

5135

2011-2012 Regular Sessions

I N S E N A T E

May 3, 2011

Introduced by Sen. MARTINS -- read twice and ordered printed, and when printed to be committed to the Committee on Local Government

AN ACT to amend the general municipal law, the state finance law and the public authorities law, in relation to authorizing the state, local governments and public authorities to arrange for redeposit of moneys through a deposit placement program

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

1 Section 1. Paragraph a of subdivision 2 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 a. (I) The governing board of every local government shall designate  
5 one or more banks or trust companies for the deposit of public funds,  
6 the disposition of which is not otherwise provided for by law, received  
7 by the chief fiscal officer or any other officer authorized by law to  
8 make deposits. Such designation shall be by resolution of the governing  
9 board or, in the case of a city, such other body as may be authorized or  
10 required by law to designate depositories. Such resolution shall speci-  
11 fy the maximum amount which may be kept on deposit at any time in each  
12 such bank or trust company. Such designations and amounts may be  
13 changed at any time by further resolution.

14 (II) THE GOVERNING BOARD OF A LOCAL GOVERNMENT THAT HAS DESIGNATED ONE  
15 OR MORE BANKS OR TRUST COMPANIES FOR THE DEPOSIT OF PUBLIC FUNDS PURSU-  
16 ANT TO SUBPARAGRAPH (I) OF THIS PARAGRAPH MAY, IN ITS DISCRETION,  
17 AUTHORIZE THE DESIGNATED BANK OR TRUST COMPANY TO ARRANGE FOR THE REDE-  
18 POSIT OF THE LOCAL GOVERNMENT'S FUNDS IN ONE OR MORE BANKING INSTI-  
19 TUTIONS, AS DEFINED IN SECTION NINE-R OF THE BANKING LAW, FOR THE  
20 ACCOUNT OF THE LOCAL GOVERNMENT, THROUGH A DEPOSIT PLACEMENT PROGRAM  
21 THAT MEETS ALL OF THE FOLLOWING CONDITIONS:

22 (A) ON OR AFTER THE DATE THAT THE LOCAL GOVERNMENT'S FUNDS ARE  
23 RECEIVED, THE DESIGNATED BANK OR TRUST COMPANY (I) ARRANGES FOR THE

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

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1 REDEPOSIT OF SUCH FUNDS INTO DEPOSIT ACCOUNTS IN ONE OR MORE BANKING  
2 INSTITUTIONS AND (II) SERVES AS CUSTODIAN FOR THE LOCAL GOVERNMENT WITH  
3 RESPECT TO THE FUNDS REDEPOSITED INTO SUCH ACCOUNTS.

4 (B) LOCAL GOVERNMENT FUNDS DEPOSITED IN A DESIGNATED BANK OR TRUST  
5 COMPANY IN ACCORDANCE WITH THIS SUBPARAGRAPH AND HELD IN THE DESIGNATED  
6 BANK OR TRUST COMPANY IN EXCESS OF THE AMOUNT INSURED BY THE FEDERAL  
7 DEPOSIT INSURANCE CORPORATION PENDING REDEPOSIT OF THE FUNDS PURSUANT TO  
8 THIS SUBPARAGRAPH SHALL BE SECURED IN ACCORDANCE WITH SUBDIVISION THREE  
9 OF THIS SECTION.

10 (C) THE FULL AMOUNT OF LOCAL GOVERNMENT FUNDS REDEPOSITED BY THE  
11 DESIGNATED BANK OR TRUST COMPANY INTO DEPOSIT ACCOUNTS IN BANKING INSTI-  
12 TUTIONS PURSUANT TO THIS SUBPARAGRAPH (PLUS ACCRUED INTEREST, IF ANY)  
13 SHALL BE INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION.

14 (D) AT THE SAME TIME THAT THE MONEY OF THE LOCAL GOVERNMENT IS REDE-  
15 POSITED PURSUANT TO THIS SUBPARAGRAPH, THE SELECTED DEPOSITORY RECEIVES  
16 AN AMOUNT OF DEPOSITS FROM CUSTOMERS OF OTHER FINANCIAL INSTITUTIONS  
17 PURSUANT TO THE DEPOSIT PLACEMENT PROGRAM THAT ARE AT LEAST EQUAL TO THE  
18 AMOUNT OF THE LOCAL GOVERNMENT'S FUNDS REDEPOSITED BY THE DESIGNATED  
19 BANK OR TRUST COMPANY.

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

23 2. A. The governing board of any local government or, if the governing  
24 board so delegates, the chief fiscal officer or other officer having  
25 custody of the moneys may temporarily invest moneys not required for  
26 immediate expenditure, except moneys the investment of which is other-  
27 wise provided for by law, EITHER: (1) in special time deposit accounts  
28 in, or certificates of deposit issued by, a bank or trust company  
29 located and authorized to do business in this state[, provided however,  
30 that]; OR (2) IN ACCORDANCE WITH ALL OF THE FOLLOWING CONDITIONS:

31 (I) THE MONEYS ARE INVESTED THROUGH A BANK OR TRUST COMPANY LOCATED  
32 AND AUTHORIZED TO DO BUSINESS IN THIS STATE;

33 (II) THE BANK OR TRUST COMPANY ARRANGES FOR THE DEPOSIT OF THE MONEYS  
34 IN CERTIFICATES OF DEPOSIT IN ONE OR MORE BANKING INSTITUTIONS, AS  
35 DEFINED IN SECTION NINE-R OF THE BANKING LAW, FOR THE ACCOUNT OF THE  
36 LOCAL GOVERNMENT;

37 (III) THE FULL AMOUNT OF PRINCIPAL AND ACCRUED INTEREST OF EACH SUCH  
38 CERTIFICATE OF DEPOSIT MUST BE INSURED BY THE FEDERAL DEPOSIT INSURANCE  
39 CORPORATION;

40 (IV) THE BANK OR TRUST COMPANY ACTS AS CUSTODIAN FOR THE LOCAL GOVERN-  
41 MENT WITH RESPECT TO SUCH CERTIFICATES OF DEPOSIT ISSUED FOR THE LOCAL  
42 GOVERNMENT'S ACCOUNT; AND

43 (V) AT THE SAME TIME THAT THE LOCAL GOVERNMENT'S MONEYS ARE DEPOSITED  
44 AND THE CERTIFICATES OF DEPOSIT ARE ISSUED FOR THE ACCOUNT OF THE LOCAL  
45 GOVERNMENT, THE BANK OR TRUST COMPANY RECEIVES AN AMOUNT OF DEPOSITS  
46 FROM CUSTOMERS OF OTHER FINANCIAL INSTITUTIONS EQUAL TO OR GREATER THAN  
47 THE AMOUNT OF THE MONEYS INVESTED BY THE LOCAL GOVERNMENT THROUGH THE  
48 BANK OR TRUST COMPANY.

49 B. FOR ANY INVESTMENT MADE PURSUANT TO PARAGRAPH A OF THIS SUBDIVI-  
50 SION, such time deposit account or certificate of deposit shall be paya-  
51 ble within such time as the proceeds shall be needed to meet expendi-  
52 tures for which such moneys were obtained and provided further that such  
53 time deposit account or certificate of deposit be secured in the same  
54 manner as is provided for securing deposits of public funds by subdivi-  
55 sion three of section ten of this article.

1 S 3. Section 106 of the state finance law is amended by adding a new  
2 subdivision D to read as follows:

3 D. IN LIEU OF A SECURITY BOND AS PRESCRIBED UNDER SUBDIVISION A OF  
4 THIS SECTION OR OTHER SECURITY AS PRESCRIBED UNDER SUBDIVISION B OF THIS  
5 SECTION, THE COMPTROLLER MAY AUTHORIZE A DESIGNATED BANK OR TRUST COMPA-  
6 NY TO ARRANGE FOR THE REDEPOSIT OF THE MONEYS THROUGH A DEPOSIT PLACE-  
7 MENT PROGRAM THAT MEETS ALL OF THE FOLLOWING CONDITIONS:

8 (1) THE DESIGNATED BANK OR TRUST COMPANY ARRANGES FOR THE REDEPOSIT OF  
9 THE MONEYS INTO DEPOSIT ACCOUNTS WITH ONE OR MORE BANKING INSTITUTIONS,  
10 AS DEFINED IN SECTION NINE-R OF THE BANKING LAW, FOR THE ACCOUNT OF THE  
11 STATE, AND SERVES AS CUSTODIAN FOR THE STATE WITH RESPECT TO THE MONEYS  
12 REDEPOSITED INTO SUCH DEPOSIT ACCOUNTS.

13 (2) MONEYS HELD BY A DESIGNATED BANK OR TRUST COMPANY PENDING REDEPOS-  
14 IT PURSUANT TO PARAGRAPH ONE OF THIS SUBDIVISION THAT ARE IN EXCESS OF  
15 THE AMOUNT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION SHALL BE  
16 SECURED IN ACCORDANCE WITH SUBDIVISION A OR B OF THIS SECTION.

17 (3) THE FULL AMOUNT OF THE MONEYS REDEPOSITED INTO DEPOSIT ACCOUNTS  
18 PURSUANT TO PARAGRAPH ONE OF THIS SUBDIVISION, PLUS ACCRUED INTEREST, IF  
19 ANY, SHALL BE INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION.

20 (4) AT THE SAME TIME THAT THE MONEYS ARE REDEPOSITED PURSUANT TO PARA-  
21 GRAPH ONE OF THIS SUBDIVISION, THE DESIGNATED BANK OR TRUST COMPANY  
22 RECEIVES AN AMOUNT OF DEPOSITS FROM CUSTOMERS OF OTHER FINANCIAL INSTI-  
23 TUTIONS PURSUANT TO THE DEPOSIT PLACEMENT PROGRAM THAT ARE AT LEAST  
24 EQUAL TO THE AMOUNT OF THE MONEYS REDEPOSITED BY THE DESIGNATED BANK OR  
25 TRUST COMPANY.

26 S 4. The public authorities law is amended by adding a new section  
27 2927 to read as follows:

28 S 2927. INVESTMENT OF FUNDS BY PUBLIC AUTHORITIES AND PUBLIC BENEFIT  
29 CORPORATIONS IN DEPOSITS INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPO-  
30 RATION.

31 NOTWITHSTANDING ANY INCONSISTENT PROVISION OF THIS CHAPTER OR ANY  
32 OTHER GENERAL, SPECIAL OR LOCAL LAW, EVERY CORPORATION WHETHER OR NOT  
33 SUCH CORPORATION IS OTHERWISE GOVERNED BY THIS CHAPTER, MAY TEMPORARILY  
34 INVEST MONEYS NOT REQUIRED FOR IMMEDIATE EXPENDITURE IN ACCORDANCE WITH  
35 THE FOLLOWING CONDITIONS:

36 1. THE MONEYS ARE INVESTED THROUGH A BANK OR TRUST COMPANY LOCATED AND  
37 AUTHORIZED TO DO BUSINESS IN THIS STATE SELECTED BY THE CORPORATION;

38 2. THE SELECTED BANK OR TRUST COMPANY ARRANGES FOR THE REDEPOSIT OF  
39 THE MONEYS IN CERTIFICATES OF DEPOSIT AND OTHER DEPOSIT ACCOUNTS IN ONE  
40 OR MORE BANKING INSTITUTIONS, AS DEFINED IN SECTION NINE-R OF THE BANK-  
41 ING LAW, FOR THE ACCOUNT OF THE CORPORATION;

42 3. THE FULL AMOUNT OF PRINCIPAL AND ACCRUED INTEREST OF EACH SUCH  
43 DEPOSIT IS INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION;

44 4. THE SELECTED BANK OR TRUST COMPANY IN THIS STATE ACTS AS CUSTODIAN  
45 FOR THE CORPORATION WITH RESPECT TO THE FUNDS REDEPOSITED PURSUANT TO  
46 THIS SECTION; AND

47 5. AT THE SAME TIME THAT THE CORPORATION'S MONEYS ARE REDEPOSITED  
48 PURSUANT TO THIS SECTION, THE SELECTED BANK OR TRUST COMPANY IN THIS  
49 STATE RECEIVES AN AMOUNT OF DEPOSITS FROM CUSTOMERS OF OTHER FINANCIAL  
50 INSTITUTIONS EQUAL TO OR GREATER THAN THE AMOUNT OF THE MONEYS INVESTED  
51 BY THE CORPORATION THROUGH THE SELECTED BANK OR TRUST COMPANY IN THIS  
52 STATE.

53 S 5. This act shall take effect immediately.