

BILL ANALYSIS

Senate Research Center

S.B. 1055
By: Carona
Economic Development
4/5/1999
As Filed

DIGEST

Currently, a credit union operating in the state may be chartered as a federal or state institution. Depending on their public charter, the credit union holds specific financial responsibilities and duties. In a state credit union, several problems arise because the credit union retains authority to engage in federal credit union activities. Moreover, these state credit unions implement certain rules that limit access and responsibilities of a trust fund or safety deposit box account with multiple access. S.B. 1055 would amend a state credit union's ability to engage in federal credit union activities; create the ability for a trustee of a trust account and safety deposit box to access the accounts in a state credit union; include savings banks in the definition of a financial institution; and reinstate the "purposes" provision of the Texas Credit Union Act deleted by nonsubstantive changes in H.B. 10, 75th Legislature.

PURPOSE

As proposed, S.B. 1055 amends certain regulations and operations of a state credit union.

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 15.204(c), Finance Code, to redefine "financial institution."

SECTION 2. Amends Chapter 121, Finance Code, by adding Section 121.0015, as follows:

Sec. 121.0015. PURPOSES. Sets forth the intent and purposes of the legislature.

SECTION 3. Amends Section 123.003, Finance Code, to delete the Public Utility Commission's rulemaking authority to authorize a credit union to engage in certain activities, if the credit union operates as a federal credit union. Authorizes a credit union to engage in certain activities, if the credit union operates as a federal credit union.

SECTION 4. Amends Section 125.301, Finance Code, to authorize a credit union to rely on any information provided by the trustee to determine whether a trust is revocable or irrevocable. Deletes a requirement that each beneficiary or trustee be disclosed to the credit union.

SECTION 5. Amends Section 125.503, Finance Code, as follows:

Sec. 125.503. New heading: ACCESS BY MORE THAN ONE PERSON. Requires a credit union, in the absence of a contract to the contrary, to allow each holder of a safety deposit box, which may be held jointly by two or more persons or a person other than the lessee designated in the lease agreement, access to the box and removal of its contents. Provides that the credit union is not responsible for damage because a designated person had access to the box and removed its contents. Provides that the death of a holder of a jointly held safe deposit box does not affect the right of another holder or other designated person, rather than or other holder of the box, to have access to and remove contents from the box.

SECTION 6. Effective date: September 1, 1999.

SECTION 7. Emergency clause.