

By: Oliveira

H.B. No. 2831

A BILL TO BE ENTITLED

AN ACT

relating to investments by state banks to promote public welfare and community development.

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

SECTION 1. The heading to Section 34.106, Finance Code, is amended to read as follows:

Sec. 34.106. INVESTMENTS TO PROMOTE ~~[FOR]~~ PUBLIC WELFARE AND COMMUNITY DEVELOPMENT.

SECTION 2. Section 34.106, Finance Code, is amended by amending Subsection (d) and adding Subsection (e) to read as follows:

(d) A bank's aggregate equity investments under this section~~[, including loans and commitments for loans,]~~ may not:

(1) exceed an amount equal to 15 ~~[10]~~ percent of the bank's unimpaired capital and surplus; and

(2) be made unless the bank is at least adequately capitalized. ~~[The banking commissioner may authorize investments in excess of this limitation in response to a written application if the banking commissioner concludes that:~~

~~[(1) the excess investment is not precluded by other applicable law; and~~

~~[(2) the safety and soundness of the requesting bank would not be adversely affected.]~~

(e) Subject to Subsection (d), a bank's investments

1 described by Subsection (a), including equity investments and loans  
2 and commitments for loans, in a single entity may not exceed 25  
3 percent of the bank's unimpaired capital and surplus without the  
4 prior authorization of the banking commissioner in response to a  
5 written application.

6       SECTION 3. This Act takes effect September 1, 2017.