

BILL ANALYSIS

Senate Research Center

S.B. 1624
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Education
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As Filed

DIGEST AND PURPOSE

Currently, the Government Code allow banks to collateralize public funds through the use of declining value mortgage obligation as long as these are backed by the full faith and credit of the United States government or the State of Texas. The change to permit banks to collateralize school district accounts was made in the Government Code; the Education Code was never changed. As proposed, S.B. 1624 changes the Education Code to reflect the change made for other public entities' accounts. This bill clarifies a conflict between the Government Code and the Education Code in relation to the types of investment instruments that banks can use to collateralize public funds.

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 45.201(4), Education Code, to redefine "approved securities."

SECTION 2. Amends Section 2257.022, Government Code, as follows:

(a) Provides that Subsection (b) is an exception to the requirement that the total value of eligible security to secure a deposit of public funds be in a certain amount.

(b) Requires the total value of eligible security described by Section 45.201(4)(D), Education Code, to secure a deposit of public funds of a school district to be in an amount not less than 110 percent of the amount of the deposit. Requires the total market value of the eligible security to be reported at least once each month to the school district.

(c) Redesignated from existing Subsection.

(d) Redesignates (d) from existing Subsection (c).

SECTION 3. Effective date: September 1, 2003.