

BILL ANALYSIS

Senate Research Center
85R18717 MK-F

H.B. 1701
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Business & Commerce
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Interested parties contend that the written acknowledgement that certain business entities that provide non-advisory services to political subdivisions under the Public Funds Investment Act are required to execute stating that the entity has implemented reasonable procedures and controls to prevent unauthorized investments is too broad in scope for certain business entities. H.B. 1701 seeks to reduce confusion by revising the types of business entities that are subject to the acknowledgment requirement and certain content of the acknowledgment.

H.B. 1701 amends current law relating to the presentation of the investment policy of certain governmental entities to a business organization that conducts investment transactions for the entity.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Sections 2256.005(k) and (l), Government Code, as follows:

(k) Requires that a written copy of the investment policy be presented to any business organization offering to engage in an investment transaction with an investing entity, rather than to any person offering to engage in an investment transaction with an investing entity or to an investment management firm under contract with an investing entity to invest or manage the entity's investment portfolio. Redefines "business organization." Requires the qualified representative of the business organization offering to engage in an investment transaction with an investing entity to execute a written instrument in a form acceptable to the investing entity and the business organization substantially to the effect that the business organization has:

(1) makes no changes to this subdivision; and

(2) makes a nonsubstantive change:

(A) and (B) creates these paragraphs from existing text and makes nonsubstantive changes; or

(C) relates to investment transactions of the entity that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority.

(l) Changes a reference to a person to a business organization and makes a nonsubstantive change.

SECTION 2. Makes application of this Act prospective regarding an investment transaction contract entered into with a business organization under Chapter 2256 (Public Funds Investment)

SECTION 3. Effective date: September 1, 2017.