

BILL ANALYSIS

Senate Research Center
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C.S.H.B. 2641
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Intergovernmental Relations
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Under current law, which requires a county commissioners court to select a depository for county funds at the court's May regular term immediately following each general election for state and county officers, county commissioners may have no prior experience with the selection process for depository accounts. They may also have a short time to make a decision affecting their jurisdiction.

C.S.H.B. 2641 requires the commissioners court of a county to consider applications before the existing depository contract expires.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 116.021, Local Government Code, as follows:

Sec. 116.021. DEPOSITORY AND SUBDEPOSITORY CONTRACTS. (a) Requires the commissioners court of a county to select by the process provided by this subchapter or by Subchapter C (Competitive Bidding in General), Chapter 262, one or more banks in the county and enter a contract with each selected bank for the deposit of the county's public funds. Authorizes a contract, on its expiration under this section, to be renewed for two-year terms under terms negotiated by the commissioners court. Deletes existing text requiring the commissioners court of a county at its May regular term immediately following each general election for state and county officers to contract with one or more banks in the county for the deposit of the county's public funds.

(b) Requires the contract, if the contract is for a four-year term, to allow the county, rather than the bank, to establish, on the basis of negotiations with the bank, rather than county, new interest rates and financial terms of the contract that will take effect during the final two years of the four-year contract. Deletes existing text relating to financial terms not increasing the price to the county by more than 10 percent, and giving the county 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.

(c) Authorizes the county, on the renewal of a contract, to negotiate new interest rates and terms with the bank for the next two years in the same way and subject to the same conditions as provided by Subsection (b).

(d) Creates section from existing text. Redesignates Subsection (c) as Subsection (d).

(e) Authorizes the depository, if the commissioners court selects a depository by the process provided by Subchapter C, Chapter 262, to be selected by competitive bidding, or another method under that subchapter that the county is qualified to use.

SECTION 2. Amends Section 116.022(a), Local Government Code, to require a county judge, once each week for the last 20 days before the date to submit an application under Section 116.023(a), to place a notice over the judge's name in a newspaper of general circulation in the county that the commissioners court intends to receive applications from which to select a depository bank. Deletes existing text relating to the timeline under which the commissioners court that is going to make a depository contract is required to print a notice of intent in a newspaper published in the county.

SECTION 3. Amends Section 116.023(a), Local Government Code, to require a bank in the county that wants to be a county depository to deliver its application to the county judge or a designated representative of the judge on or before a date set by the commissioners court that is no later than the 60th day before the date of the expiration of the existing depository contract, rather than the first day of the term of the commissioners court at which depositories are to be selected.

SECTION 4. Amends Section 116.024(a), Local Government Code, to require the commissioners court, at the meeting at which banks are to be selected as county depositories, rather than 10 a.m. on the first day of each term at which banks are to be selected as county depositories, to enter in the minutes of the court all applications filed with the county judge, consider all applications, and select the qualified applicants that offer the most favorable terms and conditions for the handling of the county funds.

SECTION 5. Amends Section 117.021, Local Government Code, as follows:

Sec. 117.021. APPLICATIONS. (a) Requires the commissioners court of a county to select by the process provided by this subchapter or by Subchapter C, Chapter 262, a federally insured bank or banks in the county, rather than 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. Requires the county to enter a contract with the selected federally insured bank or banks for a two-year or four-year term, rather than requiring the county to contract with a federally insured bank or banks under this section for a two-year or four-year contract term. Provides that the original term can be renewed once for an additional two-year term. Makes a conforming change and a nonsubstantive change.

(b) Makes conforming changes. Deletes existing text relating to the contract requirements for establishing new interest rates and financial terms that will take effect during the final two years of the four-year contract.

(c) Authorizes the county, on the renewal of a contract, to negotiate new interest rates and terms with the bank for the next two years in the same way and under the same conditions as provided by Subsection (b).

(d) Requires a bank to file its application on or before a date set by the commissioners court, rather than 10 a.m. on the first day of the term.

(e) Authorizes the commissioners court, if for any reason a county depository is not selected under Subsection (a), at any subsequent time after 20 days' notice, to select, by the process described by Section 117.023 or by negotiated bid, one or more depositories in the same manner as at the regular term.

(f) Authorizes a depository, if the commissioners court selects a depository by the process provided by Subchapter C, Chapter 262, to be selected by competitive bidding, or another method under that subchapter that the county is qualified to use.

SECTION 6. Amends Section 117.023(a), Local Government Code, to require the commissioners court to enter the applications in the minutes of the court and select a depository to serve as the depository for registry funds held by the county clerk and the district clerk at the meeting at which banks are to be selected, rather than requiring the commissioners court to receive applications.

SECTION 7. Amends Section 117.025(b), Local Government Code, to provide that 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, rather than the term in which a depository must be selected under this subchapter, whichever is earlier.

SECTION 8. Provides that to the extent of any conflict, a change in law made by this Act to Chapter 116 (Depositories for County Public Funds) or 117 (Depositories for Certain Trust Funds and Court Registry Funds), Local Government Code, controls over a change made by H.B. 892, Acts of the 80th Legislature, Regular Session, 2007, regardless of the relative dates of enactment.

SECTION 9. Effective date: upon passage or September 1, 2007.