

CHAPTER 415

S.B. No. 69

An Act relating to the amount of collateral required to qualify as a state depository; amending Article 2529, Revised Statutes, as amended.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Article 2529, Revised Statutes, as amended, is amended to read as follows:
"Article 2529. As soon as practicable after the Board shall have passed upon said applications, the Treasurer shall notify all banks whose applications have been accepted, of their designation as State Depositories of state funds. The Treasurer shall require each bank so designated to qualify as a State Depository on or before the 25th day of November next, by (a) depositing a depository bond signed by some surety company authorized to do business in Texas, in an amount equal to not less than double the amount of state funds allotted, such bond to be payable to the Treasurer and to be in such form as may be prescribed by the Board and subject to the approval of such Board; or (b) by pledging with the Treasurer any securities of the following kinds: bonds and certificates and other evidences of indebtedness of the United States, and all other bonds which are guaranteed as to both principal and interest by the United States; bonds of this state; bonds and other obligations issued by The University of Texas; warrants drawn on the State Treasury against the General Revenue of the state; bonds issued by the Federal Farm Mortgage Corporation, provided both principal and interest of said bonds are guaranteed by the United States government; shares or share accounts of any building and loan association organized under the laws of this state, provided the payment of such shares or share accounts is insured by the Federal Savings and Loan Insurance Corporation, and in the shares or share accounts of any Federal Savings and Loan Association domiciled in this state, provided the payment of such shares or share accounts is insured by the Federal Savings and Loan Insurance Corporation; Home Owners Loan Corporation Bonds, provided both principal and interest of said bonds are guaranteed by the United States government, and such securities shall be accepted by the Board in an amount not less than five per cent (5%) greater than the amount of state funds which they secure; provided, that Texas Relief Bonds may be accepted at face value and without margin for the amount of state funds allotted, provided such State Relief Bonds have all unmatured coupons attached; bonds of counties located in Texas; road districts of counties in Texas; independent and common school districts located in Texas; bonds of any hospital district created under the laws of this state; tax bonds issued by municipal corporations in Texas; and bonds issued by a municipal corporation where the payment of such bonds is secured by a pledge of the net revenues of a utility system or systems (limited to those utility systems now authorized to be encumbered under the provisions of Articles 1111-1118a, Revised Civil Statutes, as amended, inclusive). All of such securities may be accepted by the Board, provided the aggregate amount thereof is not less than [twenty per cent (20%) greater than] the total amount of state funds that they secure; provided that the amount of all bonds and other obligations offered as collateral shall be determined by the Board on the basis of either their par

or market value, whichever is less. The term 'market value' as used herein shall mean the fair and reasonable prevailing price at which said bonds are being sold on the open market at the time of the appraisal of the securities by the Board; and the action of the Board in fixing the valuation of said bonds shall be final, and not subject to review.

"No state, county, road district bond, independent or common school district or municipal bonds, bonds of any hospital district created under the laws of this state, or obligations of the Board of Regents of the University issued by The University of Texas, shall be accepted as collateral security unless they shall be approved by the Attorney General. All bonds accepted as collateral security shall be registered under the same rules and regulations as are required for bonds in which the Permanent School Funds are invested. Subject to the approval of the Board, a state depository may secure its deposits of state funds in part by an acceptable surety bond and in part by acceptable collateral of the kind herein mentioned, and any losses sustained where a depository has secured its deposits in part by collateral and in part by a surety bond, the loss may be enforced against either the collateral security or the surety bond. No warrant drawn on the State Treasury shall be accepted as collateral unless said warrants are accompanied by affidavits, sworn to by some officer of the bank offering said warrants, which said affidavits shall affirm that none of the warrants offered as collateral security were transferred or assigned by the original payees of said warrants, or any of them, for a less consideration than ninety-eight per cent (98%) of the face value of said warrants, and that none of such warrants were obtained from the original payee by loaning money thereon at a rate of interest greater than eight per cent (8%) per annum. The Board shall have the power to reject any and all collateral or surety bonds tendered by a state depository, without assigning any reason therefor, and its action in so doing shall be final and not subject to review. Notwithstanding the foregoing provisions requiring security for state funds deposited in state depositories in the form of surety bond or collateral, security for such deposits shall not be required to the extent that said deposits are insured by the Federal Deposit Insurance Corporation under the provisions of Section 12b of the Federal Reserve Act as amended, or as the same may hereafter be amended.

"In the event the market value of the securities pledged by any depository shall decrease to the point where the collateral value of said securities, as fixed by the Board, is less than the amount of said funds on deposit in said depository, the Board shall require additional security in order to equalize such depreciation.

"When the collateral pledged by a state depository to secure a deposit of state funds shall be in excess of the amount required under the provisions of this *article* [~~Act~~], the Treasurer may, subject to the approval of the Board, permit the release of any such excess. In the event the balance to the credit of the Treasurer on the books of such bank shall be thereafter increased, adequate security, as provided for in this *article* [~~Act~~], shall be deposited and maintained by such depository bank."

SECTION 2. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended, and that this Act take effect and be in force from and after its passage, and it is so enacted.

Passed the Senate on January 21, 1985, by the following vote: Yeas 28, Nays 0; passed the House on May 21, 1985, by the following vote: Yeas 139, Nays 0, five present not voting.

Filed: June 11, 1985, without signature.

Effective: Immediately