

By: Stephenson

H.B. No. 2647

A BILL TO BE ENTITLED

AN ACT

relating to authorized investments of public funds.

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

SECTION 1. Section 2256.009(a), Government Code, is amended to read as follows:

(a) Except as provided by Subsection (b), the following are authorized investments under this subchapter:

(1) obligations, including letters of credit, of the United States or its agencies and instrumentalities;

(2) direct obligations of this state or its agencies and instrumentalities;

(3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;

(4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, this state or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States;

(5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to

1 investment quality by a nationally recognized investment rating  
2 firm not less than A or its equivalent; ~~and~~

3 (6) bonds issued, assumed, or guaranteed by the State  
4 of Israel;

5 (7) interest-bearing banking deposits that are  
6 guaranteed or insured by:

7 (A) the Federal Deposit Insurance Corporation or  
8 its successor; or

9 (B) the National Credit Union Share Insurance  
10 Fund or its successor; and

11 (8) interest-bearing banking deposits other than  
12 those described by Subdivision (7) if:

13 (A) the funds invested in the banking deposits  
14 are invested through:

15 (i) a broker with a main office or branch  
16 office in this state that the investing entity selects from a list  
17 the governing body or designated investment committee of the entity  
18 adopts as required by Section 2256.025; or

19 (ii) a depository institution with a main  
20 office or branch office in this state that the investing entity  
21 selects;

22 (B) the broker or depository institution  
23 selected as described by Paragraph (A) arranges for the deposit of  
24 the funds in the banking deposits in one or more federally insured  
25 depository institutions, regardless of where located, for the  
26 investing entity's account;

27 (C) the full amount of the principal and accrued

1 interest of the banking deposits is insured by the United States or  
2 an instrumentality of the United States; and

3 (D) the investing entity appoints as the entity's  
4 custodian of the banking deposits issued for the entity's account:

5 (i) the depository institution selected as  
6 described by Paragraph (A);

7 (ii) an entity described by Section  
8 2257.041(d); or

9 (iii) a clearing broker dealer registered  
10 with the Securities and Exchange Commission and operating under  
11 Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section  
12 240.15c3-3).

13 SECTION 2. The changes in law made by this Act apply only to  
14 authorized investments of public funds governed by Section  
15 2256.009, Government Code, as amended by this Act, that are made on  
16 or after the effective date of this Act. An authorized investment  
17 of public funds made before the effective date of this Act is  
18 governed by the law in effect immediately before that date, and that  
19 law is continued in effect for that purpose.

20 SECTION 3. This Act takes effect immediately if it receives  
21 a vote of two-thirds of all the members elected to each house, as  
22 provided by Section 39, Article III, Texas Constitution. If this  
23 Act does not receive the vote necessary for immediate effect, this  
24 Act takes effect September 1, 2017.