

BILL ANALYSIS

Senate Research Center
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H.B. 3312
By: Capelo (Hinojosa)
Intergovernmental Relations
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Engrossed

DIGEST AND PURPOSE

Chapter 116, Local Government Code, governs the selection and qualifications of one or more banks to serve as the depositories for county funds. A bank may not serve as a county depository unless the bank qualifies by providing security for the funds to be deposited by the county with the bank. The securities pledged by a bank must be of a type and in the amount specified under Subchapter C, Chapter 116.

Section 116.082 (a) permits a depository to substitute one type of security for another or to replace particular securities with others of the same type. The exchange must meet legal requirements and be approved by the commissioners court. Because the commissioners courts in some counties meet as infrequently as monthly or quarterly, a significant delay may occur before the approval is given. A delay of days, weeks, or months may jeopardize the bank's ability to timely execute financial transactions that are beneficial to the county.

H.B. 3312 authorizes a commissioners court to adopt a procedure designating one person to approve an exchange of securities that a depository has pledged to secure the county's funds. This change may allow the depository to avoid delays that might prove financially detrimental to the county.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 116.082(a), Local Government Code, to authorize the commissioners court, instead of approval of each substitute or replacement security by the commissioners court, to adopt a procedure for approving a substitute or replacement security under this section and to designate a county employee or official, including a county judge, to approve the substitute or replacement security under the procedure adopted under Subdivision (1).

SECTION 2. Effective date: upon passage or September 1, 2003.