

BILL ANALYSIS

S.B. 668
By: Seliger
County Affairs
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The South Randall County Hospital District's (district) enabling legislation (Chapter 200, Acts of the 62nd Legislature, Regular Session, 1971), provides that "in no event shall any operating, depreciation or building fund reserves be invested in any funds or securities other than those specified in Articles 836 or 837, Revised Statutes." Articles 836 and 837 were repealed in 1999.

The Public Funds Investment Act (Act) was enacted in 1995 and covers the types of investments allowed in Texas for public funds. Section 2256.024 of the Act provides that the Act does not authorize any investment specifically prohibited by other law.

Because the enabling legislation of the district prohibits any investment in securities or funds other than those specified in Articles 836 and 837, the district cannot invest in the investments covered by Section 2256.009 of the Act. The district would like greater flexibility in investing, particularly to allow investment in collateralized mortgage obligations directly issued by a federal agency or an instrumentality of the United States.

As proposed, S.B. 668 allows the board of directors of the South Randall County Hospital District to perform all management, control, and administration of hospital system funds under Chapter 2256 (Public Funds Investment), Government Code. S.B. 668 allows investment in collateralized mortgage obligations directly issued by a federal agency or an instrumentality of the United States.

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

SECTION 1. Amends Section 5, Chapter 200, Acts of the 62nd Legislature, Regular Session, 1971, to authorize the board of directors of the South County Hospital District to invest district money in funds and securities as prescribed by Chapter 2256 (Public Funds Investment), Government Code. Deletes existing text prohibiting certain investments.

SECTION 2. Effective date

EFFECTIVE DATE

Upon passage, or, if the Act does not receive the necessary votes, the Act takes effect September 1, 2005.