BILL ANALYSIS

DIGEST

Each legislative session, the comptroller of public accounts (comptroller) identifies certain functions of the agency that require statutory changes to update references in the Government Code, clarify statutory intent for application, update compliance with federal law, codify existing practices, or simplify the administration of the agency. This bill would update the state's rating standards to conform with standard language used in interstate branch banking and set forth guidelines for the deposit and investment of funds by the comptroller.

PURPOSE

As proposed, C.S.H.B. 1810 sets forth guidelines for the deposit and investment of funds by the comptroller of public accounts.

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 Section 404.0212(d), Government Code, to prohibit the comptroller of public accounts (comptroller) from selecting as a depository a regulated financial institution for which the entire institution, rather than that, has been assigned a certain rating under 12 U.S.C. Section 2906. Requires the comptroller to establish criteria to determine whether a financial institution doing business in this state and other states has a satisfactory record of meeting community credit needs in this state.

SECTION 2. Amends Section 404.022, Government Code, to require the comptroller to mail eligibility conditions to institutions not later than the first business day in June, rather than on the second Tuesday. Requires an application for designation as a state depository to include a statement of the maximum amount of state time deposits, rather than funds, the applicant will accept, and of the applicant's condition according to the most recent financial statement. Deletes text regarding a private bank. Deletes a provision prohibiting an application from state funds from being granted if the applicant's liabilities for borrowed money are in excess of its capital stock. Deletes a provision authorizing the comptroller to designate an applicant as a state depository under certain conditions. Deletes a provision authorizing the comptroller to send notice that further applications for designation as a state depository will be accepted. Makes conforming changes.

SECTION 3. Amends Section 404.023, Government Code, to require the comptroller to designate depository banks that have main offices or branches centrally located in this state to be used for obligations due the state.

SECTION 4. Amends Section 404.024, Government Code, by amending Subsection (g) and adding Subsections (j) and (k), to require the comptroller to give first consideration to banks that maintain main offices or branch offices in this state, rather than Texas banks, when investing in direct security repurchase agreements. Requires the comptroller to invest funds in a manner of a prudent person. Authorizes the comptroller to contract with private professional investment managers to assist the comptroller in investing funds under the care, custody, and control of the comptroller.

SECTION 5. Amends Sections 404.031(a) and (f), Government Code, to authorize the comptroller to deposit state funds with a depository only if the depository has pledged eligible investment securities not less than an amount of deposits to be secured. Authorizes a state depository to deposit pledged securities

with a federal reserve bank or a federal home loan bank, rather than the Federal Reserve Bank of Dallas or the Federal Home Loan Bank of Dallas.

SECTION 6. Effective date: September 1, 1999.

SECTION 7. Emergency clause.

SUMMARY OF COMMITTEE CHANGES

SECTION 1.

Amends Section 404.0212(d), Government Code, to require the comptroller to establish criteria to determine whether a financial institution doing business in this state and other states has a satisfactory record of meeting community credit needs in this state.