

By: Huffman

S.B. No. 767

A BILL TO BE ENTITLED

1 AN ACT
2 relating to investments made by the comptroller of public accounts
3 with state funds not deposited in state depositories.

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

5 SECTION 1. Section 404.024, Government Code, is amended by
6 amending Subsections (b) and (c) and adding Subsections (c-1) and
7 (c-2) to read as follows:

8 (b) Subject to Chapter 2270, state funds not deposited in
9 state depositories shall be invested by the comptroller in:

- 10 (1) direct security repurchase agreements;
- 11 (2) reverse security repurchase agreements;
- 12 (3) direct obligations of or obligations the principal
13 and interest of which are guaranteed by the United States;
- 14 (4) direct obligations of or obligations guaranteed by
15 agencies or instrumentalities of the United States government;
- 16 (5) bankers' acceptances that:
 - 17 (A) are eligible for purchase by the Federal
18 Reserve System;
 - 19 (B) do not exceed 270 days to maturity; and
 - 20 (C) are issued by a bank whose other comparable
21 short-term obligations are rated in the highest short-term rating
22 category, within which there may be subcategories or gradations
23 indicating relative standing, including such subcategories or
24 gradations as "rating category" or "rated," by a nationally

1 recognized statistical rating organization, as defined by 15 U.S.C.
2 Section 78c;

3 (6) commercial paper that:

4 (A) does not exceed 365 [~~270~~] days to maturity;
5 and

6 (B) except as provided by Subsection (i), is
7 issued by an entity whose other comparable short-term obligations
8 are rated in the highest short-term rating category by a nationally
9 recognized statistical rating organization;

10 (7) contracts written by the treasury in which the
11 treasury grants the purchaser the right to purchase securities in
12 the treasury's marketable securities portfolio at a specified price
13 over a specified period and for which the treasury is paid a fee and
14 specifically prohibits naked-option or uncovered option trading;

15 (8) direct obligations of or obligations guaranteed by
16 the Inter-American Development Bank, the International Bank for
17 Reconstruction and Development (the World Bank), the African
18 Development Bank, the Asian Development Bank, and the International
19 Finance Corporation that have received the highest long-term rating
20 categories for debt obligations by a nationally recognized
21 statistical rating organization;

22 (9) bonds issued, assumed, or guaranteed by the State
23 of Israel;

24 (10) obligations of a state or an agency, county,
25 city, or other political subdivision of a state;

26 (11) mutual funds secured by obligations that are
27 described by Subdivisions (1) through (6) or by obligations

1 consistent with Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated
2 by the Securities and Exchange Commission, including pooled funds:

3 (A) established by the Texas Treasury
4 Safekeeping Trust Company;

5 (B) operated like a mutual fund; and

6 (C) with portfolios consisting only of
7 dollar-denominated securities;

8 (12) foreign currency for the sole purpose of
9 facilitating investment by state agencies that have the authority
10 to invest in foreign securities;

11 (13) asset-backed securities, as defined by the
12 Securities and Exchange Commission in Rule 2a-7 (17 C.F.R. Section
13 270.2a-7), that are rated at least A or its equivalent by a
14 nationally recognized statistical rating organization and that
15 have a weighted-average maturity of five years or less; and

16 (14) corporate debt obligations that are rated at
17 least A or its equivalent by a nationally recognized statistical
18 rating organization and mature in five years or less from the date
19 on which the obligations were "acquired," as defined by the
20 Securities and Exchange Commission in Rule 2a-7 (17 C.F.R. Section
21 270.2a-7).

22 (c) Investments in direct security repurchase agreements
23 and reverse security repurchase agreements may be:

24 (1) placed through ~~[made with]~~ state or national banks
25 doing business in this state or with primary dealers as approved by
26 the Federal Reserve System; or

27 (2) made directly with a state agency with the

1 authority to invest in repurchase agreements.

2 (c-1) For purposes of Subsection (c), "state agency" means:

3 (1) an office, department, commission, board, or
4 agency that is part of any branch of state government;

5 (2) an institution of higher education; or

6 (3) a nonprofit corporation acting on behalf of an
7 entity described by Subdivision (1) or (2).

8 (c-2) Notwithstanding any other law, the term of any reverse
9 security repurchase agreement made by the comptroller may not
10 exceed 90 days after the date the reverse security repurchase
11 agreement is delivered. Money received by the comptroller under
12 the terms of a reverse security repurchase agreement may be used to
13 acquire additional authorized investments, but the term of the
14 authorized investments acquired must mature not later than the
15 expiration date stated in the reverse security repurchase
16 agreement.

17 SECTION 2. This Act takes effect September 1, 2021.