

1-1 By: Stephenson H.B. No. 2647  
 1-2 (Senate Sponsor - Taylor of Galveston)  
 1-3 (In the Senate - Received from the House April 24, 2017;  
 1-4 May 4, 2017, read first time and referred to Committee on Business  
 1-5 & Commerce; May 15, 2017, reported favorably by the following vote:  
 1-6 Yeas 9, Nays 0; May 15, 2017, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			
1-17	X			

1-18 A BILL TO BE ENTITLED  
 1-19 AN ACT

1-20 relating to authorized investments of public funds.  
 1-21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:  
 1-22 SECTION 1. Section 2256.009(a), Government Code, is amended  
 1-23 to read as follows:  
 1-24 (a) Except as provided by Subsection (b), the following are  
 1-25 authorized investments under this subchapter:  
 1-26 (1) obligations, including letters of credit, of the  
 1-27 United States or its agencies and instrumentalities;  
 1-28 (2) direct obligations of this state or its agencies  
 1-29 and instrumentalities;  
 1-30 (3) collateralized mortgage obligations directly  
 1-31 issued by a federal agency or instrumentality of the United States,  
 1-32 the underlying security for which is guaranteed by an agency or  
 1-33 instrumentality of the United States;  
 1-34 (4) other obligations, the principal and interest of  
 1-35 which are unconditionally guaranteed or insured by, or backed by  
 1-36 the full faith and credit of, this state or the United States or  
 1-37 their respective agencies and instrumentalities, including  
 1-38 obligations that are fully guaranteed or insured by the Federal  
 1-39 Deposit Insurance Corporation or by the explicit full faith and  
 1-40 credit of the United States;  
 1-41 (5) obligations of states, agencies, counties,  
 1-42 cities, and other political subdivisions of any state rated as to  
 1-43 investment quality by a nationally recognized investment rating  
 1-44 firm not less than A or its equivalent; ~~and~~  
 1-45 (6) bonds issued, assumed, or guaranteed by the State  
 1-46 of Israel;  
 1-47 (7) interest-bearing banking deposits that are  
 1-48 guaranteed or insured by:  
 1-49 (A) the Federal Deposit Insurance Corporation or  
 1-50 its successor; or  
 1-51 (B) the National Credit Union Share Insurance  
 1-52 Fund or its successor; and  
 1-53 (8) interest-bearing banking deposits other than  
 1-54 those described by Subdivision (7) if:  
 1-55 (A) the funds invested in the banking deposits  
 1-56 are invested through:  
 1-57 (i) a broker with a main office or branch  
 1-58 office in this state that the investing entity selects from a list  
 1-59 the governing body or designated investment committee of the entity  
 1-60 adopts as required by Section 2256.025; or  
 1-61 (ii) a depository institution with a main

2-1 office or branch office in this state that the investing entity  
2-2 selects;

2-3 (B) the broker or depository institution  
2-4 selected as described by Paragraph (A) arranges for the deposit of  
2-5 the funds in the banking deposits in one or more federally insured  
2-6 depository institutions, regardless of where located, for the  
2-7 investing entity's account;

2-8 (C) the full amount of the principal and accrued  
2-9 interest of the banking deposits is insured by the United States or  
2-10 an instrumentality of the United States; and

2-11 (D) the investing entity appoints as the entity's  
2-12 custodian of the banking deposits issued for the entity's account:

2-13 (i) the depository institution selected as  
2-14 described by Paragraph (A);

2-15 (ii) an entity described by Section  
2-16 2257.041(d); or

2-17 (iii) a clearing broker dealer registered  
2-18 with the Securities and Exchange Commission and operating under  
2-19 Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section  
2-20 240.15c3-3).

2-21 SECTION 2. The changes in law made by this Act apply only to  
2-22 authorized investments of public funds governed by Section  
2-23 2256.009, Government Code, as amended by this Act, that are made on  
2-24 or after the effective date of this Act. An authorized investment  
2-25 of public funds made before the effective date of this Act is  
2-26 governed by the law in effect immediately before that date, and that  
2-27 law is continued in effect for that purpose.

2-28 SECTION 3. This Act takes effect immediately if it receives  
2-29 a vote of two-thirds of all the members elected to each house, as  
2-30 provided by Section 39, Article III, Texas Constitution. If this  
2-31 Act does not receive the vote necessary for immediate effect, this  
2-32 Act takes effect September 1, 2017.

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