

By: Watson

S.B. No. 1138

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to security instruments entered into by the Texas Treasury  
3 Safekeeping Trust Company.

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

5 SECTION 1. Section 404.103(b), Government Code, is amended  
6 to read as follows:

7 (b) The trust company may enter into contracts, trust  
8 agreements, or other fiduciary instruments with the comptroller,  
9 the Federal Reserve System, a depository trust company, and other  
10 third parties. The trust company shall be liable under those  
11 contracts in accordance with the terms contained in the contracts.  
12 Notwithstanding any other statute to the contrary, to the extent  
13 permitted by the Texas Constitution and the contracts, trust  
14 agreements, or other fiduciary instruments between the trust  
15 company, the Federal Reserve System, and a depository trust  
16 company, the trust company's obligations shall be guaranteed by the  
17 state, and the state expressly waives all defenses of governmental  
18 immunity by and on behalf of the trust company, the comptroller, and  
19 the state, and expressly consents to sue and be sued in federal  
20 court or in any court of competent jurisdiction. Notwithstanding  
21 any other statute to the contrary, to the extent permitted by the  
22 Texas Constitution and the securities instruments between the trust  
23 company and third parties, the trust company's obligations shall be  
24 guaranteed only by the reserve balances held by the trust company

1 under Section 404.105, and the state expressly waives all defenses  
2 of governmental immunity by and on behalf of the trust company, and  
3 the state expressly consents by and on behalf of the trust company  
4 to sue and be sued in federal court or in any court of competent  
5 jurisdiction. However, this provision does not alter or affect the  
6 immunity accorded to state officials and employees under state law.  
7 The trust company may enter into contracts with the comptroller and  
8 the Federal Reserve System to provide any services that the Federal  
9 Reserve System makes available, including:

10           (1) safekeeping book-entry United States Treasury and  
11 agency securities owned by the state and its agencies;

12           (2) using the federal reserve wire transfer system to  
13 transfer money and book-entry securities and to settle securities  
14 transactions involving book-entry United States Treasury and  
15 agency securities owned by the state and its agencies;

16           (3) collecting, through the Federal Reserve System,  
17 checks deposited with the treasury;

18           (4) receiving payments from and making payments to the  
19 federal government on behalf of the state and its agencies;

20           (5) originating automated clearinghouse transactions  
21 or other electronic transfers to make payments on behalf of the  
22 state and its agencies, collecting revenues due the state and its  
23 agencies, and transferring money between state depositories;

24           (6) paying warrants drawn on the treasury and  
25 presented through the Federal Reserve System for payment; and

26           (7) safekeeping collateral pledged to secure deposits  
27 of public funds.

1           SECTION 2. The changes in law made by this Act apply only to  
2 a security instrument entered into on or after the effective date of  
3 this Act. A security instrument entered into before the effective  
4 date of this Act is subject to the law in effect on the date that the  
5 security was entered into, and that law is continued in effect for  
6 that purpose.

7           SECTION 3. This Act takes effect immediately if it receives  
8 a vote of two-thirds of all the members elected to each house, as  
9 provided by Section 39, Article III, Texas Constitution. If this  
10 Act does not receive the vote necessary for immediate effect, this  
11 Act takes effect September 1, 2019.