

## **BILL ANALYSIS**

Senate Research Center

S.B. 158  
By: Perry  
Local Government  
6/28/2023  
Enrolled

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

In most cases, counties are required to deposit county funds in a bank within the county. In rural Texas there are many counties that only have one bank in the whole county and sometimes the single bank is not interested in being the county bank. This bill would allow counties to deposit county funds in a bank outside the county.

(Original Author's/Sponsor's Statement of Intent)

S.B. 158 amends current law relating to the location of a bank eligible to be selected as a depository or subdepository of county public money, including money held by a county or district clerk.

### **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 116.026, Local Government Code, as follows:

Sec. 116.026. APPLICANTS OUTSIDE COUNTY. (a) Creates this subsection from existing text.

(b) Authorizes the commissioners court, if only one bank located in the county applies to be designated as the county depository, to reject the applicant if the applicant proposes terms that:

(1) are not in the best interest of the county;

(2) are not financially competitive with the financial market outside the county; or

(3) impose noncompetitive fees.

(c) Authorizes the commissioners court, if the commissioners court rejects the applicant under Subsection (b), to advertise, in the same manner provided by Section 116.022 (Notice) for advertising for a depository within the county, for applications from banks in an adjoining county.

SECTION 2. Amends Subchapter B, Chapter 116, Local Government Code, by adding Section 116.028, as follows:

Sec. 116.028. SUCCESSOR BANK AS COUNTY DEPOSITORY. (a) Authorizes a successor bank in the adjoining county, if the bank selected to be a county depository and holding county funds is sold to another bank in an adjoining county, to continue to serve as a county depository and apply and be selected as a county depository if the successor bank:

(1) continues to have an office in an adjoining county; and

(2) timely applies and is selected to be a county depository in a manner that ensures no lapse of service as a county depository.

(b) Authorizes a branch of a bank in an adjoining county, if the bank selected as a county depository and holding county funds closes, to continue to serve as a county depository and apply to be a county depository if the successor bank:

(1) continues to have an office in an adjoining county; and

(2) timely applies and is selected to be a county depository in a manner that ensures no lapse of service as a county depository.

SECTION 3. Amends Section 116.116(b), Local Government Code, as follows:

(b) Requires that the depository, if the commissioners court selects a depository in another county, rather than if the commissioners court selects a depository in another county under Section 116.026, file a statement with the county treasurer designating the place in the county governed by the commissioners court where, and the person by whom, deposits by the treasurer are authorized to be received and checks will be paid, or the place in another county where deposits are authorized to be made and checks are authorized to be paid.

SECTION 4. Amends Section 117.026(a), Local Government Code, as follows:

(a) Authorizes the commissioners court, subject to Sections 116.026 and 116.028, to select a federally insured bank or banks located outside the county to serve as the depository under Subchapter B (Establishment of Depository) if certain criteria are met.

SECTION 5. Amends Section 117.118, Local Government Code, as follows:

Sec. 117.118. APPLICATION OF COUNTY DEPOSITORY LAW. Provides that matters regarding special depositories for the registry fund are subject to the same provisions as those prescribed by Chapter 116 (Depositories for County Public Funds) regarding county depositories, including Sections 116.026 and 116.028.

SECTION 6. Effective date: upon passage or September 1, 2023.