

By: Shapleigh

S.B. No. 626

A BILL TO BE ENTITLED

AN ACT

relating to requirements for considering a financial institution for selection as a depository of public funds.

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

SECTION 1. Subtitle Z, Title 3, Finance Code, is amended by adding Chapter 278 to read as follows:

CHAPTER 278. DEPOSIT OF PUBLIC FUNDS

Sec. 278.001. DEFINITIONS. In this chapter:

(1) "Branch" means a location of a financial institution, other than the financial institution's home office, at which the financial institution does business.

(2) "County in which the financial institution does business" means any county in which:

(A) the financial institution has a branch or a home office; or

(B) a public agency that deposits funds in the financial institution is wholly or partly located.

(3) "Depository of public funds" means a financial institution in which funds are deposited by a public agency, including funds deposited under Chapter 105 or 116, Local Government Code, and funds deposited by the comptroller under Chapter 404, Government Code.

(4) "Home office" means a location at which:

(A) the financial institution does business;

1                   (B) the financial institution keeps its  
2 corporate books and records; and

3                   (C) at least one executive officer of the  
4 financial institution maintains an office.

5                   (5) "Financial institution" has the meaning assigned  
6 by Section 201.101.

7                   (6) "Public agency" means a state agency, political  
8 subdivision, or publicly owned utility.

9                   (7) "State agency" means any institution, agency, or  
10 organ of state government established by the constitution or laws  
11 of this state, including any department, bureau, board, commission,  
12 office, or council of this state.

13                   Sec. 278.002. RESTRICTION ON SELECTION OF DEPOSITORY OF  
14 PUBLIC FUNDS. A public agency, when selecting a depository of  
15 public funds, may consider a financial institution only if the  
16 financial institution submits to the public agency the information  
17 required by Section 278.003.

18                   Sec. 278.003. REQUIRED INFORMATION. A financial  
19 institution shall submit to the public agency considering the  
20 financial institution for selection as a depository of its public  
21 funds:

22                   (1) an itemized report covering the preceding calendar  
23 year and stating, separately for each county in which the financial  
24 institution does business, the financial institution's:

25                   (A) deposits;

26                   (B) loans for home purchases or home  
27 improvements;

1           (C) commercial loans, as defined by Section  
2 306.001;

3           (D) loans for small businesses, as defined by  
4 Section 2006.001, Government Code; and

5           (E) loans for the purchase or lease of goods or  
6 services for personal, family, or household use;

7           (2) if the financial institution displays or  
8 publishes, or causes to be displayed or published, an advertisement  
9 regarding the financial institution's prime lending rate for small  
10 businesses, any information regarding the advertisement that the  
11 public agency requires;

12           (3) evidence that the financial institution has not  
13 been assigned a rating below "satisfactory record of meeting  
14 community credit needs" under 12 U.S.C. Section 2906; and

15           (4) an itemized report covering the preceding calendar  
16 year and describing, separately for each county in which the  
17 financial institution does business:

18           (A) the community reinvestment initiatives and  
19 special loan programs offered by the financial institution,  
20 including:

21                   (i) the funding level for each program; and  
22                   (ii) the amount of funds actually disbursed  
23 in the program;

24           (B) the total number and amount of loans provided  
25 for small businesses, as defined by Section 2006.001, Government  
26 Code;

27           (C) the total number and amount of loans for

1 small businesses, as defined by Section 2006.001, Government Code,  
2 excluding extensions of credit made pursuant to a credit card  
3 transaction;

4 (D) the total number and amount of loans  
5 guaranteed in whole or in part by the Small Business  
6 Administration;

7 (E) the business planning and loan application  
8 assistance programs offered to customers;

9 (F) the financial institution's total number of  
10 employees, the number of employees who transferred to another  
11 county or state, and the number of employees who left employment  
12 with the financial institution; and

13 (G) the amount of charitable contributions.

14 SECTION 2. A public agency that enters into a depository  
15 contract on or after the effective date of this Act shall comply  
16 with Chapter 278, Finance Code, as added by this Act.

17 SECTION 3. This Act takes effect September 1, 2003.