

BILL ANALYSIS

H.B. 1175
By: Lambert
Pensions, Investments & Financial Services
Committee Report (Unamended)

BACKGROUND AND PURPOSE

There are concerns that the restriction placed on community development investments that banks are authorized to make may limit a bank's ability to easily invest in the community in which the bank operates. H.B. 1175 seeks to address these concerns by raising the cap on the aggregate of such investments to 15 percent of a bank's unimpaired capital and surplus.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 1175 amends the Finance Code to raise the cap on certain aggregate investments of a predominantly civic, community, or public nature a state bank may make under the Texas Banking Act from an amount equal to 10 percent of the bank's unimpaired capital and surplus to an amount equal to 15 percent of such capital and surplus. The bill removes the specification that the investments subject to the cap include loans and commitments for loans. The bill replaces the authorization for the banking commissioner of Texas to authorize investments in excess of the cap in response to a written application under certain circumstances with a prohibition against a bank's exposure to a single project or entity described by related statutory provisions, including all investments, loans, and commitments for loans, exceeding 25 percent of the bank's unimpaired capital and surplus without the prior authorization of the banking commissioner in response to a written application.

EFFECTIVE DATE

September 1, 2019.