

By: Quintanilla

H.B. No. 2741

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to the selection of depositories for certain county funds,  
3 including funds held by a county or district clerk.

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

5 SECTION 1. Sections 116.021(a) and (b), Local Government  
6 Code, are amended to read as follows:

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

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

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

23 [~~(2) the county has the option to choose to use the~~  
24 ~~initial variable interest rate option or to change to the new fixed~~

1 ~~or variable interest rate options proposed by the bank].~~

2 SECTION 2. Section 116.022(a), Local Government Code, is  
3 amended to read as follows:

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

10 SECTION 3. Section 116.023(a), Local Government Code, is  
11 amended to read as follows:

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

16 SECTION 4. Section 116.024(a), Local Government Code, is  
17 amended to read as follows:

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

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

23 (2) consider all applications; and

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

27 SECTION 5. Sections 117.021(a) and (c), Local Government

1 Code, are amended to read as follows:

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

18 (c) A bank must file its application on or before a date set  
19 by the commissioners court [~~10 a.m. on the first day of the term~~].  
20 The application must be accompanied by a certified check or  
21 cashier's check for at least one-half of one percent of the average  
22 daily balance of the registry funds held by the county clerk and the  
23 district clerk during the preceding calendar year, as determined by  
24 the county clerk and the district clerk on or before the 10th day  
25 before the date the application is required to be filed. A  
26 certified check or cashier's check that complies with this section  
27 is a good-faith guarantee on the part of the applicant that if its

1 application is accepted it will execute the bond required under  
2 this subchapter. If the bank selected as depository does not  
3 provide the bond, the county shall retain the amount of the check as  
4 liquidated damages and the county shall select another depository  
5 as provided by this subchapter.

6 SECTION 6. Section 117.023(a), Local Government Code, is  
7 amended to read as follows:

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

14 SECTION 7. Section 117.025(b), Local Government Code, is  
15 amended to read as follows:

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

24 SECTION 8. Sections 116.021(c) and 117.021(d), Local  
25 Government Code, are repealed.

26 SECTION 9. This Act takes effect immediately if it receives  
27 a vote of two-thirds of all the members elected to each house, as

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1 provided by Section 39, Article III, Texas Constitution. If this  
2 Act does not receive the vote necessary for immediate effect, this  
3 Act takes effect September 1, 2007.