

By: Johnson, Price, Darby, Deshotel,
Longoria

H.B. No. 1626

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the designation of certain areas as banking or credit
3 union development districts to encourage the establishment of
4 branches of banks or credit unions in those areas.

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

6 SECTION 1. Subtitle Z, Title 3, Finance Code, is amended by
7 adding Chapter 279 to read as follows:

8 CHAPTER 279. BANKING AND CREDIT UNION DEVELOPMENT DISTRICTS

9 SUBCHAPTER A. GENERAL PROVISIONS

10 Sec. 279.001. DEFINITIONS. In this chapter:

11 (1) "Credit union" means a state or federal credit
12 union.

13 (2) "Finance commission" means the Finance Commission
14 of Texas.

15 (3) "Financial institution" means a state or national
16 bank, a state or federal savings bank, or a state or federal savings
17 and loan association.

18 (4) "Local government" means a municipality or county.

19 SUBCHAPTER B. BANKING DEVELOPMENT DISTRICTS

20 Sec. 279.051. ADMINISTRATION OF PROGRAM. The finance
21 commission shall administer and monitor a banking development
22 district program under this chapter to encourage the establishment
23 of branches of a financial institution in geographic areas where
24 there is a demonstrated need for banking services.

1 Sec. 279.052. RULES. (a) Subject to Subsection (b), the
2 finance commission shall adopt rules to implement this subchapter
3 and Subchapter D with respect to financial institutions in banking
4 development districts.

5 (b) The finance commission, in consultation with the Texas
6 Economic Development and Tourism Office, shall adopt rules
7 regarding the criteria for the designation of banking development
8 districts under this subchapter. The rules must require the
9 finance commission to consider:

10 (1) the location, number, and proximity of sites where
11 banking services are available in the proposed banking development
12 district;

13 (2) consumer needs for banking services in the
14 proposed district;

15 (3) the economic viability and local credit needs of
16 the community in the proposed district;

17 (4) the existing commercial development in the
18 proposed district; and

19 (5) the impact additional banking services would have
20 on potential economic development in the proposed district.

21 Sec. 279.053. APPLICATION FOR DESIGNATION OF BANKING
22 DEVELOPMENT DISTRICT. A local government, in conjunction with a
23 financial institution, may submit an application to the finance
24 commission for the designation of a banking development district.

25 Sec. 279.054. APPLICATION BY FINANCIAL INSTITUTION TO OPEN
26 BRANCH IN DISTRICT. A financial institution may apply to open a
27 branch in the proposed banking development district at the time the

1 local government submits an application in conjunction with the
2 institution under Section 279.053.

3 Sec. 279.055. DETERMINATION BY FINANCE COMMISSION. (a)
4 Not later than the 120th day after the date an application for the
5 designation of a banking development district is submitted under
6 Section 279.053, the finance commission shall make a determination
7 regarding whether to approve the application.

8 (b) If the finance commission approves the application, the
9 finance commission shall notify the:

- 10 (1) local government;
- 11 (2) financial institution;
- 12 (3) comptroller;
- 13 (4) Texas Economic Development and Tourism Office;
- 14 (5) lieutenant governor; and
- 15 (6) speaker of the house of representatives.

16 SUBCHAPTER C. CREDIT UNION DEVELOPMENT DISTRICTS

17 Sec. 279.101. ADMINISTRATION OF PROGRAM. The Credit Union
18 Commission shall administer and monitor a credit union development
19 district program under this chapter to encourage the establishment
20 of branches of a credit union in geographic areas where there is a
21 demonstrated need for services provided by a credit union.

22 Sec. 279.102. RULES. (a) Subject to Subsection (b), the
23 Credit Union Commission shall adopt rules to implement this
24 subchapter and Subchapter D with respect to credit unions in credit
25 union development districts.

26 (b) The Credit Union Commission, in consultation with the
27 Texas Economic Development and Tourism Office, shall adopt rules

1 regarding the criteria for the designation of credit union
2 development districts under this subchapter. The rules must
3 require the Credit Union Commission to consider:

4 (1) the location, number, and proximity of sites where
5 services provided by a credit union are available in the proposed
6 credit union development district;

7 (2) consumer needs for services provided by a credit
8 union in the proposed district;

9 (3) the economic viability and local credit needs of
10 the community in the proposed district;

11 (4) the existing commercial development in the
12 proposed district; and

13 (5) the impact additional services provided by a
14 credit union would have on potential economic development in the
15 proposed district.

16 Sec. 279.103. APPLICATION FOR DESIGNATION OF CREDIT UNION
17 DEVELOPMENT DISTRICT. A local government, in conjunction with a
18 credit union, may submit an application to the Credit Union
19 Commission for the designation of a credit union development
20 district.

21 Sec. 279.104. APPLICATION BY CREDIT UNION TO OPEN BRANCH IN
22 DISTRICT. A credit union may apply to open a branch in the proposed
23 credit union development district at the time the local government
24 submits an application in conjunction with the credit union under
25 Section 279.103.

26 Sec. 279.105. DETERMINATION BY CREDIT UNION COMMISSION.

27 (a) Not later than the 120th day after the date an application for

1 the designation of a credit union development district is submitted
2 under Section 279.103, the Credit Union Commission shall make a
3 determination regarding whether to approve the application.

4 (b) If the Credit Union Commission approves the
5 application, the Credit Union Commission shall notify the:

6 (1) local government;

7 (2) credit union;

8 (3) comptroller;

9 (4) Texas Economic Development and Tourism Office;

10 (5) lieutenant governor; and

11 (6) speaker of the house of representatives.

12 SUBCHAPTER D. DEPOSIT OF PUBLIC FUNDS IN DISTRICT DEPOSITORY

13 Sec. 279.151. DESIGNATION OF DISTRICT DEPOSITORY. (a) The
14 governing body of a local government in which a banking development
15 district has been designated under Subchapter B may by resolution
16 designate a financial institution located in the district as a
17 banking district depository for purposes of this subchapter.

18 (b) The governing body of a local government in which a
19 credit union development district has been designated under
20 Subchapter C may by resolution designate a credit union located in
21 the district as a credit union district depository for purposes of
22 this subchapter.

23 (c) A resolution adopted under Subsection (a) or (b) must
24 specify the maximum amount that may be kept on deposit with the
25 banking district or credit union district depository, as
26 appropriate.

27 (d) In calculating the yield under Section 2256.006,

1 Government Code, of public funds deposited in a banking district or
2 credit union district depository, the governing body of a local
3 government may consider the benefit to this state of stimulating
4 economic development.

5 Sec. 279.152. DEPOSIT OF PUBLIC FUNDS BY LOCAL GOVERNMENT.

6 (a) A local government may deposit public funds with a financial
7 institution designated as a banking district depository or a credit
8 union designated as a credit union district depository under
9 Section 279.151 regardless of whether the financial institution or
10 credit union is designated by the comptroller as a state depository
11 under Subchapter C, Chapter 404, Government Code.

12 (b) Subject to an agreement between the governing body and
13 the banking district or credit union district depository, public
14 funds deposited in the district depository may earn a fixed
15 interest rate that is at or below the financial institution's or
16 credit union's posted two-year certificate of deposit rate, as
17 appropriate. The terms of the agreement must be specified in the
18 applicable resolution adopted under Section 279.151.

19 Sec. 279.153. DEPOSIT OF PUBLIC FUNDS BY STATE. (a) If the
20 comptroller designates the financial institution as a state
21 depository under Subchapter C, Chapter 404, Government Code, the
22 comptroller may deposit public funds with a financial institution
23 designated as a banking district depository under Section
24 279.151(a).

25 (b) If the comptroller designates the credit union as a
26 state depository under Subchapter C, Chapter 404, Government Code,
27 the comptroller may deposit public funds with a credit union

1 designated as a credit union district depository under Section
2 279.151(b).

3 (c) For purposes of Subsections (a) and (b), a financial
4 institution or credit union is subject to the collateral
5 requirements of Section 404.031, Government Code.

6 (d) Subject to an agreement between the comptroller and the
7 banking district or credit union district depository, public funds
8 deposited in the district depository may earn a fixed interest rate
9 that is at or below the financial institution's or credit union's
10 posted two-year certificate of deposit rate, as appropriate.

11 (e) In calculating the yield under Section 2256.006,
12 Government Code, of public funds deposited in a banking district or
13 credit union district depository, the comptroller may consider the
14 benefit to this state of stimulating economic development.

15 SECTION 2. Not later than January 1, 2016, the Finance
16 Commission of Texas shall adopt rules governing the designation of
17 banking development districts, as required by Subchapter B, Chapter
18 279, Finance Code, as added by this Act.

19 SECTION 3. Not later than January 1, 2016, the Credit Union
20 Commission shall adopt rules governing the designation of credit
21 union development districts, as required by Subchapter C, Chapter
22 279, Finance Code, as added by this Act.

23 SECTION 4. This Act takes effect immediately if it receives
24 a vote of two-thirds of all the members elected to each house, as
25 provided by Section 39, Article III, Texas Constitution. If this
26 Act does not receive the vote necessary for immediate effect, this
27 Act takes effect September 1, 2015.