

4370

2009-2010 Regular Sessions

I N A S S E M B L Y

February 3, 2009

Introduced by M. of A. HEASTIE -- read once and referred to the Committee on Banks

AN ACT to amend the general municipal law and the banking law, in relation to allowing credit unions, savings banks, savings and loan associations and federal savings associations to accept and secure deposits from municipal corporations

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 Section 1. Paragraph d of subdivision 1 of section 10 of the general
2 municipal law, as amended by chapter 623 of the laws of 1998, is amended
3 to read as follows:

4 d. "Bank" shall mean a bank as defined by the banking law or a
5 national banking association located and authorized to do business in
6 New York; A CREDIT UNION AS DEFINED BY THE BANKING LAW LOCATED AND
7 AUTHORIZED TO DO BUSINESS IN NEW YORK WHICH HAS ITS PRINCIPAL OFFICE IN
8 A LOCATION DESCRIBED IN PARAGRAPH (A) OF SUBDIVISION THIRTY-SEVEN OF
9 SECTION FOUR HUNDRED FIFTY-FOUR OF THE BANKING LAW, OR A BRANCH OFFICE
10 IN A LOCATION DESCRIBED IN PARAGRAPH (B) OF SUBDIVISION THIRTY-SEVEN OF
11 SECTION FOUR HUNDRED FIFTY-FOUR OF THE BANKING LAW; OR A SAVINGS BANK AS
12 DEFINED BY THE BANKING LAW, A SAVINGS AND LOAN ASSOCIATION AS DEFINED BY
13 THE BANKING LAW OR A FEDERAL SAVINGS ASSOCIATION LOCATED AND AUTHORIZED
14 TO DO BUSINESS IN NEW YORK WHICH HAS ITS PRINCIPAL OFFICE IN A LOCATION
15 DESCRIBED IN PARAGRAPH (A) OF SUBDIVISION TWO OF SECTION TWO HUNDRED
16 THIRTY-SEVEN OF THE BANKING LAW, OR A BRANCH OFFICE IN A LOCATION
17 DESCRIBED IN PARAGRAPH (B) OF SUBDIVISION TWO OF SECTION TWO HUNDRED
18 THIRTY-SEVEN OF THE BANKING LAW.

19 S 2. Section 454 of the banking law is amended by adding a new subdi-
20 vision 37 to read as follows:

21 37. (A) TO ACCEPT DEPOSITS FOR CREDIT TO A LOCAL GOVERNMENT, AS
22 DEFINED IN PARAGRAPH A OF SUBDIVISION ONE OF SECTION TEN OF THE GENERAL

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets
[] is old law to be omitted.

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1 MUNICIPAL LAW, AT ITS PRINCIPAL OFFICE WHERE SUCH CREDIT UNION MAINTAINS
2 ITS PRINCIPAL OFFICE WITHIN THE JURISDICTION OF SUCH LOCAL GOVERNMENT.

3 (B) TO ACCEPT DEPOSITS FOR CREDIT TO A LOCAL GOVERNMENT, AS DEFINED IN
4 PARAGRAPH A OF SUBDIVISION ONE OF SECTION TEN OF THE GENERAL MUNICIPAL
5 LAW, AT ITS BRANCH OFFICE WHERE SUCH CREDIT UNION MAINTAINS A BRANCH
6 OFFICE WITHIN THE JURISDICTION OF SUCH LOCAL GOVERNMENT.

7 S 3. The banking law is amended by adding a new section 454-a to read
8 as follows:

9 S 454-A. DEPOSITS OF PUBLIC MONEY WITH CREDIT UNIONS; SECURITY. A
10 CREDIT UNION MAY ACCEPT DEPOSITS OF PUBLIC MONEY SUBJECT TO THE LIMITA-
11 TIONS PROVIDED IN SUBDIVISION THIRTY-SEVEN OF SECTION FOUR HUNDRED
12 FIFTY-FOUR OF THIS ARTICLE. SUCH CREDIT UNION SHALL PLEDGE ASSETS OR
13 FURNISH OTHER SECURITY SATISFACTORY IN FORM AND AMOUNT TO THE DEPOSITOR,
14 FOR THE REPAYMENT OF MONIES HELD IN THE NAME OF SUCH DEPOSITOR, WHEN
15 REQUIRED TO BE SECURED BY APPLICABLE LAW, DECREE OR REGULATION.

16 S 4. Subdivision 2 of section 237 of the banking law, as amended by
17 chapter 360 of the laws of 1984, is amended to read as follows:

18 2. [No savings bank shall accept any deposit for credit to any municipi-
19 pal corporation.] (A) A SAVINGS BANK WHICH MAINTAINS ITS PRINCIPAL
20 OFFICE WITHIN A LOCAL GOVERNMENT, AS DEFINED IN PARAGRAPH A OF SUBDIVI-
21 SION ONE OF SECTION TEN OF THE GENERAL MUNICIPAL LAW, MAY ACCEPT DEPOS-
22 ITS AT SUCH PRINCIPAL OFFICE FOR CREDIT TO SUCH LOCAL GOVERNMENT.

23 (B) A SAVINGS BANK WHICH MAINTAINS A BRANCH OFFICE WITHIN A LOCAL
24 GOVERNMENT, AS DEFINED IN PARAGRAPH A OF SUBDIVISION ONE OF SECTION TEN
25 OF THE GENERAL MUNICIPAL LAW, MAY ACCEPT DEPOSITS AT SUCH BRANCH OFFICE
26 FOR CREDIT TO SUCH LOCAL GOVERNMENT.

27 S 5. Section 234 of the banking law is amended by adding a new subdi-
28 vision 26 to read as follows:

29 26. PURSUANT TO SUBDIVISION TWO OF SECTION TWO HUNDRED THIRTY-SEVEN OF
30 THIS ARTICLE, TO PLEDGE ASSETS OR FURNISH OTHER SECURITY SATISFACTORY IN
31 FORM AND AMOUNT TO THE DEPOSITOR, FOR THE REPAYMENT OF MONIES HELD IN
32 THE NAME OF SUCH DEPOSITOR, WHEN REQUIRED TO BE SECURED BY APPLICABLE
33 LAW, DECREE OR REGULATION AND TO EXERCISE THE POWERS CONTAINED IN
34 SECTION NINETY-SIX-B OF THIS CHAPTER.

35 S 6. Section 383 of the banking law is amended by adding a new subdi-
36 vision 17 to read as follows:

37 17. PURSUANT TO SUBDIVISION TWO OF SECTION TWO HUNDRED THIRTY-SEVEN OF
38 THIS CHAPTER, TO PLEDGE ASSETS OR FURNISH OTHER SECURITY SATISFACTORY IN
39 FORM AND AMOUNT TO THE DEPOSITOR, FOR THE REPAYMENT OF MONIES HELD IN
40 THE NAME OF SUCH DEPOSITOR, WHEN REQUIRED TO BE SECURED BY APPLICABLE
41 LAW, DECREE OR REGULATION AND TO EXERCISE THE POWERS CONTAINED IN
42 SECTION NINETY-SIX-B OF THIS CHAPTER.

43 S 7. This act shall take effect on the ninetieth day after it shall
44 have become a law.