

## **BILL ANALYSIS**

C.S.H.B. 3312  
By: Capelo  
County Affairs  
Committee Report (Substituted)

### **BACKGROUND 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.

The would allow (but not require) a commissioners court to adopt a procedure designating one person to approve an exchange of securities that a depository has pledges to secure the county's funds. This change may allow the depository to avoid delays that my prove financially detrimental to the county.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

HB 3312 amends Local Government Code Section 116.082 (a) to authorize a commissioners court to designate the county judge or another person to approve the substitution or replacement of securities pledged by a depository bank to secure the county's funds.

### **EFFECTIVE DATE**

The Committee Substitute under Section 2 would enable HB 3312 to take effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If the Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2003.

### **COMPARISON OF ORIGINAL TO SUBSTITUTE**

The Committee Substitute is a Legislative Council draft and has added subparts (1) and (2) to Section 1 of Section 116.082 (a). Section 1(a) includes the language "instead of approval of each substitute or replacement security by the commissioners court, the commissioners court may:" Section 1(a)(1) would adopt a procedure for approving a substitute or replacement security under this section. Section 1(a)(2) designates a county employee or official, including a county judge, to approve the substitute or replacement security under the procedure adopted under Subdivision (1).