By: Stephenson H.B. No. 2928

## A BILL TO BE ENTITLED

1 AN ACT

- 2 relating to including the obligations of Federal Home Loan Banks as
- 3 authorized investments for a governmental entity and the
- 4 requirements for certificates of deposit or share certificates held
- 5 as authorized investments for a governmental entity.
- 6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
- 7 SECTION 1. Section 2256.009(a), Government Code, is amended
- 8 to read as follows:
- 9 (a) Except as provided by Subsection (b), the following are
- 10 authorized investments under this subchapter:
- 11 (1) obligations, including letters of credit, of the
- 12 United States or its agencies and instrumentalities, including the
- 13 <u>Federal Home Loan Banks</u>;
- 14 (2) direct obligations of this state or its agencies
- 15 and instrumentalities;
- 16 (3) collateralized mortgage obligations directly
- 17 issued by a federal agency or instrumentality of the United States,
- 18 the underlying security for which is guaranteed by an agency or
- 19 instrumentality of the United States;
- 20 (4) other obligations, the principal and interest of
- 21 which are unconditionally guaranteed or insured by, or backed by
- 22 the full faith and credit of, this state or the United States or
- 23 their respective agencies and instrumentalities, including
- 24 obligations that are fully guaranteed or insured by the Federal

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- 1 Deposit Insurance Corporation or by the explicit full faith and
- 2 credit of the United States;
- 3 (5) obligations of states, agencies, counties,
- 4 cities, and other political subdivisions of any state rated as to
- 5 investment quality by a nationally recognized investment rating
- 6 firm not less than A or its equivalent; and
- 7 (6) bonds issued, assumed, or guaranteed by the State
- 8 of Israel.
- 9 SECTION 2. Section 2256.010(a), Government Code, is amended
- 10 to read as follows:
- 11 (a) A certificate of deposit or share certificate is an
- 12 authorized investment under this subchapter if the certificate is
- 13 issued by a depository institution that has its main office or a
- 14 branch office in this state and is:
- 15 (1) guaranteed or insured by the Federal Deposit
- 16 Insurance Corporation or its successor or the National Credit Union
- 17 Share Insurance Fund or its successor;
- 18 (2) secured by obligations that are described by
- 19 Section 2256.009(a), including mortgage backed securities directly
- 20 issued by a federal agency or instrumentality that have a market
- 21 value of not less than the principal amount of the certificates, but
- 22 excluding those mortgage backed securities of the nature described
- 23 by Section 2256.009(b); or
- 24 (3) secured in accordance with Chapter 2257 or in any
- 25 other manner and amount provided by law for deposits of the
- 26 investing entity.
- 27 SECTION 3. The changes in law made by this Act apply to an

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- 1 authorized investment of public funds governed by Chapter 2256,
- 2 Government Code, as amended by this Act, made on or after the
- 3 effective date of this Act. An authorized investment of public
- 4 funds made before the effective date of this Act is subject to the
- 5 law in effect on the date the investment was made, and the former
- 6 law is continued in effect for that purpose.
- 7 SECTION 4. This Act takes effect September 1, 2017.