

BILL ANALYSIS

S.B. 894
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Pensions, Investments & Financial Services
Committee Report (Unamended)

BACKGROUND AND PURPOSE

In the Barnett Shale region, many cities are receiving royalties, leases, permit fees, and other non-tax revenue in exchange for drilling rights. Currently, municipalities are not expressly authorized to invest excess funds derived from contracts or leases made on municipally owned mineral rights.

S.B. 894 allows municipalities to invest such excess funds in any investment authorized to be made by a trustee under the Texas Trust Code.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

S.B. 894 amends the Government Code to authorize a municipality to invest funds received by the municipality from a lease or contract for the management and development of land owned by the municipality and leased for oil, gas, or other mineral development in any investment authorized to be made by a trustee under the Texas Trust Code. The bill requires the excess funds invested by a municipality to be segregated and accounted for separately from other municipal funds.

EFFECTIVE DATE

September 1, 2009.