

FINANCE CODE

TITLE 3. FINANCIAL INSTITUTIONS AND BUSINESSES

SUBTITLE Z. MISCELLANEOUS PROVISIONS RELATING TO FINANCIAL  
INSTITUTIONS AND BUSINESSES

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.  
Added by Acts 2015, 84th Leg., R.S., Ch. 967 (H.B. 1626), Sec. 1, eff. September 1, 2015.

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.

Added by Acts 2015, 84th Leg., R.S., Ch. 967 (H.B. 1626), Sec. 1, eff. September 1, 2015.

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

(b) The finance commission, in consultation with the Texas Economic Development and Tourism Office, shall adopt rules regarding the criteria for the designation of banking development

districts under this subchapter. The rules must require the finance commission to consider:

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

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

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

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

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

Added by Acts 2015, 84th Leg., R.S., Ch. 967 (H.B. 1626), Sec. 1, eff. September 1, 2015.

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

Added by Acts 2015, 84th Leg., R.S., Ch. 967 (H.B. 1626), Sec. 1, eff. September 1, 2015.

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

Added by Acts 2015, 84th Leg., R.S., Ch. 967 (H.B. 1626), Sec. 1, eff. September 1, 2015.

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

(b) If the finance commission approves the application, the

finance commission shall notify the:

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

Added by Acts 2015, 84th Leg., R.S., Ch. 967 (H.B. 1626), Sec. 1, eff. September 1, 2015.

#### SUBCHAPTER C. CREDIT UNION DEVELOPMENT DISTRICTS

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

Added by Acts 2015, 84th Leg., R.S., Ch. 967 (H.B. 1626), Sec. 1, eff. September 1, 2015.

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

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

- (1) the location, number, and proximity of sites where services provided by a credit union are available in the proposed credit union development district;
- (2) consumer needs for services provided by a credit union in the proposed district;
- (3) the economic viability and local credit needs of the community in the proposed district;
- (4) the existing commercial development in the

proposed district; and

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

Added by Acts 2015, 84th Leg., R.S., Ch. 967 (H.B. 1626), Sec. 1, eff. September 1, 2015.

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

Added by Acts 2015, 84th Leg., R.S., Ch. 967 (H.B. 1626), Sec. 1, eff. September 1, 2015.

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

Added by Acts 2015, 84th Leg., R.S., Ch. 967 (H.B. 1626), Sec. 1, eff. September 1, 2015.

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

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

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

Added by Acts 2015, 84th Leg., R.S., Ch. 967 (H.B. 1626), Sec. 1,

eff. September 1, 2015.

#### SUBCHAPTER D. DEPOSIT OF PUBLIC FUNDS IN DISTRICT DEPOSITORY

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

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

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

(d) In calculating the yield under Section [2256.006](#), Government Code, of public funds deposited in a banking district or credit union district depository, the governing body of a local government may consider the benefit to this state of stimulating economic development.

Added by Acts 2015, 84th Leg., R.S., Ch. 967 (H.B. [1626](#)), Sec. 1, eff. September 1, 2015.

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

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

(b) Subject to an agreement between the governing body and the banking district or credit union district depository, public funds deposited in the district depository may earn a fixed interest rate that is at or below the financial institution's or

credit union's posted two-year certificate of deposit rate, as appropriate. The terms of the agreement must be specified in the applicable resolution adopted under Section [279.151](#).

Added by Acts 2015, 84th Leg., R.S., Ch. 967 (H.B. [1626](#)), Sec. 1, eff. September 1, 2015.

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

(b) If the comptroller designates the credit union as a state depository under Subchapter C, Chapter [404](#), Government Code, the comptroller may deposit public funds with a credit union designated as a credit union district depository under Section [279.151](#)(b).

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

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

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

Added by Acts 2015, 84th Leg., R.S., Ch. 967 (H.B. [1626](#)), Sec. 1, eff. September 1, 2015.