

3239

2011-2012 Regular Sessions

I N   A S S E M B L Y

January 24, 2011

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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 OR A FEDERAL  
7 CREDIT UNION LOCATED AND AUTHORIZED TO DO BUSINESS IN NEW YORK WHICH HAS  
8 ITS PRINCIPAL OFFICE IN A LOCATION DESCRIBED IN PARAGRAPH (A) OF SUBDI-  
9 VISION THIRTY-SEVEN OF SECTION FOUR HUNDRED FIFTY-FOUR OF THE BANKING  
10 LAW, OR A BRANCH OFFICE IN A LOCATION DESCRIBED IN PARAGRAPH (B) OF  
11 SUBDIVISION THIRTY-SEVEN OF SECTION FOUR HUNDRED FIFTY-FOUR OF THE BANK-  
12 ING LAW; OR A SAVINGS BANK AS DEFINED BY THE BANKING LAW, A SAVINGS AND  
13 LOAN ASSOCIATION AS DEFINED BY THE BANKING LAW OR A FEDERAL SAVINGS  
14 ASSOCIATION LOCATED AND AUTHORIZED TO DO BUSINESS IN NEW YORK WHICH HAS  
15 ITS PRINCIPAL OFFICE IN A LOCATION DESCRIBED IN PARAGRAPH (A) OF SUBDI-  
16 VISION TWO OF SECTION TWO HUNDRED THIRTY-SEVEN OF THE BANKING LAW, OR A  
17 BRANCH OFFICE IN A LOCATION DESCRIBED IN PARAGRAPH (B) OF SUBDIVISION  
18 TWO OF SECTION TWO HUNDRED 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.