

BILL ANALYSIS

C.S.H.B. 2349
By: Larson
Public Education
Committee Report (Substituted)

BACKGROUND AND PURPOSE

State and local governments are currently obligated to follow the guidelines established by the Public Funds Investment Act, which lays out the rules and guidelines that governmental entities must follow for their investment choices. C.S.H.B. 2349 seeks to expand the authority of certain school districts to invest in certain corporate bonds, to mirror an authorized investment already afforded to public institutions of higher education.

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

C.S.H.B. 2349 amends the Government Code to authorize an independent school district with an average daily attendance of 50,000 or more, in addition to authorized investments for governmental entities permitted by the Public Funds Investment Act, to purchase, sell, and invest its funds and funds under its control in corporate bonds, debentures, or similar debt obligations that are rated by a nationally recognized investment rating firm in one of the two highest long-term rating categories, without regard to gradations within those categories, and that have a stated final maturity date that is not later than the third anniversary of the date on which the debt obligations were purchased or invested in.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2011.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 2349 contains a provision not included in the original requiring corporate bonds, debentures, or similar debt obligations a school district is authorized to purchase or sell or in which a school district is authorized to invest its funds and funds under its control to have a stated final maturity date that is not later than the third anniversary of the date on which the debt obligations were purchased or invested in, in addition to being rated by a nationally recognized investment rating firm in one of the two highest long-term rating categories, as in the original. The substitute differs from the original in nonsubstantive ways.