

STATE OF NEW YORK

2420--A

Cal. No. 531

2017-2018 Regular Sessions

IN SENATE

January 13, 2017

Introduced by Sens. GRIFFO, RITCHIE -- read twice and ordered printed, and when printed to be committed to the Committee on Banks -- reported favorably from said committee, ordered to first and second report, ordered to a third reading, amended and ordered reprinted, retaining its place in the order of third reading

AN ACT to amend the banking law, in relation to deposits of state and municipal funding in banking institutions; and to amend the general municipal law, in relation to eligible securities

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. The banking law is amended by adding a new section 12-b to read as follows:

§ 12-b. State and municipal funds deposited in state chartered banking institutions. Notwithstanding any provision of the state finance law, the local finance law or this chapter to the contrary, a state chartered banking institution which holds state funds or the funds of any political subdivision thereof may accept and pledge investment grade corporate bonds, to the extent authorized by the federal reserve bank, as collateral for any discount window borrowing of such funds. Furthermore municipal bonds having five or more years of maturity may be pledged to secure such deposits.

§ 2. Subparagraph (viii) of paragraph f of subdivision 1 of section 10 of the general municipal law, as amended by chapter 623 of the laws of 1998, is amended to read as follows:

(viii) Obligations of domestic corporations [~~rated in one of the two highest rating categories by at least one nationally recognized statistical rating organization~~] that meet the nationally recognized statistical rating organization of "investment grade" at a minimum. If a security has more than one credit rating assigned, the most conservative (lowest) rating will be utilized.

§ 3. This act shall take effect on the first of January next succeeding the date on which it shall have become a law.

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

LBD01882-02-7