

BILL ANALYSIS

Senate Research Center

H.B. 2647
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Business & Commerce
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Interested parties contend that there is uncertainty regarding whether money market deposit accounts are authorized investments under the Public Funds Investment Act. H.B. 2647 seeks to resolve any confusion by making such accounts authorized investments under the act.

H.B. 2647 amends the Government Code to make interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor, with certain exceptions, authorized investments under the Public Funds Investment Act. The bill also makes interest-bearing banking deposits other than such guaranteed or insured deposits authorized investments under the act if certain conditions apply.

H.B. 2647 amends current law relating to authorized investments of 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 2256.009(a), Government Code, as follows:

(a) Provides that, except as provided by Subsection (b) (relating to providing that certain obligations are not authorized investments under this section), the following are authorized investments under this subchapter (Authorized Investments for Governmental Entities):

(1) through (6) makes no changes to these subdivisions;

(7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor; and

(8) interest-bearing banking deposits other than those described by Subdivision (7) if:

(A) the funds invested in the banking deposits are invested through a broker with a main office or branch office in this state that the investing entity selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025 (Selection of Authorized Brokers) or a depository institution with a main office or branch office in this state that the investing entity selects;

(B) the broker or depository institution selected as described by Paragraph (A) arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account;

(C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States (U.S.) or an instrumentality of the U.S.; and

(D) the investing entity appoints as the entity's custodian of the banking deposits issued for the entity's account one of certain entities.

SECTION 2. Makes application of this Act prospective, regarding only authorized investments of public funds governed by Section 2256.009 (Authorized Investments: Obligations of, or Guaranteed by Governmental Entities), Government Code, as amended by this Act.

SECTION 3. Effective date: upon passage or September 1, 2017.