

1-1 By: Hilderbran (Senate Sponsor - Fraser) H.B. No. 892
1-2 (In the Senate - Received from the House April 23, 2007;
1-3 April 26, 2007, read first time and referred to Committee on
1-4 Intergovernmental Relations; May 11, 2007, reported adversely,
1-5 with favorable Committee Substitute by the following vote: Yeas 5,
1-6 Nays 0; May 11, 2007, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR H.B. No. 892 By: Nichols

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to the timely deposit of, and depositories for, certain
1-11 county funds and registry funds.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Section 113.022, Local Government Code, is
1-14 amended to read as follows:

1-15 Sec. 113.022. TIME FOR MAKING DEPOSITS. (a) A county
1-16 officer who receives funds shall deposit the funds with the county
1-17 treasurer on or before the next regular business day after the date
1-18 on which the funds are received. If this deadline is not met, the
1-19 officer must deposit the funds, without exception, on or before the
1-20 seventh business day after the day on which the funds are received.
1-21 However, in a county with fewer than 50,000 inhabitants, the
1-22 commissioners court may extend the period during which funds must
1-23 be deposited with the county treasurer, but the period may not
1-24 exceed 30 days after the date the funds are received.

1-25 (b) A county treasurer shall deposit the funds received
1-26 under Subsection (a) in the county depository in accordance with
1-27 Section 116.113(a). In all cases, the treasurer shall deposit the
1-28 funds on or before the seventh business day after the date the
1-29 treasurer receives the funds.

1-30 SECTION 2. Sections 116.021(a) and (b), Local Government
1-31 Code, are amended to read as follows:

1-32 (a) ~~The commissioners court of a county [at its May regular~~
1-33 ~~term immediately following each general election for state and~~
1-34 ~~county officers]~~ shall contract with one or more banks in the county
1-35 and enter a contract with each selected bank for the deposit of the
1-36 county's public funds. The county shall contract with a bank under
1-37 this section for a two-year or four-year contract term. On
1-38 expiration of a contract under this section, the contract may be
1-39 renewed for two years under terms negotiated by the commissioners
1-40 court.

1-41 (b) If the contract is for a four-year term, the contract
1-42 shall allow the county ~~[bank]~~ to establish, on the basis of
1-43 negotiations with the bank ~~[county]~~, new interest rates and
1-44 financial terms of the contract that will take effect during the
1-45 final two years of the four-year contract ~~[if:~~

1-46 ~~[(1) the new financial terms do not increase the~~
1-47 ~~prices to the county by more than 10 percent; and~~

1-48 ~~[(2) the county has the option to choose to use the~~
1-49 ~~initial variable interest rate option or to change to the new fixed~~
1-50 ~~or variable interest rate options proposed by the bank].~~

1-51 SECTION 3. Section 116.022(a), Local Government Code, is
1-52 amended to read as follows:

1-53 (a) Once each week for at least 20 days before the date of a
1-54 meeting of the [May regular term of a] commissioners court at which
1-55 the court will select a depository bank [make a depository
1-56 contract], the county judge shall place over the judge's name in a
1-57 newspaper published in the county a notice that the commissioners
1-58 court intends to select a depository bank [make the contract]. A
1-59 notice shall also be posted at the courthouse door of the county.

1-60 SECTION 4. Section 116.023(a), Local Government Code, is
1-61 amended to read as follows:

1-62 (a) A bank in the county that wants to be a county depository
1-63 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 5. 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 6. 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 7. 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 8. 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 9. Sections 116.021(c) and 117.021(d), Local Government Code, are repealed.

SECTION 10. This Act takes effect September 1, 2007.

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