

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**March 25, 2019**

**TO:** Honorable Jim Murphy, Chair, House Committee on Pensions, Investments & Financial Services

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
Legislative Budget Board

**IN RE: HB2706** by Capriglione (Relating to local government public investment of funds.), **As Introduced**

<b>No fiscal implication to the State is anticipated.</b>
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The bill would amend the Government Code to expand the types of investments that would be considered authorized investments for local government entities.

According to the Comptroller of Public Accounts, the bill would have no administrative costs to the Office.

**Local Government Impact**

According to the Bond Review Board, the fiscal implications of the bill to local government cannot be determined at this time because the extent to which local government entities would utilize the expansion of authorized types of investments cannot be estimated.

According to the Texas Municipal League, the bill is not anticipated to have a significant fiscal impact to cities.

According to the Texas Association of Counties, the bill is expected to have a significant fiscal impact on counties, but in an amount that cannot be determined. Limiting the duration of a certificate of deposit (CD) to 365 days could be restrictive for smaller counties and court trust and registry funds which typically rely on CDs as their main investment of those funds. In addition, the requirement for the rating of CDs and the cost of getting a rating could reduce yields if banks begin to include the cost of ratings in determining the investment yield.

**Source Agencies:** 304 Comptroller of Public Accounts, 352 Bond Review Board

**LBB Staff:** WP, CMa, SD, GP, LLo, LCO