

Amend **HB 892** by adding the following appropriately numbered SECTIONS and by renumbering the existing SECTIONS as appropriate:

SECTION _____. Sections 116.021(a) and (b), Local Government Code, are amended to read as follows:

(a) The commissioners court of a county ~~[at its May regular term immediately following each general election for state and county officers]~~ shall contract with one or more banks in the county and enter a contract with each selected bank for the deposit of the county's public funds. The county shall contract with a bank under this section for a two-year or four-year contract term. On expiration of a contract under this section, the contract may be renewed for two years under terms negotiated by the commissioners court.

(b) If the contract is for a four-year term, the contract shall allow the county ~~[bank]~~ to establish, on the basis of negotiations with the bank ~~[county]~~, new interest rates and financial terms of the contract that will take effect during the final two years of the four-year contract ~~[if:~~

~~[(1) the new financial terms do not increase the prices to the county by more than 10 percent; and~~

~~[(2) the county has the option to choose to use the initial variable interest rate option or to change to the new fixed or variable interest rate options proposed by the bank].~~

SECTION _____. Section 116.022(a), Local Government Code, is amended to read as follows:

(a) Once each week for at least 20 days before the date of a meeting of the ~~[May regular term of a]~~ commissioners court at which the court will make a depository contract, the county judge shall place over the judge's name in a newspaper published in the county a notice that the commissioners court intends to make the contract. A notice shall also be posted at the courthouse door of the county.

SECTION _____. Section 116.023(a), Local Government Code, is amended to read as follows:

(a) A bank in the county that wants to be a county depository must deliver its application to the county judge on or before a date set by the commissioners court ~~[the first day of the term of the commissioners court at which depositories are to be selected]~~.

SECTION _____. Section 116.024(a), Local Government Code, is amended to read as follows:

(a) At the meeting ~~[10 a.m. on the first day of each term]~~ at which banks are to be selected as county depositories, the commissioners court shall:

(1) enter in the minutes of the court all applications filed with the county judge;

(2) consider all applications; and

(3) select the qualified applicants that offer the most favorable terms and conditions for the handling of the county funds.

SECTION _____. Sections 117.021(a) and (c), Local Government Code, are amended to read as follows:

(a) The commissioners court of a county ~~[at its May regular term after a general election for state and county officers]~~ shall receive an application from a federally insured bank or banks in the county to be the depository for a special account held by the county clerk and the district clerks. The county shall contract with a federally insured bank or banks under this section and enter a contract with each selected bank for a two-year or four-year ~~[contract]~~ term. The contract may, on request by the clerk and approval of the commissioners court, include a provision that the funds in a special account earn interest. A request from the clerk that an account earn interest must be made, in writing, to the commissioners court not later than the 30th day before the date the county gives notice under Section 117.022 and shall be entered in the minutes of the court. On expiration of a contract under this subsection, the contract may be renewed for two years under terms negotiated by the commissioners court.

(c) A bank must file its application on or before a date set by the commissioners court ~~[10 a.m. on the first day of the term]~~. The application must be accompanied by a certified check or cashier's check for at least one-half of one percent of the average daily balance of the registry funds held by the county clerk and the district clerk during the preceding calendar year, as determined by the county clerk and the district clerk on or before the 10th day before the date the application is required to be filed. A

certified check or cashier's check that complies with this section is a good-faith guarantee on the part of the applicant that if its application is accepted it will execute the bond required under this subchapter. If the bank selected as depository does not provide the bond, the county shall retain the amount of the check as liquidated damages and the county shall select another depository as provided by this subchapter.

SECTION _____. Section 117.023(a), Local Government Code, is amended to read as follows:

(a) At the meeting ~~[10 a.m. on the first day of each term]~~ at which banks are to be selected ~~[the commissioners court is required to receive applications]~~ to serve as the depository for registry funds held by the county clerk and the district clerk, the commissioners court shall enter the applications in the minutes of the court and select a depository.

SECTION _____. Section 117.025(b), Local Government Code, is amended to read as follows:

(b) A designation under Subsection (a) is effective until the designation and qualification of a successor depository or until April 15 following the expiration of the contract ~~[term in which a depository must be selected under this subchapter]~~, whichever is earlier. If the term of a depository ends before the designation and qualification of a successor, the depository shall pay to the clerk in whose name the account is carried all registry funds due or on deposit.

SECTION _____. Sections 116.021(c) and 117.021(d), Local Government Code, are repealed.