

BILL ANALYSIS

Senate Research Center
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H.B. 4395
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Business & Commerce
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

H.B. 4395 is a modernization bill. Many have used electronic signatures in various situations, such as when we were buying bonds and stocks, signing leases, filing taxes, applying for loans and mortgages, and signing up for insurance policies.

The COVID-19 pandemic prompted issuers of public securities and the Texas Public Finance Division in the Office of the Attorney General (OAG) to coalesce around a process for digital transmissions and approval of public securities.

In the post-pandemic world, this streamlined process continues. However, current law does not provide the OAG with the authority to approve a public security that includes an electronic signature.

The efficiencies gained from electronic transmission of public securities have made the review of transactions from issuers and the OAG more cost-effective for both parties.

Voluminous legal proceedings related to public securities no longer require printing, costly shipping and delivery, and additional back and forth paper transmittals in order to obtain approval by the public finance division of the OAG for the issuance of public securities.

Allowing electronic submissions instead of in-person submissions advances Texas' goal of modernizing government processes and eliminating unnecessary regulations and fees that increase costs and cause delays.

H.B. 4395 amends Chapter 1202 of the Government Code to require an issuer to submit to the OAG the necessary documents and any related correspondence or supplemental information in an electronic format for a public security. This bill will streamline the approval process for public securities, saving time and money while improving efficiency within our state's government.

H.B. 4395 amends current law relating to electronic submission and delivery of public securities and records of proceedings for those securities.

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 Chapter 1202, Government Code, by adding Section 1202.0035, as follows:

Sec. 1202.0035. ELECTRONIC SUBMISSION AND DELIVERY. (a) Defines "electronic" and "electronic signature."

(b) Requires an issuer to submit to the attorney general certain documents, including any related correspondence or supplemental information, in an

electronic format and accompanied by an electronic signature, if applicable: a public security, record of proceedings, or credit agreement required to be submitted to the attorney general for approval under Section 1202.003 (Review and Approval of Public Securities) and an amendment to a public security, record of proceedings, or credit agreement approved or registered under Chapter 1202 (Examination and Registration of Public Securities).

(c) Requires the attorney general to deliver to the Comptroller of Public Accounts of the State of Texas (comptroller) a document required to be delivered under Section 1202.003(b)(2) (relating to requiring the attorney general to deliver certain materials to the comptroller) in an electronic format and accompanied by an electronic signature, if applicable.

SECTION 2. Requires the attorney general, not later than December 1, 2025, in accordance with Section 402.044 (Questions Relating to Bonds), Government Code, to advise the proper legal authorities in regard to the issuance of bonds that by law require the attorney general's approval that Section 1202.0035, Government Code, as added by this Act, requires electronic submission of public securities and advise those persons of any other procedural changes to the submission and registration requirements of public securities under Chapter 1202, Government Code, as amended by this Act, that the attorney general deems necessary to efficiently receive electronic submissions of public securities after the effective date of this Act.

SECTION 3. Makes application of Section 1202.0035, Government Code, as added by this Act, prospective.

SECTION 4. Effective date: January 1, 2026.