

By: Isett, Hopson

H.B. No. 2709

Substitute the following for H.B. No. 2709:

By: Solomons

C.S.H.B. No. 2709

A BILL TO BE ENTITLED

AN ACT

relating to the deposit of certain public funds with federally insured financial institutions.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 2256.010, Government Code, is amended to read as follows:

Sec. 2256.010. AUTHORIZED INVESTMENTS: CERTIFICATES OF DEPOSIT, ~~[AND]~~ SHARE CERTIFICATES, AND INSURED DEPOSIT ACCOUNTS.

(a) A certificate of deposit, a ~~[or]~~ share certificate, or an insured deposit account is an authorized investment under this subchapter if the certificate or account is issued by or established with a depository institution that has its main office or a branch office in this state and is:

(1) guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor;

(2) secured by obligations that are described by Section 2256.009(a), including mortgage backed securities directly issued by a federal agency or instrumentality that have a market value of not less than the principal amount of the certificates or accounts, but excluding those mortgage backed securities of the nature described by Section 2256.009(b); or

(3) secured in any other manner and amount provided by law for deposits of the investing entity.

1 (b) In addition to the authority to invest funds as provided
2 by [~~in certificates of deposit under~~] Subsection (a), an investment
3 in certificates of deposit or in insured deposit accounts made in
4 accordance with the following conditions is an authorized
5 investment under this subchapter:

6 (1) the funds are invested by an investing entity
7 through a depository institution that has its main office or a
8 branch office in this state and that is selected by the investing
9 entity;

10 (2) the depository institution selected by the
11 investing entity under Subdivision (1) arranges for the deposit of
12 the funds in certificates of deposit or insured deposit accounts in
13 one or more federally insured depository institutions, wherever
14 located, for the account of the investing entity;

15 (3) the full amount of the principal and accrued
16 interest of each of the certificates of deposit or insured deposit
17 accounts is insured by the United States or an instrumentality of
18 the United States;

19 (4) the depository institution selected by the
20 investing entity under Subdivision (1) acts as custodian for the
21 investing entity with respect to the certificates of deposit issued
22 or insured deposit accounts established for the account of the
23 investing entity; and

24 (5) at the same time that the funds are deposited or
25 [~~and~~] the certificates of deposit are issued for the account of the
26 investing entity, the depository institution selected by the
27 investing entity under Subdivision (1) receives an amount of

1 deposits [~~from customers of other federally insured depository~~
2 ~~institutions, wherever located,~~] that is satisfactory to that
3 depository institution. The amount may be less than, equal to, or
4 greater than the amount of the funds invested by the investing
5 entity through the depository institution selected under
6 Subdivision (1).

7 SECTION 2. This Act takes effect immediately if it receives
8 a vote of two-thirds of all the members elected to each house, as
9 provided by Section 39, Article III, Texas Constitution. If this
10 Act does not receive the vote necessary for immediate effect, this
11 Act takes effect September 1, 2007.