

By: Middleton

S.B. No. 2339

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the investment or deposit of school district reserve
3 funds and the establishment of a school reserves investment fund.

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

5 SECTION 1. Subchapter E, Chapter 45, Education Code, is
6 amended by adding Section 45.114 to read as follows:

7 Sec. 45.114. SCHOOL DISTRICT RESERVE FUNDS. (a)
8 Notwithstanding Chapter 2256, Government Code, or any other
9 provision of law, with respect to reserve funds held by a school
10 district, the district may only:

11 (1) invest those funds in the school reserves
12 investment fund established under Section 403.1031, Government
13 Code; or

14 (2) deposit those funds in a depository bank of the
15 district under Subchapter G.

16 (b) The commissioner may adopt rules providing guidance to
17 districts regarding a district's determination of its reserve funds
18 for purposes of this section.

19 SECTION 2. Subchapter G, Chapter 403, Government Code, is
20 amended by adding Section 403.1031 to read as follows:

21 Sec. 403.1031. SCHOOL RESERVES INVESTMENT FUND. (a) The
22 school reserves investment fund is a trust fund outside the state
23 treasury that is administered by the comptroller.

24 (b) The fund consists of:

1 (1) money of this state that is appropriated to the
2 comptroller for deposit in the fund and subsequent investment;

3 (2) money provided by school districts for deposit in
4 the fund and subsequent investment; and

5 (3) earnings on investments of fund money.

6 (c) The comptroller may use fund money only to:

7 (1) make investments as described by Subsection (d);

8 and

9 (2) repay the principal of and pay interest on
10 investments made using fund money.

11 (d) For the purpose of investing the assets of the school
12 reserves investment fund, subject to Subsection (e), the
13 comptroller may acquire, exchange, sell, supervise, manage, or
14 retain any kind of investment that a prudent investor exercising
15 reasonable care, skill, and caution would acquire, exchange, sell,
16 supervise, manage, or retain in light of the purposes, terms,
17 distribution requirements, and other circumstances then prevailing
18 for the fund, taking into consideration the investment of all the
19 assets of the fund rather than a single investment.

20 (e) The comptroller must comply with Chapter 809 in
21 investing the assets of the school reserves investment fund under
22 Subsection (d).

23 (f) The comptroller shall use fund money to repay a school
24 district's or the state's investment in the fund and pay any
25 interest on that investment.

26 (g) The comptroller shall annually submit a report to the
27 governor, the lieutenant governor, the speaker of the house of

1 representatives, and each member of the legislature. The report
2 must include information regarding:

3 (1) the total amount of money held in the fund;

4 (2) the return on investments made with fund money;

5 and

6 (3) the overall health of the fund portfolio.

7 SECTION 3. This Act takes effect September 1, 2023.