

BILL ANALYSIS

Senate Research Center

H.B. 2674
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Finance
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The treasury operations division at the Comptroller of Public Accounts of the State of Texas (comptroller) is the center of financial operations for the state, managing the flow of over 200,000 transactions daily in and out of over 500 bank accounts. The comptroller's treasury operations divisions receives and processes deposits for all state agencies, pays all state disbursements, and accounts for all state agency cash and interest earnings. The division efficiently ensures the safety and control of all the state treasury's approximately \$30 billion pool of funds, and daily positions them for optimal investment returns.

In order to hold state assets, a financial institution must apply to the comptroller to be designated as a state depository. The comptroller mails eligibility letters to financial institutions eligible to hold state assets on the first business day of June of each odd-numbered year. These financial institutions are any bank or financial institution eligible to work with the comptroller's treasury operations division. The financial institution must complete and mail the application to the comptroller before noon on the first business day of August of the year in which the letter is sent.

H.B. 2674 allows eligible financial institution applicants more time to apply to be a state depository by requiring the comptroller to send out application notices in May rather than June of each odd-numbered year. The bill also seeks to modernize the process by expanding the manner in which the comptroller may receive applications to include electronic submissions.

Key Provisions:

- Amends Chapter 404 of the Government Code to permit the comptroller to notify eligible financial institutions in May of each odd-numbered year the conditions with which applicants for designation as a state depository must comply. H.B. 2674 expands the manner in which applications shall be sent to the comptroller to include electronic submissions in addition to being mailed. This represents a departure from current law, which requires the comptroller to mail to each financial institution a letter by June of each odd-numbered year
- Repeals the provision in Section 404.022(d), Government Code, requiring the comptroller to endorse on the application the date of its receipt.

H.B. 2674 amends current law relating to the application submitted to the comptroller for designation as a state depository.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Comptroller of Public Accounts of the State of Texas in SECTION 1 (Section 404.022, Government Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Sections 404.022(a), (c), and (d), Government Code, as follows:

- (a) Requires the Comptroller of Public Accounts of the State of Texas (comptroller), not later than the first business day in May, rather than June, of each odd-numbered year, to notify eligible institutions of the conditions, rather than mail to each eligible institution a

letter stating the conditions, with which applicants for designation as a state depository are required to comply. Requires the comptroller to keep on file in the comptroller's office and make available for inspection by any person a list of institutions to which notification has been sent, rather than to which letters have been sent.

(c) Requires that an application be mailed or electronically submitted to the comptroller at Austin and be received before noon on the first business day of August of the year in which the notification is sent. Authorizes the comptroller to specify the format required for electronic submissions and to adopt rules to administer Section 404.022 (Applications).

(d) Deletes existing text requiring the comptroller, on receipt of an application under this section, to endorse on the application the date of its receipt.

SECTION 2. Effective date: upon passage or September 1, 2023.