

BILL ANALYSIS

Senate Research Center
79R5789 JRD-F

H.B. 256
By: Hopson (Estes)
State Affairs
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Engrossed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Current law does not allow local governments to invest in financial institutions outside the state while still protecting public deposits above the \$100,000 FDIC limit, and without having to collateralize the deposits or go to more than one bank.

As proposed, H.B. 256 amends Section 2265.010, Government Code, to specify that a certificate of deposit is an authorized investment under Subchapter A if it is issued by a depository institution with its main office in Texas.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 2256.010, Government Code, as follows:

Sec. 2256.010. AUTHORIZED INVESTMENTS: CERTIFICATES OF DEPOSIT AND SHARE CERTIFICATES. (a) Provides that a certificate of deposit or share certificate is an authorized investment under this subchapter if the certificate is issued by a depository institution that has its main office or a branch office in this state. Deletes existing text relating to a state or national bank, a savings bank, or a state or federal credit union domiciled in this state.

(b) Provides that an investment in certificates of deposit made in accordance with certain conditions, in addition to the authority to invest funds in certificates of deposit under Subsection (a), is an authorized investment under this subchapter.

SECTION 2. Effective date: upon passage or September 1, 2005.