

BILL ANALYSIS

Senate Research Center
89R11752 MLH-F

H.B. 3804
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Business & Commerce
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Texas Department of Banking (TDB) oversees banks with a state charter. Last session (2023), there were changes made to modernize the statutes governing banks. TDB has found that some additional changes are needed to correct drafting errors in legislation passed in the 88th Session (2023).

H.B. 3804 would make three changes. H.B. 3804 would update references to chapters of code that were changed in the 88th session (2023) which are currently incorrect. H.B. 3804 would correct ambiguous language regarding exemptions from change of control requirements for certain individuals, making clear that the exemption is only applicable to the state bank for which the person was previously approved, and only if they continued to maintain control of the state bank from the time of the original approval. What's more, H.B. 3804 would close a loophole by clarifying the use of the term "cash," which has inadvertently allowed supervised banks to make prohibited payments through alternative methods, such as Bitcoin.

H.B. 3804 amends current law relating to the regulation of state banks.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 31.002(a)(15), Finance Code, to redefine "deposit."

SECTION 2. Amends Section 33.005, Finance Code, as follows:

Sec. 33.005. EXEMPTIONS. Provides that certain acquisitions are exempt from Section 33.001 (Acquisition of Control), including unless the banking commissioner of Texas (banking commissioner) provides otherwise in writing, an acquisition of voting securities in any class or series by a controlling person who was identified as a controlling person of the state bank, rather than in a state bank, in a prior application filed with and approved by the banking commissioner. Makes nonsubstantive changes.

SECTION 3. Amends Section 35.106, Finance Code, as follows:

Sec. 35.106. AUTHORITY OF SUPERVISOR. Prohibits a bank, during a period of supervision, without the prior approval of the banking commissioner or the supervisor or as otherwise permitted or restricted by the order of supervision, from paying a dividend, rather than a cash dividend, to the bank's shareholders.

SECTION 4. Effective date: upon passage or September 1, 2025.