

## **BILL ANALYSIS**

Senate Research Center

S.B. 701  
By: Armbrister  
Finance  
2-27-97  
As Filed

### **DIGEST**

On September 1, 1996, the office of the state treasurer was abolished and all powers, duties, obligations, rights and contracts transferred to the Comptroller of Public Accounts (comptroller). In addition, the comptroller became the sole office, director, and shareholder of the Texas Treasury Safekeeping Trust Company (trust company). This bill would change some references to "treasurer" to "comptroller."

The comptroller's responsibilities include providing management, safekeeping, and investment opportunities, through the trust company, to agencies and political subdivisions of the state. This bill would authorize the comptroller to invest in foreign currency for the purpose of facilitating investments by state agencies that have the authority to invest in foreign securities. In addition, this bill would allow the trust company to take full advantage of the services offered by the Depository Trust Company. The trust company became a member of the Depository Trust Company in 1995. S.B. 701 also transfers the responsibility of approval of the investment policies of the Workers' Compensation Insurance Fund and the Workers' Compensation Insurance Facility to the State Board of Insurance.

### **PURPOSE**

As proposed, S.B. 701 changes some references to "treasurer" to "comptroller." This bill also authorizes the comptroller to make foreign investments in foreign currency for the sole purpose of facilitating investments by state agencies that have the authority to invest in foreign securities. In addition, S.B. 701 transfers the responsibility of approval of the Workers' Compensation Insurance Fund and the Workers' Compensation Insurance Facility to the State Board of Insurance. Finally, this bill authorizes the Texas Treasury Safekeeping Trust Company to enter into certain contracts and agreements with the Depository Trust Company.

### **RULEMAKING AUTHORITY**

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

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Sections 404.024(b), (f), (g), (h), and (i), Government Code, to require state funds not deposited in state depositories to be invested by the comptroller, rather than the treasurer, in certain securities; and, among others, foreign currency for the sole purpose of facilitating investments by state agencies that have the authority to invest in foreign securities. Makes conforming changes.

SECTION 2. Amends Chapter G, Section 404.103(b), Government Code, to authorize the Texas Treasury Safekeeping Trust Company (trust company), rather than trust company, to enter into contracts and trust agreements or other fiduciary instruments with the treasurer, the Federal Reserve System, the Depository Trust Company, and other third parties. Requires the trust company's obligations to be guaranteed by the state to the extent permitted by the Texas Constitution and the contracts, trust agreements, or other fiduciary instruments between the trust company, the Federal Reserve System, and the Depository Trust Company.

SECTION 3. Amends Article 5.76-2, Section 2.07(b), Insurance Code, to require the governing

committee of the Texas Workers' Compensation Insurance Facility to develop an investment policy and submit the policy to the State Board of Insurance, rather than to the state treasurer, for review and approval.

SECTION 4. Amends Article 5.76-3, Section 13(d), Insurance Code, to require money in the fund to be invested, subject to a policy developed by the board and approved by the State Board of Insurance, rather than by the state treasurer, in types of investments authorized by law for an insurer authorized to write workers' compensation insurance coverage in this state.

SECTION 5. Effective date: September 1, 1997.

SECTION 6. Emergency clause.