

By: Bivins

S.B. No. 1624

A BILL TO BE ENTITLED

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

AN ACT

relating to security requirements for the deposit of school district funds.

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

SECTION 1. Subdivision (4), Section 45.201, Education Code, is amended to read as follows:

(4) "Approved securities" means:

(A) bonds of this state or any agency or political subdivision of this state;

(B) all evidences of indebtedness legally issued by the board of trustees of the depositing school district;

(C) all debt securities that are a direct obligation of the treasury of the United States;

(D) other obligations [~~all debt securities, except reducing principal balance securities~~], the principal and interest of which are unconditionally guaranteed or insured by, or backed [~~in the event of default~~] by the full faith and credit of, this state or the United States or their respective agencies and instrumentalities; and

(E) those securities provided for by Article 842, Revised Statutes, and Section 1, Chapter 160, General Laws, Acts of the 43rd Legislature, 1933 (Article 842a, Vernon's Texas Civil Statutes).

SECTION 2. Section 2257.022, Government Code, is amended to

1 read as follows:

2 Sec. 2257.022. AMOUNT OF COLLATERAL. (a) Except as
3 provided by Subsection (b), the [~~The~~] total value of eligible
4 security to secure a deposit of public funds must be in an amount
5 not less than the amount of the deposit of public funds:

6 (1) increased by the amount of any accrued interest;
7 and

8 (2) reduced to the extent that the United States or an
9 instrumentality of the United States insures the deposit.

10 (b) The total value of eligible security described by
11 Section 45.201(4)(D), Education Code, to secure a deposit of public
12 funds of a school district must be in an amount not less than 110
13 percent of the amount of the deposit. The total market value of the
14 eligible security must be reported at least once each month to the
15 school district.

16 (c) The value of a surety bond is its face value.

17 (d) [~~(c)~~] The value of an investment security is its market
18 value.

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

COMMITTEE AMENDMENT NO. 1

1
2 Amend S.B. No. 1624 in SECTION 2 of the bill, by striking
3 amended Subsection (b), Section 2257.022, Government Code
4 (engrossed version, page 2, lines 10-15), and substituting the
5 following:

6 (b) The total value of an investment security described by
7 Section 45.201(4)(D), Education Code, that is provided as
8 collateral to secure a deposit of school district funds and that has
9 a principal balance that by its terms reduces periodically must be
10 in an amount not less than 102 percent of the amount of the deposit
11 as determined under Subsection (a). At least once each month, a
12 depository shall report the total market value of an investment
13 security described by this subsection to the school district whose
14 deposit is secured by the security.

15 Olivo