from Section 802.105 or 802.106(h).

(d) Notwithstanding any other law, a retirement system that is organized under the Texas Local Fire Fighters Retirement Act (Article 6243e, Vernon's Texas Civil Statutes) for a fire department consisting exclusively of volunteers as defined by that Act is exempt from Sections 802.101, 802.1012, 802.1014, 802.102, 802.103, 802.104, and 802.202(d). This subsection may not be construed to exempt any plan from Section 802.105 or 802.106(h).

SECTION 10. Subchapter B, Chapter 802, Government Code, is amended by adding Section 802.1014 to read as follows:

Sec. 802.1014. ACTUARIAL EXPERIENCE STUDY. (a) In this section, "actuarial experience study" means a study in which actuarial assumptions are reviewed in light of relevant experience factors, important trends, and economic projections with the purpose of determining whether actuarial assumptions require adjustment.

(b) Except as provided by Subsection (c), a public retirement system that conducts an actuarial experience study shall submit to the board a copy of the actuarial experience study before the 31st day after the date of the study's adoption.

(c) This section does not apply to the Employees Retirement System of Texas, the Teacher Retirement System of Texas, the Texas County and District Retirement System, the Texas Municipal Retirement System, or the Judicial Retirement System of Texas Plan Two.

SECTION 11. Section 802.102, Government Code, is amended to read as follows:

Sec. 802.102. AUDIT. The governing body of a public retirement system shall have the accounts of the system audited at least annually by a certified public accountant in accordance with generally accepted auditing standards. A general audit of a governmental entity, as defined by Section 802.1012, does not satisfy the requirement of this section.

SECTION 12. Section 802.103, Government Code, is amended by adding Subsection (d) to read as follows:

(d) A general audit of a governmental entity, as defined by Section 802.1012, does not satisfy the requirement of this section.

SECTION 13. Subsection (h), Section 802.106, Government Code, is amended to read as follows:

(h) A public retirement system shall submit to the board [~~State Pension Review Board~~] copies of the summarized information required by Subsections (a) and (b) [~~A system shall submit a copy of the information required by Subsection (a)~~] before the 31st day after the date of publication or [~~and a copy of the information required by Subsection (b) before the 271st day after~~] the date a change is adopted, as appropriate.

SECTION 14. Section 801.104 and Subsection (c), Section 802.103, Government Code, are repealed.

SECTION 15. (a) The change in law made by this Act to Section 801.1021, Government Code, regarding prohibitions on members of the State Pension Review Board does not affect the entitlement of a member serving on the board immediately before September 1, 2013, to continue to serve and function as a member of the board for the remainder of the member's term. The change in law made to that section applies only to a member appointed on or after September 1, 2013.

(b) Section 802.1014, Government Code, as added by this Act, applies only to an actuarial experience study conducted on or after the effective date of this Act. An actuarial experience study conducted before the effective date of this Act is governed by the law in effect immediately before that date, and that law is continued in effect for that purpose.

(c) Section 802.102, Government Code, as amended by this Act, is intended to clarify existing law with respect to the audit required by that section.

(d) Subsection (d), Section 802.103, Government Code, as added by this Act, is intended to clarify existing law with respect to the annual financial report required by Section 802.103, Government Code.

(e) Subsection (h), Section 802.106, Government Code, as amended by this Act, applies only to a change in statutes or ordinances governing a retirement system described by Subsection (b), Section 802.106, Government Code, that is adopted on or after the effective date of this Act. A change in statutes or ordinances that is adopted before the effective date of this Act is governed by the law in effect immediately before that date, and that law is continued in effect for that purpose.

SECTION 16. (a) A person who is serving as a member of the State Pension Review Board appointed under Section 801.103, Government Code, on the effective date of this Act continues to serve until the person's term expires.



(b) The governor shall make appointments to fill vacancies on the State Pension Review Board so that board members' terms of office expire in compliance with Section 801.106, Government Code, as amended by this Act, and, if necessary for compliance with that section, a person may be appointed to a term of office that expires in less than six years.

(c) The term of a person who is serving as a member of the State Pension Review Board appointed under Section 801.104, Government Code, expires January 31, 2017.

SECTION 17. This Act takes effect September 1, 2013.

### Floor Amendment No. 1

Amend **CSSB 200** by adding the following appropriately numbered SECTIONS to the bill and renumbering other SECTIONS of the bill accordingly:

SECTION \_\_\_\_\_. Section 28(h), Texas Local Fire Fighters Retirement Act (Article 6243e, Vernon's Civil Statutes), is amended to read as follows:

(h) A retirement system established under this Act is exempt from Subchapter C, Chapter 802, Government Code, except Sections 802.202, 802.205, and 802.207.

SECTION \_\_\_\_\_. (a) Contingent on the failure of **HB 3148**, **SB 220**, or similar legislation by the 83rd Legislature, Regular Session, 2013, providing for the abolition of the office of the fire fighters' pension commissioner and the transfer and disposition of its functions relating to the Texas Emergency Services Retirement System and the Texas local firefighters retirement systems, to become law:

(1) the State Pension Review Board shall provide any necessary assistance, including educational training, technical assistance, and other information to retirement systems organized under the Texas Local Fire Fighters' Retirement Act; and

(2) a person aggrieved by a decision of a board of trustees of a retirement system organized under the Texas Local Fire Fighters' Retirement Act relating to eligibility for or the amount of benefits payable by a retirement system may appeal the decision to the State Office of Administrative Hearings in the manner described by Subsection (b) of this section.

(b) An appeal under Subsection (a)(2) of this section is begun by delivering a notice of appeal to the State Pension Review Board in the manner established under Subsection (c) of this section. As soon as practicable after receiving a notice of appeal, the State Pension Review Board shall refer the matter to the State Office of Administrative Hearings by submitting notice of the appeal to that office.

(c) As soon as practicable after the effective date of this Act, and contingent on the failure of the measures described by Subsection (a) of this section to become law, the State Pension Review Board shall adopt rules to establish the manner in which an aggrieved person may provide notice of appeal under Subsection (b) of this section.

### Floor Amendment No. 2

Amend Floor Amendment No. 1 by Callegari amending **CSSB 200** as follows:

- (1) On page 1, lines 10-11, strike "**HB 3148**, **SB 220**, or similar".
- (2) On page 1, line 16, strike "systems, to become law:" and substitute "systems to become law,".
- (3) On page 1, line 17, strike "(1)".

(4) On page 1, line 20, strike the semicolon and substitute a period.

(5) On page 1, strike lines 21-29.

(6) On page 2, strike lines 1-11 and substitute the following:

SECTION \_\_\_\_\_. (a) Sections 22 and 22A, Texas Local Fire Fighters Retirement Act (Article 6243e, Vernon's Texas Civil Statutes), are amended to read as follows:

Sec. 22. APPEALS FROM LOCAL BOARD DECISIONS. (a) A person aggrieved by a decision of a board of trustees relating to eligibility for or amount of benefits payable by a retirement system may appeal the decision to the State Office of Administrative Hearings [~~fire fighters' pension commissioner~~].

(b) An appeal under this section is begun by delivering a notice of appeal with the chairman, secretary, or secretary-treasurer of the board of trustees that made the decision. The notice must be delivered not later than the 20th day after the date of the decision and contain a brief description of the reasons or grounds for appeal. The aggrieved person must file a copy of the notice with the State Pension Review Board [~~fire fighters' pension commissioner~~].

(b-1) As soon as practicable after receiving a notice of appeal under Subsection (b) of this section the State Pension Review Board shall refer the matter to the State Office of Administrative Hearings by submitting notice of the appeal to that office.

(c) An appeal under this section [~~to the fire fighters' pension commissioner~~] is held in Austin and is a contested case under Chapter 2001, Government Code, [~~the Administrative Procedure and Texas Register Act (Article 6252-13a, Vernon's Texas Civil Statutes)~~] conducted as a de novo hearing by the State Office of Administrative Hearings.

Sec. 22A. ATTORNEY. A board of trustees may employ an attorney to represent the board in one or all legal matters, including a hearing on appeal to the State Office of Administrative Hearings [~~fire fighters' pension commissioner~~]. At the request of a board of trustees, the city attorney of the municipality of which the board is a part shall, without additional compensation, represent the board in one or all legal matters.

(b) Subsection (a) of this section takes effect only on the failure of legislation by the 83rd Legislature, Regular Session, 2013, providing for the abolition of the office of the fire fighters' pension commissioner and the transfer and disposition of its functions relating to the Texas Emergency Services Retirement System and the Texas local firefighters retirement systems to become law.

### **Floor Amendment No. 1 on Third Reading**

Amend **CSSB 200** on third reading by adding the following appropriately numbered SECTION to the bill and renumbering other SECTIONS of the bill accordingly:

SECTION \_\_\_\_\_. (a) Subtitle A, Title 8, Government Code, is amended by adding Chapter 807 to read as follows:

#### CHAPTER 807. PROHIBITION ON INVESTMENT IN IRAN

##### SUBCHAPTER A. GENERAL PROVISIONS

Sec. 807.001. DEFINITIONS. In this chapter:

(1) "Active business operations" means all business operations that are not inactive business operations.

(2) "Board" means the State Pension Review Board.

(3) "Business operations" means engaging in commerce in any form in Iran, including by acquiring, developing, maintaining, owning, selling, possessing, leasing, or operating equipment, facilities, personnel, products, services, personal property, real property, or any other apparatus of business or commerce.

(4) "Company" means a sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, limited liability company, or other entity or business association whose securities are publicly traded, including a wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of those entities or business associations, that exists to make a profit.

(5) "Direct holdings" means, with respect to a company, all securities of that company held directly by a state governmental entity in an account or fund in which a state governmental entity owns all shares or interests.

(6) "Inactive business operations" means the mere continued holding or renewal of rights to property previously operated to generate revenue but not presently deployed to generate revenue.

(7) "Indirect holdings" means, with respect to a company, all securities of that company held in an account or fund, such as a mutual fund, managed by one or more persons not employed by a state governmental entity, in which the state governmental entity owns shares or interests together with other investors not subject to the provisions of this chapter. The term does not include money invested under a plan described by Section 401(k) or 457 of the Internal Revenue Code of 1986.

(8) "Listed company" means a company listed by the board under Section 807.051.

(9) "Military equipment" means weapons, arms, military supplies, and equipment that readily may be used for military purposes, including radar systems and military-grade transport vehicles.

(10) "Scrutinized company" means a company that engages in scrutinized business operations described by Section 807.002.

(11) "State governmental entity" means:

(A) the Employees Retirement System of Texas, including a retirement system administered by that system;

(B) the Teacher Retirement System of Texas;

(C) the Texas Municipal Retirement System;

(D) the Texas County and District Retirement System; and

(E) the Texas Emergency Services Retirement System.

Sec. 807.002. SCRUTINIZED BUSINESS OPERATIONS. A company engages in scrutinized business operations if:

(1) the company has business operations that involve contracts with or providing supplies or services to the government of Iran, a company in which the government of Iran has any direct or indirect equity share, a consortium or project commissioned by the government of Iran, or a company involved in a consortium or project commissioned by the government of Iran; or

(2) the company supplies military equipment to Iran.

Sec. 807.003. EXCEPTION. Notwithstanding any provision of this chapter, a company that the United States government affirmatively declares to be excluded from its federal sanctions regime relating to Iran is not subject to divestment or the investment prohibition under this chapter.

Sec. 807.004. OTHER LEGAL OBLIGATIONS. With respect to actions taken in compliance with this chapter, including all good faith determinations regarding companies as required by this chapter, a state governmental entity is exempt from any conflicting statutory or common law obligations, including any obligations with respect to making investments, divesting from any investment, preparing or maintaining any list of companies, or choosing asset managers, investment funds, or investments for the state governmental entity's securities portfolios.

Sec. 807.005. INDEMNIFICATION OF STATE GOVERNMENTAL ENTITIES, EMPLOYEES, AND OTHERS. In a cause of action based on an action, inaction, decision, divestment, investment, company communication, report, or other determination made or taken in connection with this chapter, the state shall, without regard to whether the person performed services for compensation, indemnify and hold harmless for actual damages, court costs, and attorney's fees adjudged against, and defend:

(1) an employee, a member of the governing body, or any other officer of a state governmental entity;

(2) a contractor of a state governmental entity;

(3) a former employee, a former member of the governing body, or any other former officer of a state governmental entity who was an employee or officer when the act or omission on which the damages are based occurred;

(4) a former contractor of a state governmental entity who was a contractor when the act or omission on which the damages are based occurred; and

(5) a state governmental entity.

Sec. 807.006. NO PRIVATE CAUSE OF ACTION. (a) A person, including a member, retiree, or beneficiary of a retirement system to which this chapter applies, an association, a research firm, a company, or any other person may not sue or pursue a private cause of action against the state, a state governmental entity, an employee, a member of the governing body, or any other officer of a state governmental entity, or a contractor of a state governmental entity, for any claim or cause of action, including breach of fiduciary duty, or for violation of any constitutional, statutory, or regulatory requirement in connection with any action, inaction, decision, divestment, investment, company communication, report, or other determination made or taken in connection with this chapter.

(b) A person who files suit against the state, a state governmental entity, an employee, a member of the governing body, or any other officer of a state governmental entity, or a contractor of a state governmental entity, is liable for paying the costs and attorney's fees of a person sued in violation of this section.

Sec. 807.007. INAPPLICABILITY OF REQUIREMENTS INCONSISTENT WITH FIDUCIARY RESPONSIBILITIES AND RELATED DUTIES. A state governmental entity is not subject to a requirement of this chapter if the state governmental entity determines that the requirement would be inconsistent with its

fiduciary responsibility with respect to the investment of entity assets or other duties imposed by law relating to the investment of entity assets, including the duty of care established under Section 67, Article XVI, Texas Constitution.

Sec. 807.008. RELIANCE ON COMPANY RESPONSE. The board and a state governmental entity may rely on a company's response to a notice or communication made under this chapter without conducting any further investigation, research, or inquiry.

#### SUBCHAPTER B. DUTIES REGARDING INVESTMENTS

Sec. 807.051. LISTED COMPANIES. (a) The board shall prepare and maintain, and provide to each state governmental entity, a list of all scrutinized companies. In maintaining the list, the board may review and rely, as appropriate in the board's judgment, on publicly available information regarding companies with business operations in Iran, including information provided by the state, nonprofit organizations, research firms, international organizations, and governmental entities.

(b) The board shall update the list annually or more often as the board considers necessary, but not more often than quarterly, based on information from, among other sources, those listed in Subsection (a).

(c) Not later than the 30th day after the date the list of scrutinized companies is first provided or updated, the board shall file the list with the presiding officer of each house of the legislature and the attorney general.

Sec. 807.052. IDENTIFICATION OF INVESTMENT IN LISTED COMPANIES. Not later than the 14th day after the date a state governmental entity receives the list provided under Section 807.051, the state governmental entity shall notify the board of the listed companies in which the state governmental entity owns direct holdings or indirect holdings.

Sec. 807.053. NOTICE TO LISTED COMPANY ENGAGED IN INACTIVE BUSINESS OPERATIONS. For each listed company identified under Section 807.052 that is engaged in only scrutinized inactive business operations, the state governmental entity shall send a written notice informing the company of this chapter and encouraging the company to continue to refrain from initiating active business operations in Iran until it is able to avoid being considered a listed company. The state governmental entity shall continue the correspondence as the entity, in its sole discretion, considers necessary, but is not required to initiate correspondence more often than semiannually.

Sec. 807.054. ACTIONS RELATING TO LISTED COMPANY ENGAGED IN ACTIVE BUSINESS OPERATIONS. (a) For each listed company identified under Section 807.052 that is engaged in scrutinized active business operations, the state governmental entity shall send a written notice informing the company of its listed company status and warning the company that it may become subject to divestment by state governmental entities.

(b) The notice must offer the company the opportunity to clarify its Iran-related activities and must encourage the company, not later than the 90th day after the date the company receives notice under this section, to either cease its scrutinized business operations or convert the operations to inactive business operations in order to avoid qualifying for divestment by state governmental entities.

(c) If, during the time provided by Subsection (b), the company ceases scrutinized business operations, the board shall remove the company from the list maintained under Section 807.051 and this chapter will no longer apply to the company unless it resumes scrutinized business operations.

(d) If, during the time provided by Subsection (b), the company converts its scrutinized active business operations to inactive business operations, the company is subject to all provisions of this chapter relating to inactive business operations.

(e) If, after the time provided by Subsection (b) expires, the company continues to have scrutinized active business operations, the state governmental entity shall sell, redeem, divest, or withdraw all publicly traded securities of the company, except securities described by Section 807.056, according to the schedule provided by Section 807.055.

Sec. 807.055. DIVESTMENT OF ASSETS. (a) A state governmental entity required to sell, redeem, divest, or withdraw all publicly traded securities of a listed company shall comply with the following schedule:

(1) at least 50 percent of those assets must be removed from the state governmental entity's assets under management not later than the 270th day after the date the company receives notice under Section 807.054 or Subsection (b) unless the state governmental entity determines, based on a good faith exercise of its fiduciary discretion and subject to Subdivision (2), that a later date is more prudent; and

(2) 100 percent of those assets must be removed from the state governmental entity's assets under management not later than the 450th day after the date the company receives notice under Section 807.054 or Subsection (b).

(b) If a company that ceased scrutinized active business operations after receiving notice under Section 807.054 resumes scrutinized active business operations, the state governmental entity shall send a written notice to the company informing it that the state governmental entity will sell, redeem, divest, or withdraw all publicly traded securities of the scrutinized company according to the schedule in Subsection (a).

(c) Except as provided by Subsection (a), a state governmental entity may delay the schedule for divestment under that subsection only to the extent that the state governmental entity determines, in the state governmental entity's good faith judgment, that divestment from listed companies will likely result in a loss in value or a benchmark deviation described by Section 807.057(a). If a state governmental entity delays the schedule for divestment, the state governmental entity shall submit a report to the presiding officer of each house of the legislature and the attorney general stating the reasons and justification for the state governmental entity's delay in divestment from listed companies. The report must include documentation supporting its determination that the divestment would result in a loss in value or benchmark deviation described by Section 807.057(a), including objective numerical estimates. The state governmental entity shall update the report every six months.

Sec. 807.056. INVESTMENTS EXEMPTED FROM DIVESTMENT. A state governmental entity is not required to divest from any indirect holdings in actively or passively managed investment funds or private equity funds. The state governmental entity shall submit letters to the managers of investment funds containing listed companies requesting that they consider removing those companies from the fund or

create a similar actively or passively managed fund with indirect holdings devoid of listed companies. If the manager creates a similar fund with substantially the same management fees and same level of investment risk and anticipated return, the state governmental entity may replace all applicable investments with investments in the similar fund in a time frame consistent with prudent fiduciary standards.

Sec. 807.057. AUTHORIZED INVESTMENT IN LISTED COMPANIES. (a) A state governmental entity may cease divesting from or may reinvest in one or more listed companies if clear and convincing evidence shows that:

(1) the state governmental entity has suffered or will suffer a loss in the hypothetical value of all assets under management by the state governmental entity as a result of having to divest from listed companies under this chapter; or

(2) an individual portfolio that uses a benchmark-aware strategy would be subject to an aggregate expected deviation from its benchmark as a result of having to divest from listed companies under this chapter.

(b) A state governmental entity may cease divesting from or may reinvest in a listed company as provided by this section only to the extent necessary to ensure that the state governmental entity does not suffer a loss in value or deviate from its benchmark as described by Subsection (a).

(c) Before a state governmental entity may cease divesting from or may reinvest in a listed company under this section, the state governmental entity must provide a written report to the presiding officer of each house of the legislature and the attorney general setting forth the reason and justification, supported by clear and convincing evidence, for its decisions to cease divestment, to reinvest, or to remain invested in a listed company.

(d) The state governmental entity shall update the report required by Subsection (c) semiannually, as applicable.

(e) This section does not apply to reinvestment in a company that is no longer a listed company.

Sec. 807.058. PROHIBITED INVESTMENTS. Except as provided by Sections 807.003 and 807.057, a state governmental entity may not acquire securities of a listed company.

#### SUBCHAPTER C. EXPIRATION; REPORT; ENFORCEMENT

Sec. 807.101. EXPIRATION OF CHAPTER. This chapter expires on the earlier of:

(1) the date the United States revokes its sanctions against the government of Iran; or

(2) the date the United States Congress or the president of the United States, through legislation or executive order, declares that mandatory divestment of the type provided for in this chapter interferes with the conduct of United States foreign policy.

Sec. 807.102. REPORT. Not later than December 31 of each year, each state governmental entity shall file a publicly available report with the presiding officer of each house of the legislature and the attorney general that:

(1) identifies all securities sold, redeemed, divested, or withdrawn in compliance with Section 807.055;

(2) identifies all prohibited investments under Section 807.058; and

(3) summarizes any changes made under Section 807.056.

Sec. 807.103. ENFORCEMENT. The attorney general may bring any action necessary to enforce this chapter.

(b) Not later than January 1, 2014, the State Pension Review Board shall prepare and provide to each state governmental entity, as defined by Section 807.001, Government Code, as added by this Act, the list of scrutinized companies required by Section 807.051, Government Code, as added by this Act.

(c) Notwithstanding any other provision of this Act, this section takes effect January 1, 2014.

The amendments were read.

Senator Patrick moved that the Senate do not concur in the House amendments, but that a conference committee be appointed to adjust the differences between the two Houses on the bill.

The motion prevailed without objection.

The Presiding Officer asked if there were any motions to instruct the conference committee on **SB 200** before appointment.

There were no motions offered.

The Presiding Officer announced the appointment of the following conferees on the part of the Senate: Senators Patrick, Chair; Nichols, Whitmire, Huffman, and Duncan.

#### **COMMITTEE SUBSTITUTE SENATE BILL 930 ON SECOND READING**

Senator Zaffirini, on behalf of Senator Van de Putte, moved to suspend the regular order of business to take up for consideration **CSSB 930** at this time on its second reading:

**CSSB 930**, Relating to the sale and use of certain land used for a world exposition.

The motion prevailed.

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

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

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

Nays: Campbell.

Absent-excused: Van de Putte, Williams.

#### **COMMITTEE SUBSTITUTE SENATE BILL 930 ON THIRD READING**

Senator Zaffirini, on behalf of Senator Van de Putte, moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **CSSB 930** be placed on its third reading and final passage.



The motion prevailed by the following vote: Yeas 28, Nays 1.

Nays: Campbell.

Absent-excused: Van de Putte, Williams.

The bill was read third time and was passed by the following vote: Yeas 28, Nays 1. (Same as previous roll call)

### **SENATOR ANNOUNCED PRESENT**

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

### **COMMITTEE SUBSTITUTE HOUSE BILL 535 ON SECOND READING**

Senator Zaffirini moved to suspend the regular order of business to take up for consideration **CSHB 535** at this time on its second reading:

**CSHB 535**, Relating to the preference given by state agencies to goods offered by bidders in this state or manufactured, produced, or grown in this state or in the United States.

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

Yeas: Birdwell, Campbell, Carona, Davis, Deuell, Duncan, Ellis, Eltife, Fraser, Garcia, Hegar, Hinojosa, Lucio, Nelson, Nichols, Paxton, Rodríguez, Seliger, Uresti, Watson, West, Whitmire, Zaffirini.

Nays: Estes, Hancock, Huffman, Patrick, Schwertner, Taylor, Williams.

Absent-excused: Van de Putte.

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

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

Nays: Estes, Hancock, Huffman, Patrick, Schwertner, Taylor, Williams.

Absent-excused: Van de Putte.

### **SENATE BILL 1286 WITH HOUSE AMENDMENT**

Senator Williams called **SB 1286** from the President's table for consideration of the House amendment to the bill.

The Presiding Officer, Senator Eltife in Chair, laid the bill and the House amendment before the Senate.

#### **Amendment**

Amend **SB 1286** by substituting in lieu thereof the following:

#### **A BILL TO BE ENTITLED AN ACT**

relating to the regulation of professional employer services; authorizing fees.

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

SECTION 1. The heading to Chapter 91, Labor Code, is amended to read as follows:

CHAPTER 91. PROFESSIONAL EMPLOYER ORGANIZATIONS [~~STAFF LEASING SERVICES~~]

SECTION 2. Section 91.001, Labor Code, is amended by amending Subdivisions (1), (2-a), (3), (7), (11), (14), (15), (16), and (17) and adding Subdivisions (3-a), (3-b), and (7-a) to read as follows:

(1) "Applicant" means a person [~~business entity~~] applying for a license or the renewal of a license under this chapter.

(2-a) "Assurance organization" means an independent entity approved by the commission that:

(A) provides a national program of accreditation and financial assurance for professional employer organizations [~~staff leasing services companies~~];

(B) has documented qualifications, standards, and procedures acceptable to the department; and

(C) agrees to provide information, compliance monitoring services, and financial assurance useful to the department in accomplishing the provisions of this chapter.

(3) "Client [~~company~~]" means any [~~a~~] person who enters into a professional employer services agreement [~~that contracts~~] with a license holder [~~and is assigned employees by the license holder under that contract~~].

(3-a) "Coemployer" means a professional employer organization or a client that is a party to a coemployment relationship.

(3-b) "Coemployment relationship" means a contractual relationship between a client and a professional employer organization that involves the sharing of employment responsibilities with or allocation of employment responsibilities to covered employees in accordance with the professional employer services agreement and this chapter.

(7) "Controlling person" means an individual who:

(A) possesses direct or indirect control of 25 percent or more of the voting securities of a business entity [~~corporation~~] that offers or proposes to offer professional employer [~~staff leasing~~] services;

(B) possesses the authority to set policy and direct management of a business entity [~~company~~] that offers or proposes to offer professional employer [~~staff leasing~~] services;

(C) is employed, appointed, or authorized by a business entity [~~company~~] that offers or proposes to offer professional employer [~~staff leasing~~] services to enter into a professional employer services agreement [~~contract~~] with a client [~~company~~] on behalf of the business entity [~~company~~]; or

(D) a person who is an officer or director of a corporation or a general partner of a partnership that offers or proposes to offer professional employer [~~staff leasing~~] services.

(7-a) "Covered employee" means an individual having a coemployment relationship with a professional employer organization and a client.

(11) "License holder" means a person licensed under this chapter to provide professional employer [~~staff leasing~~] services.

(14) "Professional employer services" means the services provided through coemployment relationships in which all or a majority of the employees providing services to a client or to a division or work unit of a client are covered employees.

~~["Staff leasing services" means an arrangement by which employees of a license holder are assigned to work at a client company and in which employment responsibilities are in fact shared by the license holder and the client company, the employee's assignment is intended to be of a long term or continuing nature, rather than temporary or seasonal in nature, and a majority of the work force at a client company worksite or a specialized group within that work force consists of assigned employees of the license holder. The term includes professional employer organization services.]~~ The term does not include:

(A) temporary help;

(B) an independent contractor;

(C) the provision of services that otherwise meet the definition of "professional employer [staff leasing] services" by one person solely to other persons who are related to the service provider by common ownership; or

(D) a temporary common worker employer as defined by Chapter 92.

(15) "Professional employer organization" ["Staff leasing services company"] means a business entity that offers professional employer [staff leasing] services. ~~[The term includes a professional employer organization.]~~

(16) "Temporary help" means an arrangement by which an organization hires its own employees and assigns them to a company [client] to support or supplement the company's [client's] work force in a special work situation, including:

(A) an employee absence;

(B) a temporary skill shortage;

(C) a seasonal workload; or

(D) a special assignment or project.

(17) "Wages" means:

(A) compensation for labor or services rendered by a covered ~~[an assigned]~~ employee, whether computed on a time, task, piece, or other basis; and

(B) vacation pay, holiday pay, sick leave pay, parental leave pay, severance pay, bonuses, commissions, stock option grants, or deferred compensation owed to a covered ~~[an assigned]~~ employee under a written agreement.

SECTION 3. Chapter 91, Labor Code, is amended by adding Sections 91.0011 and 91.0012 to read as follows:

Sec. 91.0011. COEMPLOYMENT RELATIONSHIP. (a) A coemployment relationship is intended to be an ongoing relationship rather than a temporary or specific one, in which the rights, duties, and obligations of an employer that arise out of an employment relationship are allocated between coemployers under a professional employer services agreement. Coemployment is not a joint employment arrangement.

(b) In a coemployment relationship:

(1) the professional employer organization may enforce only those employer rights and is subject to only those obligations specifically allocated to the professional employer organization by the professional employer services agreement or this chapter;

(2) the client may enforce any right and is obligated to perform those employer obligations allocated to the client by the professional employer services agreement or this chapter; and

(3) the client may enforce any right and is obligated to perform any obligation of an employer not specifically allocated to the professional employer organization by the professional employer services agreement or this chapter.

Sec. 91.0012. COVERED EMPLOYEE. (a) A covered employee must meet all the following criteria:

(1) the individual must receive written notice of the coemployment relationship with the professional employer organization; and

(2) the individual's coemployment relationship must be under a professional employer services agreement subject to this chapter.

(b) An individual who is an executive employee, as described by Section 406.097, of the client is a covered employee, except to the extent the professional employer organization and the client expressly agree in the professional employer services agreement that the individual is not a covered employee.

SECTION 4. Sections 91.002(b) and (c), Labor Code, are amended to read as follows:

(b) Each person who offers professional employer ~~[staff leasing]~~ services is subject to this chapter and the rules adopted by the commission.

(c) Notwithstanding any other provision of this chapter, nothing in this chapter preempts the existing statutory or rulemaking authority of any other state agency or entity to regulate professional employer ~~[staff leasing]~~ services in a manner consistent with the statutory authority of that state agency or entity.

SECTION 5. Section 91.003(a), Labor Code, is amended to read as follows:

(a) Each state agency that in performing duties under other law affects the regulation of professional employer ~~[staff leasing]~~ services shall cooperate with the department and other state agencies as necessary to implement and enforce this chapter.

SECTION 6. Sections 91.004, 91.005, 91.006, 91.007, 91.011, and 91.012, Labor Code, are amended to read as follows:

Sec. 91.004. EFFECT OF OTHER LAW ON CLIENTS AND EMPLOYEES.

(a) This chapter does not exempt a client of a license holder, or any covered ~~[assigned]~~ employee, from any other license requirements imposed under local, state, or federal law.

(b) A covered ~~[An]~~ employee who is licensed, registered, or certified under law ~~[and who is assigned to a client company]~~ is considered to be an employee of the client ~~[company]~~ for the purpose of that license, registration, or certification.

(c) A license holder is not engaged in the unauthorized practice of an occupation, trade, or profession that is licensed, certified, or otherwise regulated by a governmental entity solely by entering into a professional employer services ~~[staff leasing]~~ agreement with a client ~~[company]~~ and covered ~~[assigned]~~ employees.

Sec. 91.005. APPLICATION OF CERTAIN PROCUREMENT LAWS. With respect to a bid, contract, purchase order, or agreement entered into with the state or a political subdivision of the state, a client's ~~[client company's]~~ status or certification as a small, minority-owned, disadvantaged, or woman-owned business enterprise or as a

historically underutilized business is not affected because the client [~~company~~] has entered into a professional employer services [~~an~~] agreement with a license holder or uses the services of a license holder.

Sec. 91.006. WORKERS' COMPENSATION COVERAGE. (a) A certificate of insurance coverage or other evidence of coverage showing that either a license holder or a client maintains [~~a policy of~~] workers' compensation insurance coverage constitutes proof of workers' compensation insurance coverage for the license holder and the client [~~company~~] with respect to all covered employees of the license holder and [~~assigned to~~] the client [~~company~~]. The state and a political subdivision of the state shall accept a certificate of insurance coverage or other evidence of coverage described by this section as proof of workers' compensation coverage under Chapter 406.

(b) For a client [~~company~~] that has employees who are not covered [~~assigned~~] employees under a professional employer [~~staff leasing~~] services agreement, the state or a political subdivision of the state may require the client [~~company~~] to furnish separate proof of workers' compensation insurance coverage for those employees.

Sec. 91.007. APPLICATION OF LABOR RELATIONS LAWS. This chapter does not relieve a client [~~company~~] of a right, obligation, or duty under:

- (1) Chapter 101;
- (2) the federal National Labor Relations Act (29 U.S.C. Section 151 et seq.);
- (3) the federal Railway Labor Act (45 U.S.C. Section 151 et seq.); or
- (4) any other law governing labor relations.

Sec. 91.011. LICENSE REQUIRED. A person may not engage in or offer professional employer [~~staff leasing~~] services in this state unless the person holds a license issued under this chapter.

Sec. 91.012. GENERAL LICENSE REQUIREMENTS. To be qualified to serve as a controlling person of a license holder under this chapter, that person must be at least 18 years of age and have educational, managerial, or business experience relevant to:

- (1) operation of a business entity offering professional employer [~~staff leasing~~] services; or
- (2) service as a controlling person of a professional employer organization [~~staff leasing services company~~].

SECTION 7. Sections 91.014(a) and (c), Labor Code, are amended to read as follows:

(a) An applicant for an original or renewal license must demonstrate positive working capital in the following amounts:

- (1) \$50,000 if the applicant employs fewer than 250 covered [~~assigned~~] employees;
- (2) \$75,000 if the applicant employs at least 250 but not more than 750 covered [~~assigned~~] employees; and
- (3) \$100,000 if the applicant employs more than 750 covered [~~assigned~~] employees.

(c) Information submitted to or maintained by the department is subject to Chapter 552, Government Code, other than information related to:

- (1) identification of clients [~~client companies~~];
- (2) working capital;
- (3) financial statements; or
- (4) federal tax returns.

SECTION 8. Section 91.015(a), Labor Code, is amended to read as follows:

(a) To receive a professional employer organization [~~staff leasing services company~~] original license, a person shall file with the department a written application accompanied by the application fee.

SECTION 9. Sections 91.017(a) and (c), Labor Code, are amended to read as follows:

(a) Each applicant for an original or renewal professional employer organization [~~staff leasing services company~~] license shall pay to the department before the issuance of the license or license renewal a fee set by the commission by rule.

(c) Fees collected by the department under this chapter may [~~shall~~] be used only to implement this chapter.

SECTION 10. Sections 91.018(e) and (f), Labor Code, are amended to read as follows:

(e) A license holder offering professional employer [~~staff leasing~~] services in more than one state may advertise in this state using the name of its parent company or under a trade name, trademark, or service mark. The trade name, trademark, service mark, or parent company name must be listed on the license in addition to the licensed name used by the license holder in this state.

(f) Each written proposal provided to a prospective client [~~company~~] and each contract between a license holder and a client [~~company~~] or covered [~~assigned~~] employee shall clearly identify the name of the license holder. A proposal or contract may also identify the trade name, trademark, service mark, or parent company name of the license holder. A license holder may use written materials including forms, benefit information, letterhead, and business cards that bear only the trade name, trademark, service mark, or parent company name of the license holder.

SECTION 11. Sections 91.019(a), (b), and (c), Labor Code, are amended to read as follows:

(a) The commission by rule shall provide for the issuance of a limited license to a person who seeks to offer limited professional employer [~~staff leasing~~] services in this state.

(b) For purposes of this section, a professional employer organization [~~staff leasing services company~~] is considered to be offering limited professional employer [~~staff leasing~~] services if the professional employer organization [~~staff leasing services company~~]:

- (1) employs fewer than 50 covered [~~assigned~~] employees in this state at any one time;
- (2) does not provide covered [~~assigned~~] employees to a client [~~company~~] based or domiciled in this state; and
- (3) does not maintain an office in this state or solicit clients [~~client companies~~] located or domiciled in this state.

(c) A professional employer organization [~~staff leasing services company~~] that offers limited professional employer [~~staff leasing~~] services shall complete the application forms and pay the fees for a limited license as prescribed by the department. A limited license is valid for one year from the date of issuance and may be renewed annually on submission of a renewal application and payment of the required fees.

SECTION 12. Section 91.020, Labor Code, is amended to read as follows:

Sec. 91.020. **FOUNDATIONS FOR DISCIPLINARY ACTION.** The department may take disciplinary action against a license holder on any of the following grounds:

(1) engaging in professional employer [~~staff leasing~~] services or offering to engage in the provision of professional employer [~~staff leasing~~] services without a license;

(2) transferring or attempting to transfer a license issued under this chapter;

(3) violating this chapter or any order or rule issued by the executive director or commission under this chapter;

(4) failing after the 31st day after the date on which a felony conviction of a controlling person is final to notify the department in writing of the conviction;

(5) failing to cooperate with an investigation, examination, or audit of the license holder's records conducted by the license holder's insurance company or the insurance company's designee, as allowed by the insurance contract or as authorized by law by the Texas Department of Insurance;

(6) failing after the 31st day after the effective date of a change in ownership, principal business address, or the address of accounts and records to notify the department and the Texas Department of Insurance of the change;

(7) failing to correct any tax filings or payment deficiencies within a reasonable time as determined by the executive director;

(8) refusing, after reasonable notice, to meet reasonable health and safety requirements within the license holder's control and made known to the license holder by a federal or state agency;

(9) being delinquent in the payment of the license holder's insurance premiums other than those subject to a legitimate dispute;

(10) being delinquent in the payment of any employee benefit plan premiums or contributions other than those subject to a legitimate dispute;

(11) knowingly making a material misrepresentation to an insurance company or to the department or other governmental agency;

(12) failing to maintain the working capital required under Section 91.014;

or

(13) using professional employer [~~staff leasing~~] services to avert or avoid an existing collective bargaining agreement.

SECTION 13. Section 91.021(b), Labor Code, is amended to read as follows:

(b) A professional employer organization [~~staff leasing services company~~] may authorize an assurance organization that is qualified and approved by the commission to act on its behalf in complying with the licensing requirements of this chapter, including the electronic filing of information and the payment of application and licensing fees. Use of an assurance organization is optional and is not mandatory for a professional employer organization [~~staff leasing services company~~].

SECTION 14. Subchapter C, Chapter 91, Labor Code, is amended to read as follows:

SUBCHAPTER C. PROFESSIONAL EMPLOYER SERVICES [~~STAFF LEASING SERVICES~~] AGREEMENT

Sec. 91.031. AGREEMENT; NOTICE. (a) A license holder shall establish the terms of a professional employer [~~staff leasing~~] services agreement by a written contract between the license holder and the client [~~company~~].

(b) The license holder shall give written notice of the agreement as it affects covered [~~assigned~~] employees to each covered employee [~~assigned to a client company worksite~~].

(c) The written notice required by Subsection (b) must be given to each covered [~~assigned~~] employee not later than the first payday after the date on which that individual becomes a covered [~~an assigned~~] employee.

Sec. 91.032. CONTRACT REQUIREMENTS. (a) A professional employer services agreement [~~contract~~] between a license holder and a client [~~company~~] must provide that the license holder:

(1) shares, as provided by Subsection (b), with the client [~~company~~] the right of direction and control over covered employees [~~assigned to a client's worksites~~];

(2) assumes responsibility for the payment of wages to the covered [~~assigned~~] employees without regard to payments by the client to the license holder;

(3) assumes responsibility for the payment of payroll taxes and collection of taxes from payroll on covered [~~assigned~~] employees;

(4) shares, as provided by Subsection (b), with the client [~~company~~] the right to hire, fire, discipline, and reassign the covered [~~assigned~~] employees; and

(5) shares, as provided by Subsection (b), with the client [~~company~~] the right of direction and control over the adoption of employment and safety policies and the management of workers' compensation claims, claim filings, and related procedures.

(b) Notwithstanding any other provision of this chapter, a client [~~company~~] retains sole responsibility for:

(1) the direction and control of covered [~~assigned~~] employees as necessary to conduct the client's [~~client company's~~] business, discharge any applicable fiduciary duty, or comply with any licensure, regulatory, or statutory requirement;

(2) goods and services produced by the client [~~company~~]; and

(3) the acts, errors, and omissions of covered [~~assigned~~] employees committed within the scope of the client's [~~client company's~~] business.

(c) Notwithstanding Subsection (a)(2), a client [~~company~~] is solely obligated to pay any wages for which:

(1) obligation to pay is created by an agreement, contract, plan, or policy between the client [~~company~~] and the covered [~~assigned~~] employee; and

(2) the professional employer organization [~~staff leasing services company~~] has not contracted to pay.

(d) Each professional employer organization [~~staff leasing services company~~] shall disclose the requirements of Subsection (c) in writing to each covered [~~assigned~~] employee.



SECTION 15. Section 91.041, Labor Code, is amended by amending Subsections (a) and (b) and adding Subsections (a-1) and (a-2) to read as follows:

(a) A client and license holder are each considered an employer under the laws of this state for purposes of sponsoring retirement and welfare benefit plans for covered employees. [A license holder may sponsor and maintain employee benefit plans for the benefit of assigned employees. A client company may include assigned employees in any benefit plan sponsored by the client company.]

(a-1) A license holder may sponsor a single welfare benefit plan under which eligible covered employees of one or more clients may elect to participate.

(a-2) A fully insured welfare benefit plan offered to the covered employees of a license holder and provided by an insurance company authorized to provide that insurance in this state or a self-funded health benefit plan sponsored by a license holder as provided by Section 91.0411 shall be treated for purposes of state law as a single employer welfare benefit plan.

(b) With respect to any insurance or benefit plan provided by a license holder for the benefit of its assigned employees, a license holder shall disclose the following information to the department, each client [~~company~~], and its covered [~~assigned~~] employees:

- (1) the type of coverage;
- (2) the identity of each insurer for each type of coverage;
- (3) the amount of benefits provided for each type of coverage and to whom or in whose behalf benefits are to be paid;
- (4) the policy limits on each insurance policy; and
- (5) whether the coverage is fully insured, partially insured, or fully self-funded.

SECTION 16. Subchapter D, Chapter 91, Labor Code, is amended by adding Section 91.0411 to read as follows:

Sec. 91.0411. SELF-FUNDED HEALTH BENEFIT PLAN. (a) In this section, "commissioner" means the commissioner of insurance.

(b) A license holder may sponsor a benefit plan that is not fully insured if the license holder meets the requirements of this section and is approved to sponsor the plan by the commissioner.

(c) The commissioner may, on notice and opportunity for all interested persons to be heard, adopt rules and issue orders reasonably necessary to augment and implement the regulation of benefit plans sponsored by a license holder that are not fully insured. The commissioner may not adopt a rule that requires clients or covered employees to be members of an association or group in the same trade or industry in order to be covered by a license holder-sponsored benefit plan that is not fully insured. The rules must include all requirements that must be met by the license holder and the plan, including:

- (1) initial and final approval requirements;
- (2) authority to prescribe forms and items to be submitted to the commissioner by the license holder;
- (3) a fidelity bond;
- (4) use of an independent actuary;
- (5) use of a third-party administrator;

(6) authority for the commissioner to examine an application or a plan;  
(7) the minimum number of clients and covered employees covered by the plan;  
(8) standards for those natural persons managing the plan;  
(9) the minimum amount of gross contributions;  
(10) the minimum amount of written commitment, binder, or policy for stop-loss insurance;  
(11) the minimum amount of reserves; and  
(12) a fee in an amount reasonable and necessary to defray the costs of administering this section to be deposited to the credit of the operating fund of the Texas Department of Insurance.

(d) Information submitted under this section is confidential and not subject to disclosure under Chapter 552, Government Code.

(e) Each license holder under this section shall appoint the commissioner as its resident agent for purposes of service of process. The fee for that service is \$50, payable at the time of appointment.

(f) The commissioner may examine the affairs of any plan and shall have access to the records of the plan. The commissioner may examine under oath a manager or employee of the license holder in connection with the plan.

(g) In addition to any requirement or remedy under a law, the commissioner may suspend, revoke, or limit the authorization of a plan if the commissioner determines, after notice and hearing, that the plan does not comply with this section. The commissioner may notify the attorney general of a violation of this section, and the attorney general may apply to a district court in Travis County for leave to file suit in the nature of quo warranto or for injunctive relief or both.

(h) A plan under this section is subject to Chapters 401, 404, 441, and 443, Insurance Code.

SECTION 17. Section 91.042, Labor Code, is amended by amending Subsections (a) through (h) and adding Subsections (a-1), (a-2), and (c-1) to read as follows:

(a) A license holder or client may elect to obtain workers' compensation insurance coverage for covered ~~[the license holder's assigned]~~ employees through an insurance company as defined under Section 401.011(28) or through self-insurance as provided under Chapter 407.

(a-1) The client and the professional employer organization shall specify in the professional employer services agreement whether the parties have elected to obtain workers' compensation insurance coverage for the covered employees and shall specify which party must maintain coverage. If the license holder maintains workers' compensation insurance coverage for the client, an individual who is an executive employee, as described by Section 406.097, of the client is eligible to be treated as an executive employee for premium calculation and classification purposes. A copy of the professional employer services agreement must be provided to the Texas Department of Insurance on request. Information obtained by the Texas Department of Insurance under this section is confidential and not subject to disclosure under Chapter 552, Government Code.

(a-2) If the client elects to maintain workers' compensation insurance coverage for the covered employees under the client's policy or other coverage, the client shall pay workers' compensation insurance premiums for the covered employees based on the experience rating of the client.

(b) If a license holder maintains workers' compensation insurance coverage for covered employees, the license holder shall pay workers' compensation insurance premiums for the covered employees based on the experience rating of the client [company] for the first two years the covered employees are covered under the professional employer organization's policy [client company has a contract with the license holder] and as further provided by rule by the Texas Department of Insurance.

(c) For workers' compensation insurance purposes, a license holder and the license holder's client [company] shall be coemployers. If either a license holder or a client elects to obtain workers' compensation insurance coverage for covered employees, the client [company] and the license holder are subject to Sections 406.005, 406.034, [and] 408.001, and 411.032.

(c-1) Notwithstanding Subsection (c), for purposes of Section 462.308(a)(2), Insurance Code, the client is considered to be the insured employer.

(d) If a license holder or a client does not elect to obtain workers' compensation insurance coverage for covered employees, both the license holder and the client [company] are subject to Sections 406.004, 406.005, [and] 406.033, and 411.032.

(e) After the expiration of the two-year period under Subsection (b), if the client elects to obtain [company obtains a new] workers' compensation insurance coverage for covered employees through coverage maintained by the client, or if the professional employer services agreement is terminated and the client elects to maintain, through coverage maintained by the client or through coverage maintained by a successor professional employer organization, workers' compensation insurance coverage for employees previously covered by the former professional employer organization's policy [policy in the company's own name or adds the company's former assigned workers to an existing policy], the premium for the workers' compensation insurance coverage for the client [policy of the company] shall be based on the lower of:

(1) the experience modifier of the client [company] before being covered under the professional employer organization's coverage [entering into the staff leasing arrangement]; or

(2) the experience modifier of the license holder at the time the client's coverage under the professional employer organization's coverage is [staff leasing arrangement] terminated.

(f) On request, an insurer [the Texas Department of Insurance] shall provide the necessary computations to the prospective workers' compensation insurer of the client [company] to comply with Subsection (e).

(g) On the written request of a client [company], a license holder that elects to provide workers' compensation insurance for covered [assigned] employees shall provide to the client [company] a list of:

(1) claims associated with that client [company] made against the license holder's workers' compensation policy; and

(2) payments made and reserves established on each claim.

(h) The license holder shall provide the information described by Subsection (g) in writing from the license holder's own records, if the license holder is a qualified self-insurer, or from information the license holder received from the license holder's workers' compensation insurance provider following the license holder's request under Section 2051.151, Insurance Code, not later than the 60th day after the date the license holder receives the client's [~~client company's~~] written request. For purposes of this subsection, information is considered to be provided to the client [~~company~~] on the date the information is:

- (1) received by the United States Postal Service; or
- (2) personally delivered to the client [~~company~~].

SECTION 18. Sections 91.044, 91.046, 91.048, 91.050, 91.061, 92.012, and 201.030, Labor Code, are amended to read as follows:

Sec. 91.044. UNEMPLOYMENT TAXES; PAYROLL. (a) A license holder is the employer of a covered [~~an assigned~~] employee for purposes of Subtitle A, Title 4, and, except for wages subject to Section 91.032(c), for purposes of Chapter 61. In addition to any other reports required to be filed by law, a license holder shall report quarterly to the Texas Workforce Commission on a form prescribed by the Texas Workforce Commission the name, address, telephone number, federal income tax identification number, and classification code as described in the "Standard Industrial Classification Manual" published by the United States Office of Management and Budget of each client [~~company~~].

(b) For purposes of Subtitle A, Title 4, in the event of the termination of a contract between a license holder and a client [~~company~~] or the failure by a professional employer organization [~~staff leasing entity~~] to submit reports or make tax payments as required by that subtitle, the contracting client [~~company~~] shall be treated as a new employer without a previous experience record unless that client [~~company~~] is otherwise eligible for an experience rating.

Sec. 91.046. CONTRACTUAL DUTIES. Each license holder is responsible for the license holder's contractual duties and responsibilities to manage, maintain, collect, and make timely payments for:

- (1) insurance premiums;
- (2) benefit and welfare plans;
- (3) other employee withholding; and
- (4) any other expressed responsibility within the scope of the professional employer services agreement [~~contract~~] for fulfilling the duties imposed under this section and Sections 91.032, 91.047, and 91.048.

Sec. 91.048. REQUIRED INFORMATION. Each license holder shall:

(1) maintain adequate books and records regarding the license holder's duties and responsibilities;

(2) maintain and make available at all times to the executive director the following information, which shall be treated as proprietary and confidential and is exempt from disclosure to persons other than other governmental agencies having a reasonable, legitimate purpose for obtaining the information:

(A) the correct name, address, and telephone number of each client [~~company~~];

(B) each professional employer services agreement with a client [~~company contract~~]; and

(C) a listing by classification code as described in the "Standard Industrial Classification Manual" published by the United States Office of Management and Budget, of each client [~~company~~];

(3) notify the department of any addition or deletion of a controlling person as listed on the license application or renewal form by providing the name of the person not later than the 45th day after the date on which the person is added or deleted as a controlling person; and

(4) provide a biographical history to the department in connection with the addition of a new controlling person.

Sec. 91.050. TAX CREDITS AND OTHER INCENTIVES. (a) For the purpose of determining tax credits, grants, and other economic incentives provided by this state or other governmental entities that are based on employment, covered [~~assigned~~] employees are considered employees of the client and the client is solely entitled to the benefit of any tax credit, economic incentive, or other benefit arising from the employment of covered [~~assigned~~] employees of the client. This subsection applies even if the professional employer organization [~~staff leasing services company~~] is the reporting employer for federal income tax purposes.

(b) If a grant or the amount of any incentive described by Subsection (a) is based on the number of employees, each client shall be treated as employing only those [~~assigned~~] employees coemployed [~~co-employed~~] by the client. Covered [~~Assigned~~] employees working for other clients of the professional employer organization [~~staff leasing services company~~] may not be included in the computation.

(c) Each professional employer organization [~~staff leasing services company~~] shall provide, on the request of a client or an agency of this state, employment information reasonably required by the state agency responsible for the administration of any tax credit or economic incentive described by Subsection (a) and necessary to support a request, claim, application, or other action by a client seeking the tax credit or economic incentive.

Sec. 91.061. PROHIBITED ACTS. A person may not:

(1) engage in or offer professional employer [~~staff leasing~~] services without holding a license under this chapter as a professional employer organization [~~staff leasing services company~~];

(2) use the name, ~~or~~ title, or designation "professional employer organization," "PEO," "staff leasing company," "employee leasing company," "licensed professional employer organization," "professional employer organization services company," "professional employer organization company," [~~"licensed staff leasing company," "staff leasing services company," "professional employer organization,"~~] or "administrative employer" or otherwise represent that the entity is licensed under this chapter unless the entity holds a license issued under this chapter;

(3) represent as the person's own the license of another person or represent that a person is licensed if the person does not hold a license;

(4) give materially false or forged evidence to the department in connection with obtaining or renewing a license or in connection with disciplinary proceedings under this chapter; or

(5) use or attempt to use a license that has expired or been revoked.

Sec. 92.012. EXEMPTIONS FROM LICENSING REQUIREMENT. This chapter does not apply to:

- (1) a temporary skilled labor agency;
- (2) a professional employer organization [~~staff leasing services company~~];
- (3) an employment counselor;
- (4) a talent agency;
- (5) a labor union hiring hall;
- (6) a temporary common worker employer that does not operate a labor

hall;

(7) a labor bureau or employment office operated by a person for the sole purpose of employing an individual for the person's own use; or

(8) an employment service or labor training program provided by a governmental entity.

Sec. 201.030. PROFESSIONAL EMPLOYER ORGANIZATION [~~STAFF LEASING SERVICES COMPANY~~]. For the purposes of this subtitle, "professional employer organization" [~~"staff leasing services company"~~] has the meaning assigned by Section 91.001.

SECTION 19. Section 207.045(i), Labor Code, is amended to read as follows:

(i) A covered [~~An assigned~~] employee of a professional employer organization [~~staff leasing services company~~] is considered to have left the covered [~~assigned~~] employee's last work without good cause if the professional employer organization [~~staff leasing services company~~] demonstrates that:

(1) at the time the employee's assignment to a client [~~company~~] concluded, the professional employer organization [~~staff leasing services company~~], or the client [~~company~~] acting on the professional employer organization's [~~staff leasing services company's~~] behalf, gave written notice and written instructions to the covered [~~assigned~~] employee to contact the professional employer organization [~~staff leasing services company~~] for a new assignment; and

(2) the covered [~~assigned~~] employee did not contact the professional employer organization [~~staff leasing services company~~] regarding reassignment or continued employment; provided that the covered [~~assigned~~] employee may show that good cause existed for the covered [~~assigned~~] employee's failure to contact the professional employer organization [~~staff leasing services company~~].

SECTION 20. The heading to Section 415.011, Labor Code, is amended to read as follows:

Sec. 415.011. NOTICE OF PROFESSIONAL EMPLOYER ORGANIZATION [~~STAFF LEASING SERVICES COMPANY~~] WORKERS' COMPENSATION CLAIM AND PAYMENT INFORMATION; ADMINISTRATIVE VIOLATION.

SECTION 21. Section 415.011, Labor Code, is amended by amending Subsections (a) and (c) and adding Subsection (a-1) to read as follows:

(a) In this section, "license holder" has the meaning assigned by Section 91.001.

(a-1) Except as provided by Subsection (c), a [~~staff leasing services company~~] license holder commits a violation if the license holder fails to provide the information required by Sections 91.042(g) and (h).

(c) A ~~[staff leasing services company]~~ license holder does not commit an administrative violation under this section if the license holder requested the information required by Sections 91.042(g) and (h) from the license holder's workers' compensation insurance provider and the provider does not provide the information to the license holder within the required time. A license holder shall notify the Texas Department of Insurance of a provider's failure to comply with the requirements of Section 2051.151, Insurance Code.

SECTION 22. Section 151.057, Tax Code, is amended to read as follows:

Sec. 151.057. SERVICES BY EMPLOYEES. The following services are not taxable under this chapter:

(1) a service performed by an employee for his employer in the regular course of business, within the scope of the employee's duties, and for which the employee is paid his regular wages or salary;

(2) a service performed by an employee of a temporary employment service as defined by Section 93.001, Labor Code, for an employer to supplement the employer's existing work force on a temporary basis, when the service is normally performed by the employer's own employees, the employer provides all supplies and equipment necessary, and the help is under the direct or general supervision of the employer to whom the help is furnished; or

(3) a service performed by covered [assigned] employees of a professional employer organization ~~[staff leasing company]~~, either licensed under Chapter 91, Labor Code, or exempt from the licensing requirements of that chapter, for a client ~~[company]~~ under a written contract that provides for shared employment responsibilities between the professional employer organization [staff leasing company] and the client ~~[company]~~ for the covered [assigned] employees, most of whom must have been previously employed by the client ~~[company]~~. The comptroller shall prescribe by rule the minimum percentage of covered [assigned] employees that must have been previously employed by the client ~~[company]~~, the minimum time period the covered [assigned] employees must have been employed by the client ~~[company]~~ prior to the commencement of its contract, and such other criteria as the comptroller may deem necessary to properly implement this section.

SECTION 23. Section 171.0001, Tax Code, is amended by amending Subdivisions (6) and (15) and adding Subdivision (8-a) to read as follows:

(6) "Client ~~[company]~~" means:

(A) a client as that term is defined by Section 91.001 ~~[person that contracts with a license holder under Chapter 91], Labor Code[, and is assigned employees by the license holder under that contract];~~ or

(B) a client of a temporary employment service, as that term is defined by Section 93.001(2), Labor Code, to whom individuals are assigned for a purpose described by that subdivision.

(8-a) "Covered employee" has the meaning assigned by Section 91.001, Labor Code.

(15) "Professional employer organization" ["Staff leasing services company"] means:

(A) a business entity that offers professional employer [staff leasing] services, as that term is defined by Section 91.001, Labor Code; or

(B) a temporary employment service, as that term is defined by Section 93.001, Labor Code.

SECTION 24. Section 171.101(b), Tax Code, is amended to read as follows:

(b) Notwithstanding Subsection (a)(1)(B)(ii), a professional employer organization [~~staff leasing services company~~] may subtract only compensation as determined under Section 171.1013.

SECTION 25. Section 171.1011(k), Tax Code, is amended to read as follows:

(k) A taxable entity that is a professional employer organization [~~staff leasing services company~~] shall exclude from its total revenue payments received from a client [~~company~~] for wages, payroll taxes on those wages, employee benefits, and workers' compensation benefits for the covered [~~assigned~~] employees of the client [~~company~~].

SECTION 26. Sections 171.1013(d) and (e), Tax Code, are amended to read as follows:

(d) A taxable entity that is a professional employer organization [~~staff leasing services company~~]:

(1) may not include as wages or cash compensation payments described by Section 171.1011(k); and

(2) shall determine compensation as provided by this section only for the taxable entity's own employees that are not covered [~~assigned~~] employees.

(e) Subject to the other provisions of this section, in determining compensation, a taxable entity that is a client [~~company~~] that contracts with a professional employer organization [~~staff leasing services company~~] for covered [~~assigned~~] employees:

(1) shall include payments made to the professional employer organization [~~staff leasing services company~~] for wages and benefits for the covered [~~assigned~~] employees as if the covered [~~assigned~~] employees were actual employees of the entity;

(2) may not include an administrative fee charged by the professional employer organization [~~staff leasing services company~~] for the provision of the covered [~~assigned~~] employees; and

(3) may not include any other amount in relation to the covered [~~assigned~~] employees, including payroll taxes.

SECTION 27. Section 171.2125, Tax Code, is amended to read as follows:

Sec. 171.2125. CALCULATING COST OF GOODS OR COMPENSATION IN PROFESSIONAL EMPLOYER SERVICES [~~STAFF LEASING~~] ARRANGEMENTS. In calculating cost of goods sold or compensation, a taxable entity that is a client [~~company~~] of a professional employer organization [~~staff leasing services company~~] shall rely on information provided by the professional employer organization [~~staff leasing services company~~] on a form promulgated by the comptroller or an invoice.

SECTION 28. The following laws are repealed:

- (1) Section 91.001(2), Labor Code;
- (2) Section 91.043, Labor Code; and
- (3) Section 171.0001(2), Tax Code.



SECTION 29. (a) Not later than January 1, 2014, the Texas Commission of Licensing and Regulation shall adopt any rules necessary to administer Chapter 91, Labor Code, as amended by this Act.

(b) The changes in law made by this Act apply only to a professional employer services agreement entered into on or after the effective date of this Act. An agreement entered into before the effective date of this Act is governed by the law in effect on the date the agreement is entered into, and the former law is continued in effect for that purpose.

(c) Section 91.042(c-1), Labor Code, as added by this Act, is not intended to change the interpretation of Section 462.308, Insurance Code, but is intended to clarify the application of that section.

(d) In adopting rules to implement Section 91.0411, Labor Code, as added by this Act, the commissioner of insurance shall consider rules adopted with respect to similar benefit plans.

SECTION 30. This Act takes effect September 1, 2013.

The amendment was read.

Senator Williams moved to concur in the House amendment to **SB 1286**.

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

Absent-excused: Van de Putte.

#### **SENATE BILL 482 ON SECOND READING**

On motion of Senator Williams and by unanimous consent, the regular order of business was suspended to take up for consideration **SB 482** at this time on its second reading:

**SB 482**, 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.

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

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

Absent-excused: Van de Putte.

#### **SENATE BILL 482 ON THIRD READING**

Senator Williams moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **SB 482** be placed on its third reading and final passage.

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

Absent-excused: Van de Putte.

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

### HOUSE BILL 1016 ON SECOND READING

Senator Williams moved to suspend the regular order of business to take up for consideration **HB 1016** at this time on its second reading:

**HB 1016**, Relating to legal representation for civil suits against peace officers employed by a school district.

The motion prevailed.

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

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

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

Nays: Birdwell, Nichols, Patrick.

Absent-excused: Van de Putte.

### HOUSE BILL 1016 ON THIRD READING

Senator Williams moved that Senate Rule 7.18 and the Constitutional Rule requiring bills to be read on three several days be suspended and that **HB 1016** be placed on its third reading and final passage.

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

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

Nays: Birdwell, Nichols, Patrick.

Absent-excused: Van de Putte.

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

### HOUSE BILLS AND RESOLUTION ON FIRST READING

The following bills and resolution received from the House were read first time and referred to the committees indicated:

**HB 6** to Committee on Finance.

**HB 7** to Committee on Finance.

**HB 21** to Committee on Criminal Justice.

**HB 31** to Committee on Higher Education.

**HB 45** to Committee on Veteran Affairs and Military Installations.

**HB 78** to Committee on Finance.

**HB 138** to Committee on Transportation.

**HB 154** to Committee on Jurisprudence.

**HB 205** to Committee on Health and Human Services.

**HB 213** to Committee on Finance.

**HB 274** to Committee on Education.

- HB 316** to Committee on Finance.  
**HB 318** to Committee on Business and Commerce.  
**HB 339** to Committee on Intergovernmental Relations.  
**HB 343** to Committee on Education.  
**HB 367** to Committee on Open Government.  
**HB 376** to Committee on Health and Human Services.  
**HB 396** to Committee on State Affairs.  
**HB 438** to Committee on Transportation.  
**HB 439** to Committee on Criminal Justice.  
**HB 590** to Committee on Education.  
**HB 595** to Committee on Health and Human Services.  
**HB 658** to Committee on State Affairs.  
**HB 698** to Committee on Criminal Justice.  
**HB 699** to Committee on Business and Commerce.  
**HB 746** to Committee on Health and Human Services.  
**HB 772** to Committee on Health and Human Services.  
**HB 776** to Committee on Natural Resources.  
**HB 796** to Committee on Business and Commerce.  
**HB 826** to Committee on Finance.  
**HB 827** to Committee on Transportation.  
**HB 834** to Committee on Economic Development.  
**HB 842** to Committee on Education.  
**HB 852** to Committee on Natural Resources.  
**HB 866** to Committee on Education.  
**HB 894** to Committee on Transportation.  
**HB 932** to Committee on Health and Human Services.  
**HB 970** to Committee on Health and Human Services.  
**HB 983** to Committee on Economic Development.  
**HB 985** to Committee on State Affairs.  
**HB 1010** to Committee on Criminal Justice.  
**HB 1018** to Committee on Health and Human Services.  
**HB 1020** to Committee on Criminal Justice.  
**HB 1029** to Committee on Intergovernmental Relations.  
**HB 1047** to Committee on Business and Commerce.  
**HB 1081** to Committee on Agriculture, Rural Affairs and Homeland Security.  
**HB 1098** to Committee on Health and Human Services.  
**HB 1134** to Committee on Transportation.  
**HB 1147** to Committee on Criminal Justice.  
**HB 1185** to Committee on Jurisprudence.  
**HB 1198** to Committee on Transportation.  
**HB 1268** to Committee on Criminal Justice.  
**HB 1278** to Committee on Jurisprudence.  
**HB 1324** to Committee on Natural Resources.  
**HB 1330** to Committee on Natural Resources.  
**HB 1337** to Committee on Criminal Justice.  
**HB 1354** to Committee on Intergovernmental Relations.

**HB 1355** to Committee on Intergovernmental Relations.  
**HB 1390** to Committee on Jurisprudence.  
**HB 1421** to Committee on Criminal Justice.  
**HB 1442** to Committee on Intergovernmental Relations.  
**HB 1454** to Committee on Education.  
**HB 1458** to Committee on Transportation.  
**HB 1472** to Committee on Health and Human Services.  
**HB 1501** to Committee on Education.  
**HB 1544** to Committee on Criminal Justice.  
**HB 1562** to Committee on Criminal Justice.  
**HB 1593** to Committee on Intergovernmental Relations.  
**HB 1594** to Committee on Intergovernmental Relations.  
**HB 1606** to Committee on Criminal Justice.  
**HB 1632** to Committee on State Affairs.  
**HB 1646** to Committee on Business and Commerce.  
**HB 1662** to Committee on Economic Development.  
**HB 1664** to Committee on Business and Commerce.  
**HB 1678** to Committee on Veteran Affairs and Military Installations.  
**HB 1692** to Committee on Transportation.  
**HB 1721** to Committee on Business and Commerce.  
**HB 1751** to Committee on Education.  
**HB 1759** to Committee on State Affairs.  
**HB 1801** to Committee on Intergovernmental Relations.  
**HB 1846** to Committee on Jurisprudence.  
**HB 1874** to Committee on Jurisprudence.  
**HB 1875** to Committee on Jurisprudence.  
**HB 1888** to Committee on Intergovernmental Relations.  
**HB 1895** to Committee on Intergovernmental Relations.  
**HB 1903** to Committee on Finance.  
**HB 1913** to Committee on Finance.  
**HB 1926** to Committee on Education.  
**HB 1947** to Committee on Health and Human Services.  
**HB 1967** to Committee on Economic Development.  
**HB 1971** to Committee on Health and Human Services.  
**HB 1978** to Committee on Business and Commerce.  
**HB 1979** to Committee on Business and Commerce.  
**HB 1982** to Committee on Economic Development.  
**HB 2015** to Committee on Economic Development.  
**HB 2028** to Committee on Veteran Affairs and Military Installations.  
**HB 2029** to Committee on Veteran Affairs and Military Installations.  
**HB 2049** to Committee on Business and Commerce.  
**HB 2055** to Committee on Intergovernmental Relations.  
**HB 2062** to Committee on Business and Commerce.  
**HB 2072** to Committee on Health and Human Services.  
**HB 2099** to Committee on Higher Education.  
**HB 2111** to Committee on Health and Human Services.

- HB 2127** to Committee on State Affairs.  
**HB 2134** to Committee on Business and Commerce.  
**HB 2155** to Committee on State Affairs.  
**HB 2202** to Committee on Finance.  
**HB 2204** to Committee on Transportation.  
**HB 2267** to Committee on Open Government.  
**HB 2294** to Committee on Business and Commerce.  
**HB 2312** to Committee on Agriculture, Rural Affairs and Homeland Security.  
**HB 2318** to Committee on Education.  
**HB 2356** to Committee on Transportation.  
**HB 2380** to Committee on State Affairs.  
**HB 2383** to Committee on Health and Human Services.  
**HB 2414** to Committee on Open Government.  
**HB 2448** to Committee on Higher Education.  
**HB 2451** to Committee on Finance.  
**HB 2473** to Committee on Economic Development.  
**HB 2474** to Committee on Higher Education.  
**HB 2478** to Committee on Economic Development.  
**HB 2503** to Committee on State Affairs.  
**HB 2512** to Committee on State Affairs.  
**HB 2537** to Committee on Business and Commerce.  
**HB 2562** to Committee on Veteran Affairs and Military Installations.  
**HB 2580** to Committee on Transportation.  
**HB 2585** to Committee on Business and Commerce.  
**HB 2607** to Committee on Education.  
**HB 2615** to Committee on Natural Resources.  
**HB 2619** to Committee on Health and Human Services.  
**HB 2620** to Committee on Health and Human Services.  
**HB 2621** to Committee on Jurisprudence.  
**HB 2645** to Committee on State Affairs.  
**HB 2662** to Committee on Education.  
**HB 2688** to Committee on Intergovernmental Relations.  
**HB 2704** to Committee on Natural Resources.  
**HB 2718** to Committee on Government Organization.  
**HB 2732** to Committee on Business and Commerce.  
**HB 2741** to Committee on Transportation.  
**HB 2749** to Committee on Jurisprudence.  
**HB 2757** to Committee on Intergovernmental Relations.  
**HB 2758** to Committee on Business and Commerce.  
**HB 2766** to Committee on Finance.  
**HB 2782** to Committee on State Affairs.  
**HB 2806** to Committee on Business and Commerce.  
**HB 2825** to Committee on Criminal Justice.  
**HB 2840** to Committee on Intergovernmental Relations.  
**HB 2911** to Committee on Business and Commerce.  
**HB 2912** to Committee on Jurisprudence.

**HB 2913** to Committee on Jurisprudence.  
**HB 2935** to Committee on State Affairs.  
**HB 2962** to Committee on Business and Commerce.  
**HB 2978** to Committee on Jurisprudence.  
**HB 3063** to Committee on Veteran Affairs and Military Installations.  
**HB 3066** to Committee on Veteran Affairs and Military Installations.  
**HB 3067** to Committee on Veteran Affairs and Military Installations.  
**HB 3068** to Committee on Business and Commerce.  
**HB 3096** to Committee on Business and Commerce.  
**HB 3097** to Committee on Intergovernmental Relations.  
**HB 3105** to Committee on State Affairs.  
**HB 3125** to Committee on Transportation.  
**HB 3137** to Committee on Natural Resources.  
**HB 3201** to Committee on Health and Human Services.  
**HB 3241** to Committee on Criminal Justice.  
**HB 3256** to Committee on Transportation.  
**HB 3307** to Committee on Business and Commerce.  
**HB 3357** to Committee on State Affairs.  
**HB 3390** to Committee on Economic Development.  
**HB 3422** to Committee on Transportation.  
**HB 3447** to Committee on Intergovernmental Relations.  
**HB 3483** to Committee on Transportation.  
**HB 3556** to Committee on Health and Human Services.  
**HB 3572** to Committee on Finance.  
**HB 3604** to Committee on Natural Resources.  
**HB 3605** to Committee on Natural Resources.  
**HB 3729** to Committee on Health and Human Services.  
**HB 3756** to Committee on Transportation.  
**HB 3787** to Committee on Health and Human Services.  
**HB 3800** to Committee on Intergovernmental Relations.  
**HB 3813** to Committee on Intergovernmental Relations.  
**HB 3874** to Committee on Intergovernmental Relations.  
**HB 3875** to Committee on Intergovernmental Relations.  
**HB 3896** to Committee on Intergovernmental Relations.  
**HCR 59** to Committee on Natural Resources.

### **REPORT OF COMMITTEE ON NOMINATIONS**

Senator Hegar submitted the following report from the Committee on Nominations:

We, your Committee on Nominations, to which were referred the following appointments, have had same under consideration and report them back to the Senate with a recommendation that they be confirmed:

Judge, 113th Judicial District Court, Harris County: Michael Lee Landrum, Harris County.

Members, Automobile Burglary and Theft Prevention Authority: Ashley Maurene Hunter, Travis County; Linda Walters Kinney, Hays County.

Members, Board of Trustees, Employees Retirement System of Texas: Cydney C. Donnell, Gillespie County; Frederick Rowe, Dallas County.

Member, Board of Directors, Evergreen Underground Water Conservation District: Jason Byron Peeler, Wilson County.

Member, Finance Commission of Texas: William M. Lucas, Shelby County.

Commissioner, Public Utility Commission of Texas: Kenneth Ward Anderson, Dallas County.

Members, Texas Board of Chiropractic Examiners: Elaine Anne Boatright, Bastrop County; John Henry Riggs, Midland County; John W. Steinberg, Guadalupe County; Cynthia L. Tays, Travis County.

Members, Texas Board of Criminal Justice: John Eric Gambrell, Dallas County; Thomas P. Wingate, Hidalgo County.

Members, Texas Board of Physical Therapy Examiners: Karen Lynn Gordon, Calhoun County; Jeffrey Arron Tout, Hood County; Philip Avery Vickers, Tarrant County; Shari Cathryn Waldie, Travis County.

Members, Texas Diabetes Council: Carley Gomez-Meade, Travis County; Alicia Gracia, Cameron County; Jason Michael Ryan, Harris County; Curtis Lee Triplitt, Bexar County.

Members, Board of Directors, Texas Public Finance Authority: Gerald Byron Alley, Tarrant County; Walker Nelson Moody, Harris County; Ruth Corry Schiermeyer, Lubbock County.

Members, Board of Regents, Texas Southern University: Glenn Oliver Lewis, Tarrant County; Sarah D. Monty, Harris County; Erik Daniel Salwen, Harris County.

Members, Board of Regents, University of North Texas System: Milton B. Lee, Bexar County; Donald Cullen Potts, Dallas County; Alfredo Silva, Bexar County.

### **NOTICE OF CONSIDERATION OF NOMINATIONS**

Senator Hegar gave notice that he would tomorrow at the conclusion of morning call submit to the Senate for consideration nominations to agencies, boards, and commissions of the state.

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

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

**NOTICE GIVEN FOR  
LOCAL AND UNCONTESTED CALENDAR**

Senator Uresti announced that a Local and Uncontested Calendar had been furnished to each Member of the Senate. He then gave notice that the Local and Uncontested Calendar Session would be held at 8:00 a.m. tomorrow and that all bills and resolutions would be considered on second and third reading in the order in which they were listed.

**SENATE RULE 11.13 SUSPENDED  
(Consideration of Bills in Committees)**

On motion of Senator Uresti and by unanimous consent, Senate Rule 11.13 was suspended to grant all committees permission to meet while the Senate is meeting tomorrow.

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

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

**MOTION TO ADJOURN**

On motion of Senator Watson and by unanimous consent, the Senate at 1:32 p.m. agreed to adjourn, in memory of Tim Carlton Thatcher and Jimmie DeVeril Norman, upon conclusion of the Local and Uncontested Calendar Session, until 11:00 a.m. tomorrow.

**CO-AUTHOR OF SENATE BILL 741**

On motion of Senator Rodríguez, Senator Garcia will be shown as Co-author of **SB 741**.

**CO-AUTHOR OF SENATE BILL 1239**

On motion of Senator Rodríguez, Senator Garcia will be shown as Co-author of **SB 1239**.

**CO-AUTHOR OF SENATE BILL 1350**

On motion of Senator West, Senator Uresti will be shown as Co-author of **SB 1350**.

**CO-AUTHOR OF SENATE BILL 1503**

On motion of Senator Lucio, Senator Garcia will be shown as Co-author of **SB 1503**.

**CO-SPONSOR OF HOUSE BILL 1738**

On motion of Senator Zaffirini, Senator West will be shown as Co-sponsor of **HB 1738**.



**RESOLUTION OF RECOGNITION**

The following resolution was adopted by the Senate:

**Congratulatory Resolution**

**SR 847** by Deuell, Recognizing the dedication of a Texas Historical Marker honoring George Washington Tull, Sr.

**RECESS**

On motion of Senator Watson, the Senate at 1:33 p.m. recessed until 8:00 a.m. tomorrow for the Local and Uncontested Calendar Session.

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**APPENDIX**

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**COMMITTEE REPORTS**

The following committee reports were received by the Secretary of the Senate in the order listed:

May 7, 2013

STATE AFFAIRS — **HB 403, HB 480, HB 1871, HB 2263, HB 2475**

GOVERNMENT ORGANIZATION — **SB 221, HB 2252, HB 2710**

BUSINESS AND COMMERCE — **HB 458, HB 1624, HB 1717, HB 1972, HB 2459**

STATE AFFAIRS — **CSHB 1762**

**BILLS ENGROSSED**

May 6, 2013

**SB 443, SB 1350, SB 1351, SB 1416, SB 1542, SB 1567, SB 1586, SB 1893, SB 1908, SB 1916**

**BILLS AND RESOLUTIONS ENROLLED**

May 6, 2013

**SB 60, SB 186, SB 275, SB 299, SR 780, SR 836, SR 837, SR 838, SR 839, SR 840, SR 841, SR 842, SR 843, SR 844, SR 845**

**SENT TO GOVERNOR**

May 7, 2013

**SB 60, SB 162, SB 186, SB 275, SB 276, SB 299, SB 330, SB 334, SB 349, SB 366, SB 411, SB 458, SB 466, SB 471, SB 506, SB 595, SB 649, SB 655, SB 686, SB 733, SB 777, SB 795, SB 849, SB 852, SB 885, SB 902, SB 905, SB 920, SB 972, SB 1019, SB 1026, SB 1041, SB 1157, SB 1236, SB 1537**

**In Memory**  
**of**  
**Tim Carlton Thatcher**  
**Senate Resolution 817**

WHEREAS, The Senate of the State of Texas honors and commemorates the life of Tim Carlton Thatcher, who died May 7, 2012, at the age of 41; and

WHEREAS, Tim Thatcher was born June 14, 1970, in Corvallis, Oregon; he grew up in Sequim, Washington, and was a 1988 honors graduate of Sequim High School; and

WHEREAS, He attended the University of Puget Sound, and he worked for a brief stint with the Boeing Company before joining the Peace Corps; assigned to three years of service in Nicaragua by the Peace Corps, he traveled extensively throughout Central and South America, and during that time he developed a lifelong love for all things Latin; and

WHEREAS, He met his beloved wife, Cristiana, in San Salvador in 1995, and they were married April 4, 1998, in Managua, Nicaragua; they raised three children together, Cristopher Alan, Nicolas Andres, and Sofia Loree, who were a source of much pride and joy; and

WHEREAS, Tim was blessed with many talents and interests; in addition to his successful 11-year career with Dell, Incorporated, he was a skilled woodworker who crafted numerous gifts for those he loved; he was also an avid baseball fan who amassed an impressive collection of the sport's memorabilia, and he was noted for the great enjoyment he derived from camping and fishing; and

WHEREAS, Tim was a man of strength and determination, and his courage in the face of his illness was an inspiration to all who knew him; he gave unselfishly to others, and his warm smile, his dry sense of humor, and his enthusiasm for living each day to the fullest will not be forgotten; and

WHEREAS, He was a devoted husband and father, and he leaves behind memories that will be treasured forever by his family and countless friends; now, therefore, be it

RESOLVED, That the Senate of the State of Texas, 83rd Legislature, hereby extend sincere condolences to the bereaved family of Tim Carlton Thatcher; and, be it further

RESOLVED, That a copy of this Resolution be prepared for his family as an expression of deepest sympathy from the Texas Senate, and that when the Senate adjourns this day, it do so in memory of Tim Thatcher.

WATSON

**In Memory**  
**of**  
**Jimmie DeVeril Norman**  
**Senate Resolution 149**

WHEREAS, The Senate of the State of Texas joins the residents of Houston and Bellaire, Texas, in mourning the loss of Sergeant Jimmie DeVeril Norman of the Bellaire Police Department, who died in the line of duty on December 24, 2012, at the age of 53; and

WHEREAS, Sergeant Norman proudly served the Bellaire Police Department for more than two decades and was known for his steadfast bravery; he made the ultimate sacrifice to keep his community safe from harm, and his life is a testament to all Texans of the service that men and women in uniform perform daily; and

WHEREAS, Jimmie Norman was born November 17, 1959, in Dallas, to James and Billie Norman; he began his career at the Bellaire Police Department as a communications specialist; he later served in various positions, including patrolman, investigator, supervisor, and training officer; and

WHEREAS, Sergeant Norman received numerous awards during his service in the Houston-area community of Bellaire; they include the Bellaire Police Life Saving Commendation, the Exemplary Service Commendation, the Master Peace Officer award, the Bellaire Police Officer of the Year award, the Outstanding Police Officer of the Year award, and the Home Town Hero award from the Greater Southwest Chamber of Commerce; and

WHEREAS, He also received a commendation from the Federal Bureau of Investigation recognizing Sergeant Norman and 13 other Bellaire officers for helping to end a series of violent bank robberies in 2009; and

WHEREAS, Known by his colleagues and loved ones as a doting father, a family man, a mentor, and a problem solver, Sergeant Norman had a passion for police work; he was admired as a deft communicator inside and outside the precinct; he will be remembered for his warmth, wisdom, wise counsel, and sacrifice; now, therefore, be it

RESOLVED, That the Senate of the State of Texas, 83rd Legislature, hereby extend sincere condolences to the bereaved family of Jimmie DeVeril Norman; and, be it further

RESOLVED, That a copy of this Resolution be prepared for his family as an expression of deepest sympathy from the Texas Senate, and that when the Senate adjourns this day, it do so in memory of Jimmie Norman.

HUFFMAN

