

By: Christian

H.B. No. 3003

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to the investment of public funds in ways that benefit the  
3 state and local economies and to the selection of local financial  
4 institutions for the deposit of public funds.

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

6 SECTION 1. Subchapter B, Chapter 2256, Government Code, is  
7 amended by adding Section 2256.056 to read as follows:

8 Sec. 2256.056. INVESTMENTS TO BENEFIT STATE OR LOCAL  
9 ECONOMY. (a) To the extent allowed under the constitution of this  
10 state, each investing entity and each person investing funds on  
11 behalf of an investing entity shall determine, for each investment  
12 of funds, whether it is reasonably possible to make an investment  
13 that will probably provide a benefit to the state economy and that  
14 is an equally prudent investment, under the standard of care  
15 applicable to the investment decision, in comparison to alternative  
16 investments that would probably provide no benefit or insignificant  
17 benefits to the state economy. If the person making the investment  
18 decision determines that it is reasonably possible to make the  
19 equally prudent investment that will probably provide a benefit to  
20 the state economy, the person shall invest the funds in that manner.

21 (b) Each investing entity that is a local government and  
22 each person investing funds on behalf of the local government shall  
23 also determine, for each investment of funds and to the extent  
24 allowed under the constitution of this state, whether it is

1 reasonably possible to make an investment that will probably  
2 provide a benefit to the local economy and that is an equally  
3 prudent investment, under the standard of care applicable to the  
4 investment decision, in comparison to alternative investments that  
5 would probably provide no benefit or insignificant benefits to the  
6 local economy. If the person making the investment decision  
7 determines that it is reasonably possible to make the equally  
8 prudent investment that will probably provide a benefit to the  
9 local economy, the person shall invest the funds in that manner.

10 SECTION 2. Section 404.024, Government Code, is amended by  
11 adding Subsection (m) to read as follows:

12 (m) In making investments under Subsection (b), the  
13 comptroller shall determine, for each investment of state funds,  
14 whether it is reasonably possible to make an investment that will  
15 probably provide a benefit to the state economy and that is an  
16 equally prudent investment in comparison to alternative  
17 investments allowed under Subsection (b) that would probably  
18 provide no benefit or insignificant benefits to the state economy.  
19 If the comptroller determines that it is reasonably possible to  
20 make such an equally prudent investment that will probably provide  
21 a benefit to the state economy, the comptroller shall invest the  
22 state funds in that manner.

23 SECTION 3. Subchapter Z, Chapter 131, Local Government  
24 Code, is amended by adding Section 131.904 to read as follows:

25 Sec. 131.904. LOCAL FINANCIAL INSTITUTIONS. Each political  
26 subdivision, including a county, municipality, school district, or  
27 other district, shall adopt procedures to ensure that local

1 financial institutions that are eligible to be selected as a  
2 depository for funds under the political subdivision's control:

3 (1) have:

4 (A) a reasonable opportunity to learn before the  
5 selection decision is made that the political subdivision will be  
6 selecting a depository; and

7 (B) sufficient time after learning of the  
8 selection process to prepare and file a valid application for  
9 selection as a depository; and

10 (2) can obtain timely, correct information from the  
11 political subdivision about any requirements for making the  
12 application.

13 SECTION 4. This Act takes effect September 1, 2007.