

1-1 By: Flynn (Senate Sponsor - Duncan) H.B. No. 573  
1-2 (In the Senate - Received from the House May 16, 2005;  
1-3 May 17, 2005, read first time and referred to Committee on Finance;  
1-4 May 20, 2005, reported favorably by the following vote: Yeas 11,  
1-5 Nays 0; May 20, 2005, sent to printer.)

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

1-8 relating to collateral for deposits of public school funds.

1-9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-10 SECTION 1. Section 45.201(2), Education Code, as amended by  
1-11 Chapters 62 and 344, Acts of the 76th Legislature, Regular Session,  
1-12 1999, is reenacted to read as follows:

1-13 (2) "Bank" means a bank, a savings and loan  
1-14 association, or a savings bank organized under the laws of this  
1-15 state, another state, or federal law that has its main office or a  
1-16 branch office in this state. The term does not include any bank the  
1-17 deposits of which are not insured by the Federal Deposit Insurance  
1-18 Corporation.

1-19 SECTION 2. Section 45.201(4), Education Code, is amended to  
1-20 read as follows:

1-21 (4) "Approved securities" means:

1-22 (A) bonds of this state or any agency or  
1-23 political subdivision of this state;

1-24 (B) all evidences of indebtedness legally issued  
1-25 by the board of trustees of the depositing school district;

1-26 (C) all debt securities that are a direct  
1-27 obligation of the treasury of the United States;

1-28 (D) ~~[other obligations, including]~~ reducing  
1-29 principal balance securities, the principal and interest of which  
1-30 are unconditionally guaranteed or insured by, or backed by the full  
1-31 faith and credit of, this state or the United States or their  
1-32 respective agencies and instrumentalities; ~~and~~

1-33 (E) other obligations, the principal and  
1-34 interest of which are unconditionally guaranteed or insured by, or  
1-35 backed by the full faith and credit of, this state or the United  
1-36 States or their respective agencies and instrumentalities; and

1-37 (F) those securities provided for by Article 842,  
1-38 Revised Statutes, and Section 1, Chapter 160, General Laws, Acts of  
1-39 the 43rd Legislature, 1933 (Article 842a, Vernon's Texas Civil  
1-40 Statutes).

1-41 SECTION 3. This Act takes effect immediately if it receives  
1-42 a vote of two-thirds of all the members elected to each house, as  
1-43 provided by Section 39, Article III, Texas Constitution. If this  
1-44 Act does not receive the vote necessary for immediate effect, this  
1-45 Act takes effect September 1, 2005.

1-46 \* \* \* \* \*