

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:

1 Section 1. Paragraph c 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 c. "Public deposits" shall mean deposits of public funds in a bank,
5 SAVINGS BANK, SAVINGS AND LOAN ASSOCIATION, CREDIT UNION, or trust
6 company which are available for all uses generally permitted by the
7 bank, SAVINGS BANK, SAVINGS AND LOAN ASSOCIATION, CREDIT UNION, or trust
8 company to the depositing local government for actually and finally
9 collected funds under the bank's, SAVINGS BANK'S, SAVINGS AND LOAN ASSO-
10 CIATION'S, CREDIT UNION'S, or trust company's account agreement or poli-
11 cies.
12 S 2. Paragraphs f, g and h of subdivision 1 of section 10 of the
13 general municipal law are relettered paragraphs g, h and i and three new
14 paragraphs f, j and k are added to read as follows:
15 F. "CREDIT UNION" SHALL MEAN A STATE-CHARTERED CREDIT UNION AS DEFINED
16 BY SUBDIVISION NINE OF SECTION TWO OF THE BANKING LAW OR A
17 FEDERALLY-CHARTERED CREDIT UNION AS DEFINED BY THE FEDERAL CREDIT UNION
18 ACT, LOCATED AND AUTHORIZED TO DO BUSINESS IN NEW YORK.
19 J. "SAVINGS BANK" SHALL MEAN A SAVINGS BANK AS DEFINED BY SUBDIVISION
20 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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1 K. "SAVINGS AND LOAN ASSOCIATION" SHALL MEAN A SAVINGS AND LOAN ASSO-
2 CIATION AS DEFINED BY SUBDIVISION EIGHT OF SECTION TWO OF THE BANKING
3 LAW OR ANY FEDERAL SAVINGS AND LOAN ASSOCIATION.

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

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

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

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

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

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

1 SAVINGS BANK, SAVINGS AND LOAN ASSOCIATION, CREDIT UNION or trust compa-
2 ny as provided in this section.

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

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

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

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

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

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

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

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

1 TIONS PROVIDED IN SECTION TEN OF THE GENERAL MUNICIPAL LAW. SUCH CREDIT
2 UNION SHALL PLEDGE ASSETS OR FURNISH OTHER SECURITY SATISFACTORY IN FORM
3 AND AMOUNT TO THE DEPOSITOR, FOR THE REPAYMENT OF MONIES HELD IN THE
4 NAME OF SUCH DEPOSITOR, WHEN REQUIRED TO BE SECURED BY APPLICABLE LAW,
5 DECREE OR REGULATION.
6 S 6. This act shall take effect on the sixtieth day after it shall
7 have become a law.