

1-1 By: Parker S.B. No. 1646
 1-2 (In the Senate - Filed March 6, 2023; March 16, 2023, read
 1-3 first time and referred to Committee on Business & Commerce;
 1-4 April 17, 2023, reported favorably by the following vote: Yeas 10,
 1-5 Nays 0; April 17, 2023, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7				
1-8	X			
1-9			X	
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			
1-17	X			
1-18	X			

1-19 A BILL TO BE ENTITLED
 1-20 AN ACT

1-21 relating to the regulation of state trust companies.
 1-22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
 1-23 SECTION 1. Section 182.502(b), Finance Code, is amended to
 1-24 read as follows:
 1-25 (b) A trust institution applying to convert into a state
 1-26 trust company may receive a certificate of authority to do business
 1-27 as a state trust company if the banking commissioner finds that:
 1-28 (1) the trust institution is not engaging in a pattern
 1-29 or practice of unsafe and unsound fiduciary or banking practices;
 1-30 (2) the trust institution has adequate capitalization
 1-31 for a state trust company to act as a fiduciary at the same
 1-32 locations as the trust institution is acting as a fiduciary before
 1-33 the conversion;
 1-34 (3) the trust institution can be expected to operate
 1-35 profitably after the conversion;
 1-36 (4) the officers and directors of the trust
 1-37 institution as a group have sufficient fiduciary ~~[banking]~~
 1-38 experience, ability, standing, competence, trustworthiness, and
 1-39 integrity to justify a belief that the trust institution will
 1-40 operate as a state trust company in compliance with law; and
 1-41 (5) each principal shareholder has sufficient
 1-42 experience, ability, standing, competence, trustworthiness, and
 1-43 integrity to justify a belief that the trust institution will be
 1-44 free from improper or unlawful influence or interference with
 1-45 respect to the trust institution's operation as a state trust
 1-46 company in compliance with law.
 1-47 SECTION 2. Section 184.002(c), Finance Code, is amended to
 1-48 read as follows:
 1-49 (c) A state trust company shall comply with regulatory
 1-50 accounting principles in accounting for its investment in and
 1-51 depreciation of trust company facilities, furniture, fixtures, and
 1-52 equipment ~~[dispose of any real property subject to Subsection (a)~~
 1-53 ~~not later than the fifth anniversary of the date the real property~~
 1-54 ~~[(1) was acquired, except as otherwise provided by~~
 1-55 ~~rules adopted under this subtitle,~~
 1-56 ~~[(2) ceases to be used as a state trust company~~
 1-57 ~~facility, or~~
 1-58 ~~[(3) ceases to be a state trust company facility as~~
 1-59 ~~provided by Subsection (b)].~~
 1-60 SECTION 3. Sections 184.003(a) and (c), Finance Code, are
 1-61 amended to read as follows:

2-1 (a) A state trust company may not invest its restricted
2-2 capital in real property except:

2-3 (1) as permitted by this subtitle or rules adopted
2-4 under this subtitle; [~~or~~]

2-5 (2) with the prior written approval of the banking
2-6 commissioner; or

2-7 (3) as necessary to avoid or minimize a loss on a loan
2-8 or investment previously made in good faith.

2-9 (c) A state trust company shall dispose of any real property
2-10 subject to Subsection (a) not later than[+]

2-11 [~~(1)~~] the fifth anniversary of the date the real
2-12 property:

2-13 (1) [~~(A)~~] was acquired, except as otherwise provided
2-14 by rules adopted under this subtitle; [~~or~~]

2-15 (2) [~~(B)~~] ceases to be used as a state trust company
2-16 facility; or

2-17 (3) [~~(2)~~ the second anniversary of the date the real
2-18 ~~property~~] ceases to be a state trust company facility as provided by
2-19 Section 184.002(b).

2-20 SECTION 4. Section 182.502(b), Finance Code, as amended by
2-21 this Act, applies only to an application for conversion filed on or
2-22 after the effective date of this Act. An application for conversion
2-23 filed before the effective date of this Act is governed by the law
2-24 in effect on the date the application was filed, and the former law
2-25 is continued in effect for that purpose.

2-26 SECTION 5. This Act takes effect immediately if it receives
2-27 a vote of two-thirds of all the members elected to each house, as
2-28 provided by Section 39, Article III, Texas Constitution. If this
2-29 Act does not receive the vote necessary for immediate effect, this
2-30 Act takes effect September 1, 2023.

2-31 * * * * *