

2015-2016 Regular Sessions

I N A S S E M B L Y

January 7, 2015

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.

LBD00760-01-5

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] (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.