

BILL ANALYSIS

C.S.H.B. 2641
By: Solomons
County Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Certain local government code statutes on the process by which a county selects a depository are unduly restrictive. The statutes allow only a two or four year depository contract term, with no renewals. The statutes also require the bank depositories to be selected in May, immediately following the general election date for county officials. If an application process is used for selecting the bank depository, the statutes permit banks to submit an application on the day of the Commissioners Court meeting and require selection on that same day, which does not allow sufficient time to carefully evaluate the banks' proposals.

C.S.H.B. 2641 amends the Local Government Code to allow the depository selection process to be compatible with county procurement practices and to allow for a more flexible contract term.

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

C.S.H.B. 2641 amends the Local Government Code to allow for a renewal term of two years and for the financial terms to be negotiated at the time of renewal, which enables the contract to be a four year contract. The bill allows the commissioners court to select a depository by the process of competitive bidding or another method that the county is qualified to use.

Also, the bill removes the requirement for the selection of a new depository to occur during the May term following the general election. The bill changes the application filing date to the commissioner court's discretion, rather than 10 a.m. on the day of the first term.

Finally, the bill changes the date to reflect the designation of the depository is effective until its successor has been selected, or until April 15th after the expiration of the current contract, whichever is earlier.

EFFECTIVE DATE

September 1, 2007.

COMPARISON OF ORIGINAL TO SUBSTITUTE

C.S.H.B. 2641 allows for a renewal term of two years and for the financial terms to be negotiated at the time of renewal, which enables the contract to be a four year contract. The substitute also allows the commissioners court to select a depository by the process of competitive bidding or another method that the county is qualified to use. None of this language was in the original bill.