

By: Watson

S.B. No. 1138

A BILL TO BE ENTITLED

AN ACT

relating to the management of certain state and local funds,  
investments, and obligations.

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

SECTION 1. Section 404.103(b), Government Code, is amended  
to read as follows:

(b) The trust company may enter into contracts, trust  
agreements, or other fiduciary instruments with the comptroller,  
the Federal Reserve System, a depository trust company, and other  
third parties. The trust company shall be liable under those  
contracts in accordance with the terms contained in the contracts.  
Notwithstanding any other statute to the contrary, to the extent  
permitted by the Texas Constitution and the contracts, trust  
agreements, or other fiduciary instruments between the trust  
company, the Federal Reserve System, and a depository trust  
company, the trust company's obligations shall be guaranteed by the  
state, and the state expressly waives all defenses of governmental  
immunity by and on behalf of the trust company, the comptroller, and  
the state, and expressly consents to sue and be sued in federal  
court or in any court of competent jurisdiction. Notwithstanding  
any other statute to the contrary, to the extent permitted by the  
Texas Constitution and the contracts, trust agreements, or other  
fiduciary instruments between the trust company and other third  
parties, the trust company's obligations shall be guaranteed only

1 by the reserve balances held pursuant to Section 404.105, and the  
2 state expressly waives all defenses of governmental immunity by and  
3 on behalf of the trust company, and the state expressly consents by  
4 and on behalf of the trust company to sue and be sued in federal  
5 court or in any court of competent jurisdiction. However, this  
6 provision does not alter or affect the immunity accorded to state  
7 officials and employees under state law. The trust company may  
8 enter into contracts with the comptroller and the Federal Reserve  
9 System to provide any services that the Federal Reserve System  
10 makes available, including:

11 (1) safekeeping book-entry United States Treasury and  
12 agency securities owned by the state and its agencies;

13 (2) using the federal reserve wire transfer system to  
14 transfer money and book-entry securities and to settle securities  
15 transactions involving book-entry United States Treasury and  
16 agency securities owned by the state and its agencies;

17 (3) collecting, through the Federal Reserve System,  
18 checks deposited with the treasury;

19 (4) receiving payments from and making payments to the  
20 federal government on behalf of the state and its agencies;

21 (5) originating automated clearinghouse transactions  
22 or other electronic transfers to make payments on behalf of the  
23 state and its agencies, collecting revenues due the state and its  
24 agencies, and transferring money between state depositories;

25 (6) paying warrants drawn on the treasury and  
26 presented through the Federal Reserve System for payment; and

27 (7) safekeeping collateral pledged to secure deposits

1 of public funds.

2           SECTION 2. This Act takes effect immediately if it receives  
3 a vote of two-thirds of all the members elected to each house, as  
4 provided by Section 39, Article III, Texas Constitution. If this  
5 Act does not receive the vote necessary for immediate effect, this  
6 Act takes effect September 1, 2019.