S T A T E O F N E W Y O R K

5045--A

2011-2012 Regular Sessions

I N A S S E M B L Y

February 10, 2011

Introduced by M. of A. WEISENBERG, P. RIVERA -- read once and referred to the Committee on Banks -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the general municipal law and the banking law, in relation to the establishment of a savings bank, savings and loan association or credit union municipal deposit program, and limiting deposits of public funds in such institutions to two hundred fifty thousand dollars

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

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

c. "Public deposits" shall mean deposits of public funds in a bank, SAVINGS BANK, SAVINGS AND LOAN ASSOCIATION, CREDIT UNION, or trust company which are available for all uses generally permitted by the bank, SAVINGS BANK, SAVINGS AND LOAN ASSOCIATION, CREDIT UNION, or trust company to the depositing local government for actually and finally collected funds under the bank's, SAVINGS BANK'S, SAVINGS AND LOAN ASSOCIATION'S, CREDIT UNION'S, or trust company's account agreement or policies.

S 2. Paragraphs f, g and h of subdivision 1 of section 10 of the general municipal law are relettered paragraphs g, h and i and three new paragraphs f, j and k are added to read as follows:

F. "CREDIT UNION" SHALL MEAN A STATE-CHARTERED CREDIT UNION AS DEFINED BY SUBDIVISION NINE OF SECTION TWO OF THE BANKING LAW OR A FEDERALLY-CHARTERED CREDIT UNION AS DEFINED BY THE FEDERAL CREDIT UNION ACT, LOCATED AND AUTHORIZED TO DO BUSINESS IN NEW YORK.

J. "SAVINGS BANK" SHALL MEAN A SAVINGS BANK AS DEFINED BY SUBDIVISION FOUR OF SECTION TWO OF THE BANKING LAW OR ANY FEDERAL SAVINGS BANK.

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

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K. "SAVINGS AND LOAN ASSOCIATION" SHALL MEAN A SAVINGS AND LOAN ASSOCIATION AS DEFINED BY SUBDIVISION EIGHT OF SECTION TWO OF THE BANKING LAW OR ANY FEDERAL SAVINGS AND LOAN ASSOCIATION.

S 3. Subdivisions 2 and 4 of section 10 of the general municipal law, as amended by chapter 623 of the laws of 1998, are amended to read as follows:

2. a. The governing board of every local government shall designate one or more banks, SAVINGS BANKS, SAVINGS AND LOAN ASSOCIATIONS, CREDIT UNIONS or trust companies for the deposit of public funds, the disposition of which is not otherwise provided for by law, received by the chief fiscal officer or any other officer authorized by law to make deposits. Such designation shall be by resolution of the governing board or, in the case of a city, such other body as may be authorized or required by law to designate depositaries. Such resolution shall specify the maximum amount which may be kept on deposit at any time in each such bank, SAVINGS BANK, SAVINGS AND LOAN ASSOCIATION, CREDIT UNION or trust company. Such designations and amounts may be changed at any time by further resolution. THE GOVERNING BOARD OF EVERY LOCAL GOVERNMENT SHALL FORWARD A COPY OF SUCH RESOLUTION TO THE OFFICE OF THE STATE COMPTROLLER WHO SHALL RETAIN SUCH COPY UNTIL SUCH RESOLUTION IS AMENDED OR DISSOLVED. A COPY OF SUCH RESOLUTION SHALL BE RETAINED BY THE STATE COMPTROLLER FOR RECORD KEEPING PURPOSES ONLY.

b. PUBLIC FUNDS DEPOSITED INTO A SAVINGS BANK, FEDERAL SAVINGS BANK, CREDIT UNION, FEDERAL CREDIT UNION, SAVINGS AND LOAN ASSOCIATION OR FEDERAL SAVINGS AND LOAN ASSOCIATION SHALL BE LIMITED TO TWO HUNDRED AND FIFTY THOUSAND DOLLARS.

C. Except as otherwise provided by law, all deposits shall be made to the credit of the local government. The deposit of public funds pursuant to this subdivision shall release the officer making the deposit and his or her surety from any liability for loss of such public funds by reason of the default or insolvency of any such bank, SAVINGS BANK, SAVINGS AND LOAN ASSOCIATION, CREDIT UNION or trust company.

[c.] D. The governing board of a local government, in which a banking development district has been designated by the superintendent of banks pursuant to section ninety-six-d of the banking law, may designate a bank, trust company or national bank located in such district for the deposit of public funds, the disposition of which is not otherwise provided for by law, received by the chief fiscal officer or other officer authorized by law to make such deposits. Such designation shall be by resolution of the governing board or, in the case of a city, such other body as may be authorized or required by law to designate depositories. Such resolution shall specify the maximum amount which may be kept on deposit at any time with such bank, trust company or national bank located in such district. Subject to an agreement between such governing board and such banking institution, public funds deposited in such banking institution may earn a fixed interest rate which is at or below such banking institution's posted two year certificate of deposit rate. In those instances where there is such an agreement, its terms and conditions shall also be specified in the resolution. Any such designation, amount, or agreement provisions may be changed at any time by further resolution.

4. (a) Notwithstanding any other provision of law to the contrary, the chief fiscal officer, or other officer authorized by law to make deposits, may, subject to the approval of the governing body of a local government, by resolution, enter into a contract with a courier service for the purpose of causing the deposit of public funds with a bank,

SAVINGS BANK, SAVINGS AND LOAN ASSOCIATION, CREDIT UNION or trust company as provided in this section.

(b) The entrusting of public funds for deposit pursuant to paragraph (a) of this subdivision shall release the officer entrusting the public funds to the courier service and his or her surety from any liability for loss of such public funds by the courier service in the process of delivering such public funds to the designated bank, SAVINGS BANK, SAVINGS AND LOAN ASSOCIATION, CREDIT UNION or trust company.

(c) The local government authorizing the deposit of public funds by a courier service pursuant to paragraph (a) of this subdivision shall require the courier service to obtain a surety bond for the full amount entrusted to the courier, payable to the local government and executed by an insurance company authorized to do business in this state, the claims paying ability of which is rated in the highest rating category by at least two nationally recognized statistical rating organizations, to insure against any loss of public funds entrusted to the courier service for deposit or failure to deposit the full amount entrusted to the courier.

(d) A deposit made by a courier on behalf of a local government shall be deemed to be a deposit made by the chief fiscal officer or other officer entrusting such funds for purposes of the requirements contained in this section for securing public deposits.

(e) A bank, SAVINGS BANK, SAVINGS AND LOAN ASSOCIATION, CREDIT UNION or trust company may, from time to time and as agreed upon with a local government, reimburse all or part of, but not more than, the actual cost incurred by the local government in transporting cash, negotiable instruments or other items for deposit through a courier service. Any such reimbursement agreement shall apply only to a specified deposit transaction, and may be subject to such terms, conditions and limitations as the bank, SAVINGS BANK, SAVINGS AND LOAN ASSOCIATION, CREDIT UNION or trust company deems necessary to ensure sound banking practices, including, but not limited to, any terms, conditions or limitations that may be required by the banking department or other federal or state authority.

S 4. Subdivision 2 of section 11 of the general municipal law, as amended by chapter 708 of the laws of 1992, is amended to read as follows:

2. The governing board of any local government or, if the governing board so delegates, the chief fiscal officer or other officer having custody of the moneys may temporarily invest moneys not required for immediate expenditure, except moneys the investment of which is otherwise provided for by law, in special time INTEREST-BEARING deposit accounts in, or certificates of deposit issued by, a bank, SAVINGS BANK, SAVINGS AND LOAN ASSOCIATION, OR SHARE CERTIFICATES ISSUED BY A CREDIT UNION or trust company located and authorized to do business in this state, provided however, that such time deposit account or certificate of deposit OR SHARE CERTIFICATE shall be payable within such time as the proceeds shall be needed to meet expenditures for which such moneys were obtained and provided further that such time deposit account or certificate of deposit OR SHARE CERTIFICATE be secured in the same manner as is provided for securing deposits of public funds by subdivision three of section ten of this article.

S 5. The banking law is amended by adding a new section 454-a to read as follows:

S 454-A. DEPOSITS OF PUBLIC MONEY WITH CREDIT UNIONS; SECURITY. A CREDIT UNION MAY ACCEPT DEPOSITS OF PUBLIC MONEY SUBJECT TO THE LIMITA-

TIONS PROVIDED IN SECTION TEN OF THE GENERAL MUNICIPAL LAW. SUCH CREDIT UNION SHALL PLEDGE ASSETS OR FURNISH OTHER SECURITY SATISFACTORY IN FORM AND AMOUNT TO THE DEPOSITOR, FOR THE REPAYMENT OF MONIES HELD IN THE NAME OF SUCH DEPOSITOR, WHEN REQUIRED TO BE SECURED BY APPLICABLE LAW, DECREE OR REGULATION.

S 6. This act shall take effect on the sixtieth day after it shall have become a law.