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

(7) interest-bearing banking deposits that are guaranteed or insured by:
   (A) the Federal Deposit Insurance Corporation or its successor; or
   (B) the National Credit Union Share Insurance Fund or its successor; and

(8) interest-bearing banking deposits other than those described by Subdivision (7) if:
   (A) the funds invested in the banking deposits are invested through:
      (i) a broker with a main office or branch office in this state that the investing entity selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025; or
      (ii) a depository institution with a main office or branch office in this state that the investing entity selects;
   (B) the broker or depository institution selected as described by Paragraph (A) arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account;
   (C) the full amount of the principal and accrued
interest of the banking deposits is insured by the United States or
an instrumentality of the United States; and

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

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

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

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

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

SECTION 3. This Act takes effect immediately if it receives
a vote of two-thirds of all the members elected to each house, as
provided by Section 39, Article III, Texas Constitution. If this
Act does not receive the vote necessary for immediate effect, this
Act takes effect September 1, 2017.
H.B. No. 2647

President of the Senate  Speaker of the House

I certify that H.B. No. 2647 was passed by the House on April 20, 2017, by the following vote: Yeas 144, Nays 0, 2 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 2647 was passed by the Senate on May 19, 2017, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: ____________________________

Date

__________________________
Governor