

Summary of Accomplishments from the Committee on Investments & Financial Services
84th Legislative Session Edition

During the 84th Legislative Session, the Investments and Financial Services (IFS) Committee was formed and seven Members were appointed to it to work on assisting and promoting growth in the great State of Texas. In organizing the committee, Representative Tan Parker was appointed the Chairman, Representative Oscar Longoria was appointed the Vice-Chairman and Representative Giovanni Capriglione was appointed the Chairman of the Sub-Committee on Bond Indebtedness. The committee worked very hard this session to ensure that Texans have a safe, bright future in their investments and with their finances.

Including the Sub-Committee, the IFS committee hosted 13 public hearings to consider legislation pertaining to their jurisdiction and to receive public input on the measures they were tasked to closely examine. All throughout the process, the committee members kept their focus on advancing legislation that keeps business and consumer confidence in financial services systems high while also looking for new ways to better serve Texans.

Below is a list of bills that were voted favorably out of the IFS Committee and ultimately passed by the Legislature that demonstrate the ways in which the committee promoted growth and ensured the safety of Texas' financial markets.

House Bill 114

Entering this session there was a growing need to protect the citizens of a political subdivision by restricting subdivisions from engaging in certain irresponsible borrowing habits and increasing transparency to allow the citizens to be fully informed of financial decisions and how those decisions will affect their property taxes and indebtedness. HB 114 ensures that a political subdivision cannot issue capital appreciation bonds secured by property taxes unless those bonds have a scheduled maturity date of no more than 20 years. It also requires the political subdivision to publish information about the intended purpose of proposed bonds and the bonds' future implications on the political subdivision's total outstanding bonded indebtedness.

House Bill 1378

Staying with the theme of greater transparency of local debt, HB 1378 will keep citizens up to date on what is occurring financially in the political subdivision they live in. This bill ensures that citizens can more easily have access to information pertaining to the debt obligations of a

subdivision and it requires a subdivision to annually compile and report financial information about its debt obligations, and to report its current credit rating to its residents.

House Bill 3132

This bill promotes efficiency for local communities by streamlining the hiring of municipal advisors and eliminates a redundancy which required the advisors to register both with the SEC and with the State Securities Board. It updates current statute to allow municipalities to hire municipal advisors that comply with the new requirements of the Securities Exchange Act of 1934 as a result of Dodd-Frank.

House Bill 483

House Bill 483 is a monumental piece of legislation that creates a Texas Bullion Depository. The Texas Bullion Depository will allow the state to bring home the more than \$1 billion of gold bullion, which is currently stored in New York City. Additionally, this innovative measure will then enable individuals, state agencies, and businesses to deposit their own bullion in the Texas Bullion Depository.

House Bill 831

Sometimes confusion and misinformation can surround real property left in an estate when no will dictates how the estate should be distributed. This circumstance can certainly have a negative effect on a surviving spouse who is trying to stay in their home. HB 831 allows a surviving spouse to be provided certain mortgage-related information from a mortgage servicer, if such information is requested. This bill assists the surviving spouse with accessing necessary information regarding their home in the wake of the unfortunate passing of their husband or wife so they are able to continue to care for the mortgage during the probate period.

Senate Bill 1203

This law will also support homeownership by allowing organizations, such as Habitat for Humanity, which specialize in home creation for families exempt from certain mortgage licensing and registration requirements under state law. It allows a nonprofit organization that has a designation as a Section 501(c)(3) organization by the Internal Revenue Service, and originates residential mortgage loans for borrowers who, through a self-help program, have provided at least 200 labor hours or 65 percent of their own labor to construct the dwelling in

exchange for securing their loan, exempt from the certain mortgage licensing and registering requirements under the Texas Secure and Fair Enforcement for Mortgage Licensing Act

House Bill 870

An ever-changing investments industry requires its actors to constantly advance their education. House Bill 870 understands this principle and ensures that school districts and municipalities require their treasurers or chief financial officers are well trained and able to fulfill their duties with regards to investing and protecting the financial future of the school districts and municipalities. It requires these individuals to attend an additional investment training every two years so that they can be consistently updated in their new occupational training requirements.

House Bill 1881

To help further support the efforts of Texas' schools, House Bill 1881 will enable private schools to accept payment from parents via credit card, debit card, or EFT without increasing the cost of running the schools, and gives parents more options when it comes to choosing and paying for their child's education. It allows the school to pass along charges or fees associated with paying a child's tuition with a credit card, debit card, or electronic funds transfer to the individual paying the cost of tuition, and allows parents to use these methods of payment if they so choose.

House Bill 1454

Currently, circumstances arise when the protection personal property is in jeopardy due to state laws regarding abandonment. This bill allows for the owner of shares of mutual funds shares, depositor of an account, or the owner of the contents of a safe deposit box to designate a representative to receive certain notices that are required by current law. The designated representative can communicate on behalf of the owner if necessary, and thereby protect the owner's property from state abandonment laws.

House Bill 2394

There are also situations in which a financial institution needs certain protections in order to ensure the safety of Texans' finances. This piece of legislation will do so by protecting a financial institution from being held in contempt of court when a party to a lawsuit has failed to pay the cost of document production. It states that the party requesting the records must pay the already existing fee to the financial institution for the documents. If the party requesting the

records refuses to pay for the document production service, then the financial institution cannot be held in contempt for not producing the documents which were not paid for. This will help negate certain costs to financial institutions associated with frivolous law suits.

House Bill 2851

House Bill 2851 protects Texas by protecting the directors and officers of The Texas Public Finance Authority Charter School Finance Corporation, acting on behalf of the Corporation, from being sued personally for damage, loss or injury resulting from their official duties. This allows them to carry on their duties without having to purchase a costly insurance policy and retains the right of a suit directly to the corporation in the event of damage, loss, or injury.

House Bill 1626

It is true that there are communities throughout Texas that desperately lack banks and credit unions and access to their services. This creative piece of legislation will address this issue by promoting greater accessibility to banking and credit union services in areas that are in dire need of banks or credit unions and the services they provide. It will allow the Finance Commission to adopt rules and allow specific state agencies to administer a program that will encourage the establishment of branches of financial institutions in geographical areas where there is a demonstrated need for banking services.

House Bill 1628

In pursuit of further granting access to banking services the IFS's Committee saw that this piece of legislation made it to the Governor's desk. This bill will incentivize customers of a credit union or financial institution to open and use a savings account. It allows the credit union or financial institution to establish a savings promotion raffle to promote savings for its customers and incentivize new customers to start a savings account. Each ticket or token of entry has an equal probability of being drawn and the prize money for the raffle comes directly from the institution itself at no cost or risk to the customer.

House Bill 1629

This innovative and creative law will use crowdfunding exemptions from federal laws to promote the growth of small businesses here in Texas. House Bill 1629 allows certain small businesses and nonprofit organizations to list and use online crowdfunding portals to offer

securities to help fund their operation. In other words, the person who helps fund the operation is given securities, or stock in return for their investment and the business is able to get the assistance they need in order to grow and be successful.

House Bill 2679

As we all understand here in Texas, the private sector works more efficiently than the public sector. House Bill 2679 is encouraged by this idea and applies its principle to a nonprofit public facility corporation in regards to accomplishing their purposes. To do so, it gives a nonprofit public facility similar rights that are granted to a private corporation. This will ensure that a nonprofit public facility corporation can efficiently carry on their business in running the public facility. This allows the directors and agents to work together and make necessary decisions and improvements to the public facility corporation by updating existing regulations in the Local Government Code.

House Bill 2819 and Senate Bill 1137

Texans across the state can be excited about the potential benefit House Bill 2819 and Senate Bill 1137 will bring to our state. These bills help the third largest waterway in the United States, the Sabine-Neches Waterway, by allowing Texas industry to fully utilize the newly deepened Panama Canal. This will bring tens of thousands of jobs and over \$100 billion in new business activity to Texas! This waterway, the nation's largest commercial military outport, will be helped by giving the Sabine-Neches Navigation District authority to enter into and complete improvement projects for this great waterway in Texas.

Senate Bill 641

Furthermore, the IFS's Committee saw it necessary to make revisions to current state law to guarantee that Texans are better protected from bad actors. This law does so by ensuring that if a merchant knowingly imposes a surcharge on a buyer who uses a debit or stored value card will now receive a civil penalty. These surcharges are not legal and so the penalty was created to deter merchants from overcharging buyers.

Senate Bill 875

In line with the Committee's commitment to protecting Texans, Senate Bill 875 makes necessary changes to current law with respect to the examination of trust companies and the exempt status

of those companies. Moreover, SB 875 safeguards the citizens of Texas by updating the required amount of restricted capital a state trust company must maintain in addition to increasing the amount of restricted capital required to invest and maintain investment securities to market and convert to cash within four business days.

House Bill 3555

The Investments and Financial Services Committee continued to protect Texans and their finances by giving the Banking Commissioner the authority to take enforcement action against violations by state banks, state trust companies, and bank holding companies as necessary in order to protect the State of Texas and its banking citizens.

House Bill 3014

This great new law will bring many new and innovative programs to Texas at a much lower cost to the state. It will help reduce government spending in the State of Texas by establishing a trust fund outside of the state treasury with the comptroller as the trustee. This trust fund would allow for a new innovative form of outsourcing, called "Pay for Success." Under this new approach, contracts can only be issued after the program has been certified to save money and improve performance in areas of need in the State of Texas. Furthermore, at least 51% of the contract payment is made contingent of successful delivery of the outsourced service.

House Bill 3536

Additionally, one of committee's major responsibilities is to ensure that current laws and regulation are up-to-date and appropriate to the evolving environment of the investment and financial services sectors. This law simply updates current statute by ensuring that the commissioner appointments are made by a majority of the finance commission members. The 82nd Legislature increased the number of finance commission members to eleven, so this statute is updated to reflect a majority instead of the previous requirement of five, which is no longer a majority.

Senate Bill 1075

Updates state law to maintain the safety of the citizens of Texas by expanding the list of persons for whom the Office of Consumer Credit Commissioner may obtain criminal history record

information about and restricts situations in which the information may be released so as to protect the person's privacy while still maintaining public safety.

Senate Bill 656

This bill helps to ensure that cemeteries in the State of Texas are maintained properly. In doing so this law authorizes the Banking Commissioner to request a court to modify or terminate a perpetual care trust fund including a circumstance where the income of the fund is insufficient to provide for the maintenance of the cemetery. This simple and necessary change would allow the court to then authorize a city, county, non-profit, or other appropriate person to assume the funds of the trust in order to maintain the cemetery.

Senate Bill 899

This technical corrections bill clarifies language in the Money Services Act with regards to licensing and security requirements. In addition, it authorizes an offense under the Money Services Act to be prosecuted in Travis County or the county in which the offense was allegedly committed, rather than solely being prosecuted in Travis County.