

SUBJECT: Governmental investments at credit unions

COMMITTEE: Pensions and Investments — favorable, without amendment

VOTE: 5 ayes — Telford, Johnson, Averitt, Haggerty, Rangel
0 nays
4 absent — Berlanga, McCall, Willis, Wilson

WITNESSES: For — Jeff Huffman, Texas Credit Union League
Against — None

BACKGROUND: Local governments and institutions of higher education are allowed to invest in certificates of deposit (CDs) guaranteed or insured by the Federal Deposit Insurance Corporation or secured by other allowed securities issued by any bank or savings and loan located in Texas.

DIGEST: HB 731 would add state and federal credit unions located in Texas to the list of institutions authorized to issue certificates of deposits that local governments and institutions of higher education may invest in. The bill would allow investments in share certificates (credit union time deposit) in addition to CDs. HB 731 would take effect immediately if approved by a two-thirds vote of the membership of each house.

SUPPORTERS SAY: HB 731 would clarify that local governments and institutions of higher education may invest in certificates of deposit or share certificates issued by Texas' credit unions. Government entities wish to spread their investments throughout the local financial community, but are prohibited from investing in CDs at credit unions. Local governments and institutions of higher education have made these investments only to find they are not allowed. This bill would make the law correspond to current investment needs and practices. These CDs and share certificates are fully secured and risk free.

OPPONENTS SAY: No apparent opposition