

By: Flynn

H.B. No. 573

A BILL TO BE ENTITLED

AN ACT

relating to collateral for deposits of public school funds.

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

SECTION 1. Section 45.201(2), Education Code, as amended by Chapters 62 and 344, Acts of the 76th Legislature, Regular Session, 1999, is reenacted to read as follows:

(2) "Bank" means a bank, a savings and loan association, or a savings bank organized under the laws of this state, another state, or federal law that has its main office or a branch office in this state. The term does not include any bank the deposits of which are not insured by the Federal Deposit Insurance Corporation.

SECTION 2. Section 45.201(4), 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, including~~] reducing principal balance securities, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full

1 faith and credit of, this state or the United States or their
2 respective agencies and instrumentalities; [~~and~~]

3 (E) other obligations, the principal and
4 interest of which are unconditionally guaranteed or insured by, or
5 backed by the full faith and credit of, this state or the United
6 States or their respective agencies and instrumentalities; and

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

11 SECTION 3. This Act takes effect immediately if it receives
12 a vote of two-thirds of all the members elected to each house, as
13 provided by Section 39, Article III, Texas Constitution. If this
14 Act does not receive the vote necessary for immediate effect, this
15 Act takes effect September 1, 2005.