

1-1 By: Bivins S.B. No. 1624  
1-2 (In the Senate - Filed March 14, 2003; March 20, 2003, read  
1-3 first time and referred to Committee on Education; April 7, 2003,  
1-4 reported favorably by the following vote: Yeas 8, Nays 0;  
1-5 April 7, 2003, sent to printer.)

1-6 A BILL TO BE ENTITLED  
1-7 AN ACT

1-8 relating to security requirements for the deposit of school  
1-9 district funds.

1-10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-11 SECTION 1. Subdivision (4), Section 45.201, Education Code,  
1-12 is amended to read as follows:

1-13 (4) "Approved securities" means:

1-14 (A) bonds of this state or any agency or  
1-15 political subdivision of this state;

1-16 (B) all evidences of indebtedness legally issued  
1-17 by the board of trustees of the depositing school district;

1-18 (C) all debt securities that are a direct  
1-19 obligation of the treasury of the United States;

1-20 (D) other obligations [all debt securities,  
1-21 except reducing principal balance securities], the principal and  
1-22 interest of which are unconditionally guaranteed or insured by, or  
1-23 backed [in the event of default] by the full faith and credit of,  
1-24 this state or the United States or their respective agencies and  
1-25 instrumentalities; and

1-26 (E) those securities provided for by Article 842,  
1-27 Revised Statutes, and Section 1, Chapter 160, General Laws, Acts of  
1-28 the 43rd Legislature, 1933 (Article 842a, Vernon's Texas Civil  
1-29 Statutes).

1-30 SECTION 2. Section 2257.022, Government Code, is amended to  
1-31 read as follows:

1-32 Sec. 2257.022. AMOUNT OF COLLATERAL. (a) Except as  
1-33 provided by Subsection (b), the [The] total value of eligible  
1-34 security to secure a deposit of public funds must be in an amount  
1-35 not less than the amount of the deposit of public funds:

1-36 (1) increased by the amount of any accrued interest;  
1-37 and

1-38 (2) reduced to the extent that the United States or an  
1-39 instrumentality of the United States insures the deposit.

1-40 (b) The total value of eligible security described by  
1-41 Section 45.201(4)(D), Education Code, to secure a deposit of public  
1-42 funds of a school district must be in an amount not less than 110  
1-43 percent of the amount of the deposit. The total market value of the  
1-44 eligible security must be reported at least once each month to the  
1-45 school district.

1-46 (c) The value of a surety bond is its face value.

1-47 (d) [~~(c)~~] The value of an investment security is its market  
1-48 value.

1-49 SECTION 3. This Act takes effect September 1, 2003.

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