

BILL ANALYSIS

Senate Research Center

S.B. 1318
By: Van de Putte
Business & Commerce
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DIGEST AND PURPOSE

Currently, the Texas Public Fund Investment Act is silent on securities lending, although it does allow for similar investment programs such as repurchase and reverse purchase programs. Major retirement systems of the state, including the Employees Retirement System, use securities lending, and municipalities may be able to add substantial income to their revenue with securities lending. As proposed, S.B. 1318 amends the Texas Public Fund Investment Act to specifically allow municipalities and others operating under the Act to utilize a securities lending program.

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 2256.011, Government Code, by amending the heading and adding Subsection (e), as follows:

Sec. 2256.011. New heading: AUTHORIZED INVESTMENTS: REPURCHASE AGREEMENTS AND SECURITIES LENDING PROGRAM. (e) Authorizes securities or investments purchased or held under this chapter to be loaned to securities dealers or financial institutions if the loan is collateralized by cash or securities having a market value of at least 100 percent of the market value of the securities loaned.

SECTION 2. Effective date: September 1, 2003.