

By: Lambert, Ashby

H.B. No. 3576

A BILL TO BE ENTITLED

AN ACT

relating to the regulation of state trust companies.

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

SECTION 1. Section 182.502(b), Finance Code, is amended to read as follows:

(b) A trust institution applying to convert into a state trust company may receive a certificate of authority to do business as a state trust company if the banking commissioner finds that:

(1) the trust institution is not engaging in a pattern or practice of unsafe and unsound fiduciary or banking practices;

(2) the trust institution has adequate capitalization for a state trust company to act as a fiduciary at the same locations as the trust institution is acting as a fiduciary before the conversion;

(3) the trust institution can be expected to operate profitably after the conversion;

(4) the officers and directors of the trust institution as a group have sufficient fiduciary ~~[banking]~~ experience, ability, standing, competence, trustworthiness, and integrity to justify a belief that the trust institution will operate as a state trust company in compliance with law; and

(5) each principal shareholder has sufficient experience, ability, standing, competence, trustworthiness, and integrity to justify a belief that the trust institution will be

1 free from improper or unlawful influence or interference with
2 respect to the trust institution's operation as a state trust
3 company in compliance with law.

4 SECTION 2. Section 184.002(c), Finance Code, is amended to
5 read as follows:

6 (c) A state trust company shall comply with regulatory
7 accounting principles in accounting for its investment in and
8 depreciation of trust company facilities, furniture, fixtures, and
9 equipment [~~dispose of any real property subject to Subsection (a)~~
10 ~~not later than the fifth anniversary of the date the real property:~~

11 [~~(1) was acquired, except as otherwise provided by~~
12 ~~rules adopted under this subtitle;~~

13 [~~(2) ceases to be used as a state trust company~~
14 ~~facility; or~~

15 [~~(3) ceases to be a state trust company facility as~~
16 ~~provided by Subsection (b)].~~

17 SECTION 3. Sections 184.003(a) and (c), Finance Code, are
18 amended to read as follows:

19 (a) A state trust company may not invest its restricted
20 capital in real property except:

21 (1) as permitted by this subtitle or rules adopted
22 under this subtitle; [~~or~~]

23 (2) with the prior written approval of the banking
24 commissioner; or

25 (3) as necessary to avoid or minimize a loss on a loan
26 or investment previously made in good faith.

27 (c) A state trust company shall dispose of any real property

1 subject to Subsection (a) not later than[+
2 ~~(1)~~] the fifth anniversary of the date the real
3 property:

4 (1) [~~(A)~~] was acquired, except as otherwise provided
5 by rules adopted under this subtitle; [~~or~~]

6 (2) [~~(B)~~] ceases to be used as a state trust company
7 facility; or

8 (3) [~~(2)~~ ~~the second anniversary of the date the real~~
9 ~~property~~] ceases to be a state trust company facility as provided by
10 Section 184.002(b).

11 SECTION 4. Section 182.502(b), Finance Code, as amended by
12 this Act, applies only to an application for conversion filed on or
13 after the effective date of this Act. An application for conversion
14 filed before the effective date of this Act is governed by the law
15 in effect on the date the application was filed, and the former law
16 is continued in effect for that purpose.

17 SECTION 5. This Act takes effect immediately if it receives
18 a vote of two-thirds of all the members elected to each house, as
19 provided by Section 39, Article III, Texas Constitution. If this
20 Act does not receive the vote necessary for immediate effect, this
21 Act takes effect September 1, 2023.