

BILL ANALYSIS

S.B. 1693
By: Duncan
Public Education
Committee Report (Unamended)

BACKGROUND AND PURPOSE

H.B. 3459, 78th Regular Session, 2003, made amendments to Section 2257.022, Government Code. These changes were intended to allow eligible financial institutions to pledge declining balance securities (e.g., mortgage backed securities and collateralized mortgage options) at 110 percent of the balance to secure public school deposits. This goal was accomplished; however, the unintended consequence was to include other United States and Texas government agency and instrumentality securities under this new requirement.

SB 1693 clarifies that only declining balance securities are subject to the higher requirement by amending Section 45.201(4)(D), Education Code, to include only declining balance securities, and adding a new Subsection (4)(E) to include "all other obligations" of the United States or Texas governments, thus reinstating the existing requirement to fully secure - but not "oversecure"- public school deposits. Additionally, S.B. 1693 addresses redundant language in Section 45.201(2), Education Code, by providing for only one definition of "bank."

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. Reenacts Section 45.201(2), Education Code, as amended by Chapters 62 and 344, Acts of the 76th Legislature, Regular Session, 1999, to define "bank."

SECTION 2. Amends Section 45.201(4), Education Code, to redefine "approved securities."

EFFECTIVE DATE

This Act takes 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 this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2005.