By:  Perry S.B. No. 158

(In the Senate - Filed November 14, 2022; February 15, 2023, read first time and referred to Committee on Local Government; March 29, 2023, reported adversely, with favorable Committee Substitute by the following vote: Yeas 7, Nays 0; March 29, 2023, sent to printer.)

COMMITTEE VOTE

                 Yea Nay Absent  PNV

Bettencourt       X

Springer          X

Eckhardt          X

Gutierrez                   X

Hall              X

Nichols           X

Parker            X

Paxton            X

West                        X

COMMITTEE SUBSTITUTE FOR S.B. No. 158 By:  Springer

A BILL TO BE ENTITLED

AN ACT

relating to the location of a bank eligible to be selected as a depository or subdepository of county public money, including money held by a county or district clerk.

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

SECTION 1.  Section 116.026, Local Government Code, is amended to read as follows:

Sec. 116.026.  APPLICANTS OUTSIDE COUNTY. (a) If no bank located in the county applies to be designated as the county depository, the commissioners court may advertise, in the same manner provided by Section 116.022 for advertising for a depository within the county, for applications from banks in an adjoining county or any other county in this state.

(b)  If only one bank located in the county applies to be designated as the county depository, the commissioners court may reject the applicant if the applicant proposes terms that:

(1)  are not in the best interest of the county;

(2)  are not financially competitive with the financial market outside the county; or

(3)  impose noncompetitive fees.

(c)  If the commissioners court rejects the applicant under Subsection (b), the commissioners court may advertise, in the same manner provided by Section 116.022 for advertising for a depository within the county, for applications from banks in an adjoining county.

SECTION 2.  Subchapter B, Chapter 116, Local Government Code, is amended by adding Section 116.028 to read as follows:

Sec. 116.028.  SUCCESSOR BANK AS COUNTY DEPOSITORY. (a) If a bank selected to be a county depository and holding county funds is sold to another bank in an adjoining county, the successor bank in the adjoining county may continue to serve as a county depository and apply and be selected as a county depository if the successor bank:

(1)  continues to have an office in an adjoining county; and

(2)  timely applies and is selected to be a county depository in a manner that ensures no lapse of service as a county depository.

(b)  If a bank selected as a county depository and holding county funds closes, a branch of the bank in an adjoining county may continue to serve as a county depository and apply to be a county depository if the successor bank:

(1)  continues to have an office in an adjoining county; and

(2)  timely applies and is selected to be a county depository in a manner that ensures no lapse of service as a county depository.

SECTION 3.  Section 116.116(b), Local Government Code, is amended to read as follows:

(b)  If the commissioners court selects a depository in another county [~~under Section 116.026~~], the depository shall file a statement with the county treasurer designating the place in the county governed by the commissioners court where, and the person by whom, deposits by the treasurer may be received and checks will be paid, or the place in another county where deposits may be made and checks may be paid. The statement must be filed within five days after the date notice is given to the depository of its selection.

SECTION 4.  Section 117.026(a), Local Government Code, is amended to read as follows:

(a)  Subject to Sections 116.026 and 116.028, the [~~The~~] commissioners court may select a federally insured bank or banks located outside the county to serve as the depository under this subchapter if:

(1)  for any reason no bank located in the county applies to be designated as the depository;

(2)  an application is not made for the entire amount of the registry funds;

(3)  the commissioners court rejects all the applications submitted;

(4)  a depository selected by the commissioners court fails to qualify;

(5)  a depository becomes insolvent; or

(6)  a new depository is selected because of the failure of the regular depository to execute a new bond under Section 117.057.

SECTION 5.  Section 117.118, Local Government Code, is amended to read as follows:

Sec. 117.118.  APPLICATION OF COUNTY DEPOSITORY LAW. Matters regarding special depositories for the registry fund are subject to the same provisions as those prescribed by Chapter 116 regarding county depositories, including Sections 116.026 and 116.028.

SECTION 6.  This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2023.

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