HOUSE
RESEARCH
ORGANIZATION bill analysis 4/18/2007

HB 892
Hilderbran

SUBJECT:	Timely deposit of county funds received by the county treasurer.
COMMITTEE:	County Affairs —favorable, without amendment
VOTE:	5 ayes — W. Smith, Bolton, Heflin, Leibowitz, T. Smith 0 nays 4 absent — Naishtat, Coleman, Farabee, Harless
WITNESSES:	For — Donald Lee, Texas Conference of Urban Counties; Pat Tinley, Kerr County; *(Registered, but did not testify:* James Clark, County Treasurer's Association of Texas) Against — None

BACKGROUND: Local Government Code, sec. 116.113 requires the county treasurer to transfer all of the county's funds to the commissioners court-approved county depository and continue to deposit all funds collected thereafter to that account.

Local Government Code, sec. 113.022 requires county officers who receive funds to deposit the funds with the county treasurer on or before the next regular business day after the date the funds are received. If the county officer does not meet this deadline, the funds must be deposited, without exception, on or before the seventh business day after receipt. In counties with a population of less the 50,000, the commissioners court may extend the deadline for depositing funds with the treasurer to no more than 30 days after receipt.

DIGEST: HB 892 would amend Local Government Code, sec. 113.022 to require a county treasurer to deposit all funds received from a county officer into the county depository on or before the seventh business day after the treasurer receives the funds.

The bill would take effect September 1, 2007.

SUPPORTERS SAY:

HB 892 would ensure a statewide standard for county treasurers. When a treasurer adds funds to a county depository, it earns a rate of return and enables the county to capitalize on the time value of money. While the best practice would be to make county deposits daily, in some rural counties, this is impractical. Instead, this bill would set a statewide standard for county treasurers to make deposits within seven business days to ensure accountability, which is the same as the current standard for all county officers. While no civil or criminal penalty is specified in the bill, failing to make deposits in a timely fashion could be grounds for removal from office.

OPPONENTS SAY:

HB 892 would not create a penalty for non-compliance and would be too permissive. County treasurers compromise the financial health of their jurisdiction when they wait too long to make deposits because interest cannot accrue until the deposits are made. Further, delaying deposits can be an indication of malfeasance or poor business practices in the County Treasurer's office. Elected county officials who regularly mismanage county funds not only should be removed from office but should face civil or criminal penalties.

Allowing seven days between deposits would set a minimum standard that encouraged bad business practices statewide. While county officials currently are violating the law if they do not deposit funds after seven business days, the law directs officials to make deposits on or before the next regular business day. The standard should be made to conform with the intent of the law for all county officers and require county treasurers to make deposits on or before the next regular business day.