

7198

2013-2014 Regular Sessions

I N   A S S E M B L Y

May 7, 2013

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

AN ACT to amend the banking law and the state finance law, in relation  
to credit unions

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

1     Section 1. The banking law is amended by adding a new article 2-D to  
2     read as follows:

3     ARTICLE 2-D

4     CREDIT UNION DEPOSIT PROGRAM

5     SECTION 89. CREDIT UNION DEPOSIT PROGRAM; PURPOSE.

6                     90. ELIGIBILITY.

7                     91. DEPOSITS.

8     S 89. CREDIT UNION DEPOSIT PROGRAM; PURPOSE. IN RECOGNITION OF THE  
9     ECONOMIC BENEFITS AND STIMULUS WHICH RESULT FROM THE PLACEMENT OF DEPOS-  
10    ITS IN LOCAL CREDIT UNIONS, THE CREDIT UNION DEPOSIT PROGRAM IS HEREBY  
11    CREATED TO AUTHORIZE AND ENCOURAGE THE STATE COMPTROLLER AND THE COMMIS-  
12    SIONER OF TAXATION AND FINANCE TO DEPOSIT A PORTION OF THE FUNDS UNDER  
13    THEIR CONTROL INTO CREDIT UNIONS.

14    S 90. ELIGIBILITY. 1. TO BE ELIGIBLE TO RECEIVE DEPOSITS, OR TO RENEW  
15    EXISTING DEPOSITS UNDER THIS PROGRAM, A CREDIT UNION MUST BE CHARTERED  
16    UNDER THE PROVISIONS OF THIS CHAPTER AND MUST HAVE A CURRENT EXAMINATION  
17    RATING OF SATISFACTORY OR BETTER. THE SUPERINTENDENT SHALL, IF REQUESTED  
18    BY THE STATE COMPTROLLER OR THE COMMISSIONER OF TAXATION AND FINANCE,  
19    CONFIRM WHETHER A PARTICULAR CREDIT UNION MEETS THE CRITERIA SPECIFIED  
20    IN THIS SECTION.

21    2. A FEDERAL CREDIT UNION MAY ALSO BE ELIGIBLE TO RECEIVE DEPOSITS, OR  
22    TO RENEW EXISTING DEPOSITS, UNDER THIS PROGRAM IF: (A) ITS PRINCIPAL  
23    OFFICE IS LOCATED IN THIS STATE; (B) IT HAS A CURRENT EXAMINATION RATING  
24    OF SATISFACTORY OR BETTER; AND (C) IT MEETS ANY ADDITIONAL CRITERIA  
25    ESTABLISHED BY THE COMPTROLLER AND THE COMMISSIONER OF TAXATION AND

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

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1 FINANCE TO DETERMINE ELIGIBILITY FOR PARTICIPATION IN THE PROGRAM. SUCH  
2 CRITERIA MAY INCLUDE A CREDIT UNION'S LOAN TO DEPOSIT RATIO, ITS RECORD  
3 OF SMALL BUSINESS LENDING, AND THE IMPACT SUCH DEPOSITS WOULD HAVE ON AN  
4 AREA'S ECONOMIC ACTIVITY.

5 S 91. DEPOSITS. 1. NOTWITHSTANDING ANY PROVISIONS OF LAW TO THE  
6 CONTRARY, THE STATE COMPTROLLER AND THE COMMISSIONER OF TAXATION AND  
7 FINANCE SHALL, FOR THE PURPOSES OF ADMINISTERING MONEYS IN ACCORDANCE  
8 WITH THE PROVISIONS OF SECTIONS NINETY-EIGHT-A AND ONE HUNDRED FIVE OF  
9 THE STATE FINANCE LAW, GIVE CONSIDERATION TO DEPOSITING FUNDS INTO THOSE  
10 CREDIT UNIONS WHICH ARE DEEMED ELIGIBLE TO RECEIVE DEPOSITS PURSUANT TO  
11 SECTION NINETY OF THIS ARTICLE.

12 2. THE MAXIMUM AMOUNT OF FUNDS WHICH THE STATE COMPTROLLER AND THE  
13 COMMISSIONER OF TAXATION AND FINANCE MAY DEPOSIT UNDER THIS PROGRAM  
14 SHALL NOT EXCEED TWO HUNDRED FIFTY MILLION DOLLARS EACH.

15 3. NOTWITHSTANDING ANY PROVISION OF LAW TO THE CONTRARY, ANY DEPOSITS  
16 MADE PURSUANT TO THIS ARTICLE SHALL BE MADE AT RATES, AND FOR SUCH PERI-  
17 ODS OF TIME, AS MAY BE AGREED TO BY THE STATE COMPTROLLER OR THE COMMIS-  
18 SIONER OF TAXATION AND FINANCE AND THE ELIGIBLE CREDIT UNION.

19 4. ANY DEPOSITS MADE PURSUANT TO THIS ARTICLE MAY BE SECURED BY AN  
20 IRREVOCABLE LETTER OF CREDIT ISSUED BY A FEDERAL HOME LOAN BANK.

21 S 2. The banking law is amended by adding a new section 454-a to read  
22 as follows:

23 S 454-A. DEPOSITS OF PUBLIC MONEY WITH CREDIT UNIONS. A CREDIT UNION  
24 MAY ACCEPT DEPOSITS OF PUBLIC MONEY IN ACCORDANCE WITH THE PROVISIONS OF  
25 SECTION NINETY-ONE OF THIS CHAPTER AND SECTIONS NINETY-EIGHT-A AND ONE  
26 HUNDRED FIVE OF THE STATE FINANCE LAW.

27 S 3. The opening paragraph of subdivision 1 of section 98-a of the  
28 state finance law, as amended by chapter 545 of the laws of 2005, is  
29 amended to read as follows:

30 Except as otherwise provided in subdivision two of this section, any  
31 moneys in the general fund of the state or moneys received from the sale  
32 of any bonds or notes issued by the state, any moneys in any fund or  
33 account of the state, heretofore or hereafter established, the invest-  
34 ment of which is not otherwise authorized and which are not immediately  
35 required may be invested by the comptroller. Such moneys may be  
36 invested only in obligations of the categories specified in subdivisions  
37 one to five, both inclusive, and subdivision seven, subdivision four-  
38 teen, as added by chapters seven hundred ninety-seven and nine hundred  
39 thirty-two of the laws of nineteen hundred sixty-three, respectively,  
40 subdivisions fifteen, sixteen and seventeen of section ninety-eight of  
41 this article, maturing or redeemable at the option of the holder within  
42 twelve years of the date of such investment, subdivisions two-a, eigh-  
43 teen, nineteen and twenty of section ninety-eight of this article or in  
44 a certificate of deposit of a bank [or], trust company OR CREDIT UNION  
45 in this state. Any certificate of deposit shall be fully secured by the  
46 issuer thereof depositing with the comptroller stocks, bonds, or notes  
47 of any county, town, city, village, fire district or school district of  
48 this state issued pursuant to law and maturing within five years from  
49 the date of issuance of such certificate of deposit, bonds or notes or  
50 direct or guaranteed obligation of the United States of America or its  
51 agencies or of the state of New York or bonds and notes issued for any  
52 of the corporate purposes of the municipal assistance corporation for  
53 the city of New York in an amount equal to the amount of such certif-  
54 icate of deposit. Any bonds, notes or certificates of deposit purchased  
55 with moneys of the general fund shall be available always to pay any  
56 lawful appropriation in force. Any bonds, notes or certificates of

1 deposit purchased with moneys received from the sale of any bonds or  
2 notes issued by the state shall be available always for the purposes or  
3 purpose for which such bonds or notes were issued. Any bonds, notes or  
4 certificates of deposit purchased with moneys of any other funds shall  
5 be available always for the purpose for which such fund was created.  
6 Unless otherwise required by law, income received on any moneys invested  
7 pursuant to this section shall be credited to the fund or funds from  
8 which such moneys were invested, provided, however, the comptroller is  
9 hereby precluded from crediting interest earnings to funds/accounts  
10 which:

11 S 4. Subdivisions 1 and 2 of section 105 of the state finance law,  
12 subdivision 1 as amended by chapter 204 of the laws of 2002, subdivision  
13 2 as amended by chapter 154 of the laws of 1953, paragraph b of subdivi-  
14 sion 2 as amended by chapter 345 of the laws of 2005, are amended to  
15 read as follows:

16 1. All moneys received by the commissioner of taxation and finance on  
17 account of the state, excepting such moneys as are required by law to be  
18 deposited to the credit of the comptroller, but including such moneys as  
19 are thereafter paid into the state treasury by the comptroller, shall be  
20 deposited by the commissioner of taxation and finance within three days  
21 after the receipt thereof, either as a demand deposit or an interest-  
22 bearing time deposit (other than a time certificate of deposit), as he  
23 and the comptroller may determine, in such banks, trust companies [and],  
24 industrial banks AND CREDIT UNIONS as in his opinion and the opinion of  
25 the comptroller are secure. The moneys so deposited shall be placed to  
26 the account of the commissioner of taxation and finance. He shall keep a  
27 bankbook in which shall be entered his account of deposit in and moneys  
28 drawn from the banks and trust companies [and], industrial banks AND  
29 CREDIT UNIONS in which deposits are made by him, which he shall exhibit  
30 to the comptroller for his inspection on the first Tuesday of every  
31 month and oftener if required. He shall not draw any moneys from such  
32 banks, trust companies [or], industrial banks OR CREDIT UNIONS unless by  
33 checks signed and countersigned in the manner prescribed by section one  
34 hundred one, unless otherwise provided by law. No moneys shall be paid  
35 by any such bank, trust company [or], industrial bank OR CREDIT UNION  
36 out of any such deposit except upon such checks. Moneys may be paid  
37 through electronic transfer in accordance with procedures developed by  
38 the commissioner of taxation and finance and the comptroller and  
39 consistent with the requirements of this section for recording payments.  
40 Such payments through electronic transfer shall be considered, for  
41 purposes of this chapter, to be moneys drawn by check. Every such bank,  
42 trust company [or], industrial bank OR CREDIT UNION shall transmit to  
43 the comptroller monthly statements of all moneys received and paid by it  
44 on account of the commissioner of taxation and finance.

45 2. Every bank, trust company [and], industrial bank AND CREDIT UNION  
46 designated for the deposit of state moneys under the provisions of this  
47 section shall, before deposits are made:

48 a. Execute and file with the commissioner of taxation and finance a  
49 bond to the state in such form and with such surety or sureties for such  
50 sums as may be prescribed and approved by the commissioner of taxation  
51 and finance and comptroller, for the safekeeping and prompt payment of  
52 such moneys on legal demand therefor with interest, if any; or

53 b. In lieu of such surety bond, with the permission of the comptroller  
54 and the commissioner of taxation and finance, deposit with the comp-  
55 troller outstanding unmatured:

1 (1) bonds or notes of the United States of America, or obligations,  
2 the payment of which is guaranteed by the United States of America,  
3 (2) bonds or notes of the state of New York,  
4 (3) bonds or notes of any county, town, city, village, fire district  
5 or school districts in the state of New York authorized to be issued by  
6 law,  
7 (4) bonds of the Port of New York Authority of any year,  
8 (5) bonds of the Buffalo and Fort Erie Public Bridge Authority,  
9 (6) bonds of the Triborough bridge and tunnel authority,  
10 (7) bonds or notes of the New York state thruway authority,  
11 (8) bonds, notes or other obligations of any municipal housing author-  
12 ity in the state of New York authorized to be issued by law, provided  
13 such bonds, notes or other obligations qualify under the provisions of  
14 section forty-nine of the public housing law,  
15 (9) bonds or notes of the Power Authority of the state of New York,  
16 (10) bonds or notes of the Niagara Frontier Port Authority,  
17 (11) bonds or notes of the Dormitory Authority of the state of New  
18 York,  
19 (12) bonds or notes of the New York state bridge authority,  
20 (13) bonds or notes issued for any of the corporate purposes of the  
21 New York state housing finance agency,  
22 (14) bonds or notes of the Metropolitan Commuter Transportation  
23 Authority,  
24 (15) bonds or notes of the New York State Pure Waters Authority, for  
25 which the commissioner of taxation and finance and the comptroller shall  
26 deliver a certificate of deposit containing the conditions of such  
27 deposit,  
28 (16) bonds or notes of the Niagara Frontier Transportation Authority,  
29 (17) bonds or notes of the Rochester-Genesee Regional Transportation  
30 Authority,  
31 (18) bonds or notes of the Capital District Transportation Authority,  
32 (19) bonds or notes of the Central New York Regional Transportation  
33 Authority,  
34 20 Bonds or notes of the New York state project finance agency,  
35 (21) Bonds or notes of the municipal assistance corporation for the  
36 city of New York,  
37 (22) bonds or notes issued for any of the corporate purposes of the  
38 New York state medical care facilities finance agency, for which the  
39 commissioner of taxation and finance and the comptroller shall deliver a  
40 certificate of deposit containing the conditions of such deposit, or  
41 (23) irrevocable letters of credit issued by a federal home loan bank.  
42 c. With the permission of the comptroller and commissioner of taxation  
43 and finance execute and file with the commissioner of taxation and  
44 finance an undertaking to the effect that such bank, trust company [or],  
45 industrial bank OR CREDIT UNION will safely keep and promptly pay over  
46 all such deposits on legal demand therefor with interest, if any, and as  
47 collateral to such undertaking deposit with the comptroller a certified  
48 check or checks drawn on and certified by the federal reserve bank with-  
49 in the state payable to his order in such amount or amounts as shall be  
50 agreed upon by the comptroller and the depository.  
51 S 5. This act shall take effect immediately.