

1-1 By: Johnson, et al. (Senate Sponsor - West) H.B. No. 1626
 1-2 (In the Senate - Received from the House May 11, 2015;
 1-3 May 20, 2015, read first time and referred to Committee on Business
 1-4 and Commerce; May 22, 2015, reported favorably by the following
 1-5 vote: Yeas 7, Nays 0; May 22, 2015, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7				
1-8	X			
1-9	X			
1-10	X			
1-11			X	
1-12			X	
1-13	X			
1-14	X			
1-15	X			
1-16	X			

1-17 A BILL TO BE ENTITLED
 1-18 AN ACT

1-19 relating to the designation of certain areas as banking or credit
 1-20 union development districts to encourage the establishment of
 1-21 branches of banks or credit unions in those areas.

1-22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-23 SECTION 1. Subtitle Z, Title 3, Finance Code, is amended by
 1-24 adding Chapter 279 to read as follows:

1-25 CHAPTER 279. BANKING AND CREDIT UNION DEVELOPMENT DISTRICTS

1-26 SUBCHAPTER A. GENERAL PROVISIONS

1-27 Sec. 279.001. DEFINITIONS. In this chapter:

1-28 (1) "Credit union" means a state or federal credit
 1-29 union.

1-30 (2) "Finance commission" means the Finance Commission
 1-31 of Texas.

1-32 (3) "Financial institution" means a state or national
 1-33 bank, a state or federal savings bank, or a state or federal savings
 1-34 and loan association.

1-35 (4) "Local government" means a municipality or county.

1-36 SUBCHAPTER B. BANKING DEVELOPMENT DISTRICTS

1-37 Sec. 279.051. ADMINISTRATION OF PROGRAM. The finance
 1-38 commission shall administer and monitor a banking development
 1-39 district program under this chapter to encourage the establishment
 1-40 of branches of a financial institution in geographic areas where
 1-41 there is a demonstrated need for banking services.

1-42 Sec. 279.052. RULES. (a) Subject to Subsection (b), the
 1-43 finance commission shall adopt rules to implement this subchapter
 1-44 and Subchapter D with respect to financial institutions in banking
 1-45 development districts.

1-46 (b) The finance commission, in consultation with the Texas
 1-47 Economic Development and Tourism Office, shall adopt rules
 1-48 regarding the criteria for the designation of banking development
 1-49 districts under this subchapter. The rules must require the
 1-50 finance commission to consider:

1-51 (1) the location, number, and proximity of sites where
 1-52 banking services are available in the proposed banking development
 1-53 district;

1-54 (2) consumer needs for banking services in the
 1-55 proposed district;

1-56 (3) the economic viability and local credit needs of
 1-57 the community in the proposed district;

1-58 (4) the existing commercial development in the
 1-59 proposed district; and

1-60 (5) the impact additional banking services would have
 1-61 on potential economic development in the proposed district.

2-1 Sec. 279.053. APPLICATION FOR DESIGNATION OF BANKING
 2-2 DEVELOPMENT DISTRICT. A local government, in conjunction with a
 2-3 financial institution, may submit an application to the finance
 2-4 commission for the designation of a banking development district.

2-5 Sec. 279.054. APPLICATION BY FINANCIAL INSTITUTION TO OPEN
 2-6 BRANCH IN DISTRICT. A financial institution may apply to open a
 2-7 branch in the proposed banking development district at the time the
 2-8 local government submits an application in conjunction with the
 2-9 institution under Section 279.053.

2-10 Sec. 279.055. DETERMINATION BY FINANCE COMMISSION. (a)
 2-11 Not later than the 120th day after the date an application for the
 2-12 designation of a banking development district is submitted under
 2-13 Section 279.053, the finance commission shall make a determination
 2-14 regarding whether to approve the application.

2-15 (b) If the finance commission approves the application, the
 2-16 finance commission shall notify the:

- 2-17 (1) local government;
- 2-18 (2) financial institution;
- 2-19 (3) comptroller;
- 2-20 (4) Texas Economic Development and Tourism Office;
- 2-21 (5) lieutenant governor; and
- 2-22 (6) speaker of the house of representatives.

2-23 SUBCHAPTER C. CREDIT UNION DEVELOPMENT DISTRICTS

2-24 Sec. 279.101. ADMINISTRATION OF PROGRAM. The Credit Union
 2-25 Commission shall administer and monitor a credit union development
 2-26 district program under this chapter to encourage the establishment
 2-27 of branches of a credit union in geographic areas where there is a
 2-28 demonstrated need for services provided by a credit union.

2-29 Sec. 279.102. RULES. (a) Subject to Subsection (b), the
 2-30 Credit Union Commission shall adopt rules to implement this
 2-31 subchapter and Subchapter D with respect to credit unions in credit
 2-32 union development districts.

2-33 (b) The Credit Union Commission, in consultation with the
 2-34 Texas Economic Development and Tourism Office, shall adopt rules
 2-35 regarding the criteria for the designation of credit union
 2-36 development districts under this subchapter. The rules must
 2-37 require the Credit Union Commission to consider:

- 2-38 (1) the location, number, and proximity of sites where
 2-39 services provided by a credit union are available in the proposed
 2-40 credit union development district;
- 2-41 (2) consumer needs for services provided by a credit
 2-42 union in the proposed district;
- 2-43 (3) the economic viability and local credit needs of
 2-44 the community in the proposed district;
- 2-45 (4) the existing commercial development in the
 2-46 proposed district; and
- 2-47 (5) the impact additional services provided by a
 2-48 credit union would have on potential economic development in the
 2-49 proposed district.

2-50 Sec. 279.103. APPLICATION FOR DESIGNATION OF CREDIT UNION
 2-51 DEVELOPMENT DISTRICT. A local government, in conjunction with a
 2-52 credit union, may submit an application to the Credit Union
 2-53 Commission for the designation of a credit union development
 2-54 district.

2-55 Sec. 279.104. APPLICATION BY CREDIT UNION TO OPEN BRANCH IN
 2-56 DISTRICT. A credit union may apply to open a branch in the proposed
 2-57 credit union development district at the time the local government
 2-58 submits an application in conjunction with the credit union under
 2-59 Section 279.103.

2-60 Sec. 279.105. DETERMINATION BY CREDIT UNION COMMISSION.
 2-61 (a) Not later than the 120th day after the date an application for
 2-62 the designation of a credit union development district is submitted
 2-63 under Section 279.103, the Credit Union Commission shall make a
 2-64 determination regarding whether to approve the application.

2-65 (b) If the Credit Union Commission approves the
 2-66 application, the Credit Union Commission shall notify the:

- 2-67 (1) local government;
- 2-68 (2) credit union;
- 2-69 (3) comptroller;

- 3-1 (4) Texas Economic Development and Tourism Office;
 3-2 (5) lieutenant governor; and
 3-3 (6) speaker of the house of representatives.

3-4 SUBCHAPTER D. DEPOSIT OF PUBLIC FUNDS IN DISTRICT DEPOSITORY

3-5 Sec. 279.151. DESIGNATION OF DISTRICT DEPOSITORY. (a) The
 3-6 governing body of a local government in which a banking development
 3-7 district has been designated under Subchapter B may by resolution
 3-8 designate a financial institution located in the district as a
 3-9 banking district depository for purposes of this subchapter.

3-10 (b) The governing body of a local government in which a
 3-11 credit union development district has been designated under
 3-12 Subchapter C may by resolution designate a credit union located in
 3-13 the district as a credit union district depository for purposes of
 3-14 this subchapter.

3-15 (c) A resolution adopted under Subsection (a) or (b) must
 3-16 specify the maximum amount that may be kept on deposit with the
 3-17 banking district or credit union district depository, as
 3-18 appropriate.

3-19 (d) In calculating the yield under Section 2256.006,
 3-20 Government Code, of public funds deposited in a banking district or
 3-21 credit union district depository, the governing body of a local
 3-22 government may consider the benefit to this state of stimulating
 3-23 economic development.

3-24 Sec. 279.152. DEPOSIT OF PUBLIC FUNDS BY LOCAL GOVERNMENT.

3-25 (a) A local government may deposit public funds with a financial
 3-26 institution designated as a banking district depository or a credit
 3-27 union designated as a credit union district depository under
 3-28 Section 279.151 regardless of whether the financial institution or
 3-29 credit union is designated by the comptroller as a state depository
 3-30 under Subchapter C, Chapter 404, Government Code.

3-31 (b) Subject to an agreement between the governing body and
 3-32 the banking district or credit union district depository, public
 3-33 funds deposited in the district depository may earn a fixed
 3-34 interest rate that is at or below the financial institution's or
 3-35 credit union's posted two-year certificate of deposit rate, as
 3-36 appropriate. The terms of the agreement must be specified in the
 3-37 applicable resolution adopted under Section 279.151.

3-38 Sec. 279.153. DEPOSIT OF PUBLIC FUNDS BY STATE. (a) If the
 3-39 comptroller designates the financial institution as a state
 3-40 depository under Subchapter C, Chapter 404, Government Code, the
 3-41 comptroller may deposit public funds with a financial institution
 3-42 designated as a banking district depository under Section
 3-43 279.151(a).

3-44 (b) If the comptroller designates the credit union as a
 3-45 state depository under Subchapter C, Chapter 404, Government Code,
 3-46 the comptroller may deposit public funds with a credit union
 3-47 designated as a credit union district depository under Section
 3-48 279.151(b).

3-49 (c) For purposes of Subsections (a) and (b), a financial
 3-50 institution or credit union is subject to the collateral
 3-51 requirements of Section 404.031, Government Code.

3-52 (d) Subject to an agreement between the comptroller and the
 3-53 banking district or credit union district depository, public funds
 3-54 deposited in the district depository may earn a fixed interest rate
 3-55 that is at or below the financial institution's or credit union's
 3-56 posted two-year certificate of deposit rate, as appropriate.

3-57 (e) In calculating the yield under Section 2256.006,
 3-58 Government Code, of public funds deposited in a banking district or
 3-59 credit union district depository, the comptroller may consider the
 3-60 benefit to this state of stimulating economic development.

3-61 SECTION 2. Not later than January 1, 2016, the Finance
 3-62 Commission of Texas shall adopt rules governing the designation of
 3-63 banking development districts, as required by Subchapter B, Chapter
 3-64 279, Finance Code, as added by this Act.

3-65 SECTION 3. Not later than January 1, 2016, the Credit Union
 3-66 Commission shall adopt rules governing the designation of credit
 3-67 union development districts, as required by Subchapter C, Chapter
 3-68 279, Finance Code, as added by this Act.

3-69 SECTION 4. This Act takes effect immediately if it receives

4-1 a vote of two-thirds of all the members elected to each house, as
4-2 provided by Section 39, Article III, Texas Constitution. If this
4-3 Act does not receive the vote necessary for immediate effect, this
4-4 Act takes effect September 1, 2015.

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