By:  Zaffirini, Schwertner S.B. No. 726

A BILL TO BE ENTITLED

AN ACT

relating to investments by state banks to promote 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 COMMUNITY DEVELOPMENT [~~FOR PUBLIC WELFARE~~].

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 investments under this section[~~, including loans and commitments for loans,~~] may not exceed an amount equal to 15 [~~10~~] percent of the bank's unimpaired capital and surplus. [~~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)  Notwithstanding any other law, a bank's exposure to a single project or entity described by this section, including all investments, loans, and commitments for loans, may not exceed 25 percent of the bank's unimpaired capital and surplus without the prior authorization of the banking commissioner in response to a written application.

SECTION 3.  This Act takes effect September 1, 2019.