

NATURAL RESOURCES CODE  
TITLE 2. PUBLIC DOMAIN  
SUBTITLE D. DISPOSITION OF THE PUBLIC DOMAIN  
CHAPTER 51. LAND, TIMBER, AND SURFACE RESOURCES  
SUBCHAPTER I. ACQUISITION OF PUBLIC SCHOOL LAND

**NRC, §51.402. USE OF DESIGNATED FUNDS.**

- (a) Except as provided by Subsection (c), the board may use funds designated under Section [51.401](#) for any of the following purposes:
- (1) to add to a tract of public school land to form a tract of sufficient size to be manageable;
  - (2) to add contiguous land to public school land;
  - (3) to acquire, as public school land, interests in real property for biological, commercial, geological, cultural, or recreational purposes;
  - (4) to acquire mineral and royalty interests for the use and benefit of the permanent school fund;
  - (5) to protect, maintain, or enhance the value of public school land;
  - (6) to acquire interests in real estate;
  - (7) to pay reasonable fees for professional services related to a permanent school fund investment; or
  - (8) to acquire, sell, lease, trade, improve, maintain, protect, or use land, mineral and royalty interests, or real estate investments, an investment or interest in public infrastructure, or other interests, at such prices and under such terms and conditions the board determines to be in the best interest of the permanent school fund.
- (b) Before using funds under Subsection (a), the board must determine, using the prudent investor standard, that the use of the funds for the intended purpose is authorized by Subsection (a) and in the best interest of the permanent school fund. A determination by the board on the use of funds under this section is conclusive unless the determination was made as a result of fraud or obvious error.
- (b-1) The board may confer with one or more employees of the board or with a third party regarding an investment or potential investment in real estate, including the acquisition or potential acquisition of interests in real estate, to the extent permitted to the board of trustees of the Texas growth fund under Section [551.075](#), Government Code.

Text of subsection as amended by Acts 2019, 86th Leg., R.S., Ch. 493 (H.B. [4388](#)), Sec. 3

- (c) Notwithstanding Subsection (a), on January 1 of each even-numbered year, the market value of the investments under Subsections (a)(6) and (8) may not exceed an amount that is equal to 15 percent of the market value of the permanent school fund on that date.

Text of subsection as amended by Acts 2019, 86th Leg., R.S., Ch. 524 (S.B. [608](#)), Sec. 8

- (c) On January 1 of each even-numbered year, the market value of the investments made under Subsections (a)(6) and (8) may not exceed an amount that is equal to 15 percent of the market value of the assets held by the board and the State Board of Education as part of the permanent school fund.

Added by Acts 1985, 69th Leg., ch. 624, Sec. 40. Amended by Acts 2001, 77th Leg., ch. 900, Secs. 2, 3, eff. Sept. 1, 2001; Acts 2003, 78th Leg., ch. 280, Sec. 30, eff. June 18, 2003.

Amended by:

Acts 2005, 79th Leg., Ch. 1098 (H.B. [2217](#)), Sec. 8, eff. June 18, 2005.

Acts 2007, 80th Leg., R.S., Ch. 1368 (H.B. [3699](#)), Sec. 5, eff. June 15, 2007.

Acts 2019, 86th Leg., R.S., Ch. 493 (H.B. [4388](#)), Sec. 3, eff. September 1, 2019.

Acts 2019, 86th Leg., R.S., Ch. 524 (S.B. [608](#)), Sec. 8, eff. September 1, 2019.