

By: Johnson

H.B. No. 1626

Substitute the following for H.B. No. 1626:

By: Longoria

C.S.H.B. No. 1626

A BILL TO BE ENTITLED

AN ACT

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

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

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

CHAPTER 279. BANKING AND CREDIT UNION DEVELOPMENT DISTRICTS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 279.001. DEFINITIONS. In this chapter:

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

(2) "Finance commission" means the Finance Commission of Texas.

(3) "Financial institution" means a state or national bank, a state or federal savings bank, or a state or federal savings and loan association.

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

SUBCHAPTER B. BANKING DEVELOPMENT DISTRICTS

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

1       Sec. 279.052. RULES. (a) Subject to Subsection (b), the  
2 finance commission shall adopt rules to implement this subchapter  
3 and Subchapters D and E with respect to financial institutions in  
4 banking development districts.

5       (b) The finance commission, in consultation with the Texas  
6 Economic Development and Tourism Office, shall adopt rules  
7 regarding the criteria for the designation of banking development  
8 districts under this subchapter. The rules must require the  
9 finance commission to consider:

10           (1) the location, number, and proximity of sites where  
11 banking services are available in the proposed banking development  
12 district;

13           (2) consumer needs for banking services in the  
14 proposed district;

15           (3) the economic viability and local credit needs of  
16 the community in the proposed district;

17           (4) the existing commercial development in the  
18 proposed district; and

19           (5) the impact additional banking services would have  
20 on potential economic development in the proposed district.

21       Sec. 279.053. APPLICATION FOR DESIGNATION OF BANKING  
22 DEVELOPMENT DISTRICT. A local government, in conjunction with a  
23 financial institution, may submit an application to the finance  
24 commission for the designation of a banking development district.

25       Sec. 279.054. APPLICATION BY FINANCIAL INSTITUTION TO OPEN  
26 BRANCH IN DISTRICT. A financial institution may apply to open a  
27 branch in the proposed banking development district at the time the

1 local government submits an application in conjunction with the  
2 institution under Section 279.053.

3 Sec. 279.055. DETERMINATION BY FINANCE COMMISSION. (a)  
4 Not later than the 120th day after the date an application for the  
5 designation of a banking development district is submitted under  
6 Section 279.053, the finance commission shall make a determination  
7 regarding whether to approve the application.

8 (b) If the finance commission approves the application, the  
9 finance commission shall notify the:

- 10 (1) local government;
- 11 (2) financial institution;
- 12 (3) comptroller;
- 13 (4) Texas Economic Development and Tourism Office;
- 14 (5) lieutenant governor; and
- 15 (6) speaker of the house of representatives.

16 SUBCHAPTER C. CREDIT UNION DEVELOPMENT DISTRICTS

17 Sec. 279.101. ADMINISTRATION OF PROGRAM. The Credit Union  
18 Commission shall administer and monitor a credit union development  
19 district program under this chapter to encourage the establishment  
20 of branches of a credit union in geographic areas where there is a  
21 demonstrated need for services provided by a credit union.

22 Sec. 279.102. RULES. (a) Subject to Subsection (b), the  
23 Credit Union Commission shall adopt rules to implement this  
24 subchapter and Subchapters D and E with respect to credit unions in  
25 credit union development districts.

26 (b) The Credit Union Commission, in consultation with the  
27 Texas Economic Development and Tourism Office, shall adopt rules

1 regarding the criteria for the designation of credit union  
2 development districts under this subchapter. The rules must  
3 require the Credit Union Commission to consider:

4 (1) the location, number, and proximity of sites where  
5 services provided by a credit union are available in the proposed  
6 credit union development district;

7 (2) consumer needs for services provided by a credit  
8 union in the proposed district;

9 (3) the economic viability and local credit needs of  
10 the community in the proposed district;

11 (4) the existing commercial development in the  
12 proposed district; and

13 (5) the impact additional services provided by a  
14 credit union would have on potential economic development in the  
15 proposed district.

16 Sec. 279.103. APPLICATION FOR DESIGNATION OF CREDIT UNION  
17 DEVELOPMENT DISTRICT. A local government, in conjunction with a  
18 credit union, may submit an application to the Credit Union  
19 Commission for the designation of a credit union development  
20 district.

21 Sec. 279.104. APPLICATION BY CREDIT UNION TO OPEN BRANCH IN  
22 DISTRICT. A credit union may apply to open a branch in the proposed  
23 credit union development district at the time the local government  
24 submits an application in conjunction with the credit union under  
25 Section 279.103.

26 Sec. 279.105. DETERMINATION BY CREDIT UNION COMMISSION.

27 (a) Not later than the 120th day after the date an application for

1 the designation of a credit union development district is submitted  
2 under Section 279.103, the Credit Union Commission shall make a  
3 determination regarding whether to approve the application.

4 (b) If the Credit Union Commission approves the  
5 application, the Credit Union Commission shall notify the:

6 (1) local government;

7 (2) credit union;

8 (3) comptroller;

9 (4) Texas Economic Development and Tourism Office;

10 (5) lieutenant governor; and

11 (6) speaker of the house of representatives.

12 SUBCHAPTER D. DEPOSIT OF PUBLIC FUNDS IN DISTRICT DEPOSITORY

13 Sec. 279.151. DESIGNATION OF DISTRICT DEPOSITORY. (a) The  
14 governing body of a local government in which a banking development  
15 district has been designated under Subchapter B may by resolution  
16 designate a financial institution located in the district as a  
17 banking district depository for purposes of this subchapter.

18 (b) The governing body of a local government in which a  
19 credit union development district has been designated under  
20 Subchapter C may by resolution designate a credit union located in  
21 the district as a credit union district depository for purposes of  
22 this subchapter.

23 (c) A resolution adopted under Subsection (a) or (b) must  
24 specify the maximum amount that may be kept on deposit with the  
25 banking district or credit union district depository, as  
26 appropriate.

27 (d) In calculating the yield under Section 2256.006,

1 Government Code, of public funds deposited in a banking district or  
2 credit union district depository, the governing body of a local  
3 government may consider the benefit to this state of stimulating  
4 economic development.

5 Sec. 279.152. DEPOSIT OF PUBLIC FUNDS BY LOCAL GOVERNMENT.

6 (a) A local government may deposit public funds with a financial  
7 institution designated as a banking district depository or a credit  
8 union designated as a credit union district depository under  
9 Section 279.151 regardless of whether the financial institution or  
10 credit union is designated by the comptroller as a state depository  
11 under Subchapter C, Chapter 404, Government Code.

12 (b) Subject to an agreement between the governing body and  
13 the banking district or credit union district depository, public  
14 funds deposited in the district depository may earn a fixed  
15 interest rate that is at or below the financial institution's or  
16 credit union's posted two-year certificate of deposit rate, as  
17 appropriate. The terms of the agreement must be specified in the  
18 applicable resolution adopted under Section 279.151.

19 Sec. 279.153. DEPOSIT OF PUBLIC FUNDS BY STATE. (a) If the  
20 comptroller designates the financial institution as a state  
21 depository under Subchapter C, Chapter 404, Government Code, the  
22 comptroller may deposit public funds with a financial institution  
23 designated as a banking district depository under Section  
24 279.151(a).

25 (b) If the comptroller designates the credit union as a  
26 state depository under Subchapter C, Chapter 404, Government Code,  
27 the comptroller may deposit public funds with a credit union

1 designated as a credit union district depository under Section  
2 279.151(b).

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

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

11 (e) In calculating the yield under Section 2256.006,  
12 Government Code, of public funds deposited in a banking district or  
13 credit union district depository, the comptroller may consider the  
14 benefit to this state of stimulating economic development.

15 SUBCHAPTER E. BANKING OR CREDIT UNION DISTRICT BENEFITS

16 Sec. 279.201. TAX ABATEMENT. The governing body of a local  
17 government may enter into a tax abatement agreement as provided by  
18 Chapter 312, Tax Code, with:

19 (1) a financial institution that owns property in a  
20 banking development district on which the institution proposes to  
21 open a branch of the institution; or

22 (2) a credit union that owns property in a credit union  
23 development district on which the credit union proposes to open a  
24 branch of the credit union.

25 SECTION 2. Subchapter B, Chapter 312, Tax Code, is amended  
26 by adding Section 312.2012 to read as follows:

27 Sec. 312.2012. BANKING OR CREDIT UNION DEVELOPMENT

1 DISTRICT. (a) In this section, "financial institution" and  
2 "credit union" have the meanings assigned by Section 279.001,  
3 Finance Code.

4 (b) The designation of an area as a banking development  
5 district or credit union development district under Chapter 279,  
6 Finance Code, constitutes designation of the area as a reinvestment  
7 zone under this subchapter without further hearing or other  
8 procedural requirements other than those provided by Chapter 279,  
9 Finance Code. Except as otherwise provided by this section, the  
10 provisions of this subchapter apply to the abatement of taxes on  
11 property located in a banking or credit union development district.

12 (c) Only the governing body of a municipality or county is  
13 eligible to enter into a tax abatement agreement with an owner of  
14 property located:

15 (1) in a banking development district so long as the  
16 property is owned by a financial institution; or

17 (2) in a credit union development district so long as  
18 the property is owned by a credit union.

19 (d) The governing body of a municipality or county may enter  
20 into an agreement with:

21 (1) a financial institution to abate taxes on property  
22 owned by the institution that is located in a banking development  
23 district only on the condition that the institution open a branch on  
24 the property; or

25 (2) a credit union to abate taxes on property owned by  
26 the credit union that is located in a credit union development  
27 district only on the condition that the credit union open a branch



1 on the property.

2 (e) The designation of an area as a reinvestment zone under  
3 this section is for purposes of this subchapter only and not for  
4 purposes of any other law, including Chapters 311 and 313.

5 SECTION 3. Subchapter C, Chapter 312, Tax Code, is amended  
6 by adding Section 312.4012 to read as follows:

7 Sec. 312.4012. BANKING OR CREDIT UNION DEVELOPMENT  
8 DISTRICT. (a) In this section, "financial institution" and  
9 "credit union" have the meanings assigned by Section 279.001,  
10 Finance Code.

11 (b) The designation of an area as a banking or credit union  
12 development district under Chapter 279, Finance Code, constitutes  
13 designation of the area as a reinvestment zone under this  
14 subchapter without further hearing or other procedural  
15 requirements other than those provided by Chapter 279, Finance  
16 Code. Except as otherwise provided by this section, the provisions  
17 of this subchapter apply to the abatement of taxes on property  
18 located in a banking or credit union development district.

19 (c) Only the governing body of a county is eligible to enter  
20 into a tax abatement agreement with an owner of property located:

21 (1) in a banking development district so long as the  
22 property is owned by a financial institution; or

23 (2) in a credit union development district so long as  
24 the property is owned by a credit union.

25 (d) The governing body of a county may enter into an  
26 agreement with:

27 (1) a financial institution to abate taxes on property

1 owned by the institution that is located in a banking development  
2 district only on the condition that the institution open a branch on  
3 the property; or

4 (2) a credit union to abate taxes on property owned by  
5 the credit union that is located in a credit union development  
6 district only on the condition that the credit union open a branch  
7 on the property.

8 (e) The designation of an area as a reinvestment zone under  
9 this section is for purposes of this subchapter only and not for  
10 purposes of any other law, including Chapters 311 and 313.

11 SECTION 4. Not later than January 1, 2016, the Finance  
12 Commission of Texas shall adopt rules governing the designation of  
13 banking development districts, as required by Subchapter B, Chapter  
14 279, Finance Code, as added by this Act.

15 SECTION 5. Not later than January 1, 2016, the Credit Union  
16 Commission shall adopt rules governing the designation of credit  
17 union development districts, as required by Subchapter C, Chapter  
18 279, Finance Code, as added by this Act.

19 SECTION 6. This Act takes effect immediately if it receives  
20 a vote of two-thirds of all the members elected to each house, as  
21 provided by Section 39, Article III, Texas Constitution. If this  
22 Act does not receive the vote necessary for immediate effect, this  
23 Act takes effect September 1, 2015.