

STATE OF NEW YORK

9587

IN ASSEMBLY

March 22, 2024

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

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

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 § 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 federally-
17 chartered credit union as defined by the Federal Credit Union Act,
18 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.

21 k. "Savings and loan association" shall mean a savings and loan asso-
22 ciation as defined by subdivision eight of section two of the banking
23 law or any federal savings and loan association.

24 § 3. Subdivisions 2 and 4 of section 10 of the general municipal law,
25 as amended by chapter 623 of the laws of 1998, paragraph a of subdivi-
26 sion 2 as amended by chapter 128 of the laws of 2012 and paragraph c of
27 subdivision 2 and paragraph (e) of subdivision 4 as further amended by

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

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1 section 104 of part A of chapter 62 of the laws of 2011, are amended to
2 read as follows:

3 2. a. (i) The governing board of every local government shall design-
4 nate one or more banks, savings banks, savings and loan associations,
5 credit unions or trust companies for the deposit of public funds, the
6 disposition of which is not otherwise provided for by law, received by
7 the chief fiscal officer or any other officer authorized by law to make
8 deposits. Such designation shall be by resolution of the governing board
9 or, in the case of a city, such other body as may be authorized or
10 required by law to designate depositories. Such resolution shall specify
11 the maximum amount which may be kept on deposit at any time in each such
12 bank, savings bank, savings and loan association, credit union or trust
13 company. Such designations and amounts may be changed at any time by
14 further resolution.

15 (ii) The governing board of a local government that has designated one
16 or more banks, savings banks, savings and loan associations, credit
17 unions or trust companies for the deposit of public funds pursuant to
18 subparagraph (i) of this paragraph may, in its discretion, authorize the
19 designated bank, savings bank, savings and loan associations, credit
20 unions or trust ~~company~~ companies to arrange for the redeposit of the
21 local government's funds in one or more banking institutions, as defined
22 in section nine-r of the banking law, for the account of the local
23 government, through a deposit placement program that meets all of the
24 following conditions:

25 (A) On or after the date that the local government's funds are
26 received, the designated bank, savings bank, savings and loan associ-
27 ation, credit union or trust company: (I) arranges for the redeposit of
28 such funds into deposit accounts in one or more banking institutions and
29 (II) serves as custodian for the local government with respect to the
30 funds redeposited into such accounts.

31 (B) Local government funds deposited in a designated bank, savings
32 bank, savings and loan association, credit union or trust company in
33 accordance with this subparagraph and held in the designated bank,
34 savings bank, savings and loan association, credit union or trust compa-
35 ny in excess of the amount insured by the federal deposit insurance
36 corporation or the National Credit Union share insurance fund, pending
37 redeposit of the funds pursuant to this subparagraph shall be secured in
38 accordance with subdivision three of this section.

39 (C) The full amount of local government funds redeposited by the
40 designated bank, savings bank, savings and loan association, credit
41 union or trust company into deposit accounts in banking institutions
42 pursuant to this subparagraph (plus accrued interest, if any) shall be
43 insured by the federal deposit insurance corporation or the National
44 Credit Union share insurance fund.

45 (D) At the same time that the money of the local government is rede-
46 posited pursuant to this subparagraph, the selected depository receives
47 an amount of deposits from customers of other financial institutions
48 pursuant to the deposit placement program that are at least equal to the
49 amount of the local government's funds redeposited by the designated
50 bank, savings bank, savings and loan association, credit union or trust
51 company. The governing board of every local government shall forward a
52 copy of such resolution to the office of the state comptroller who shall
53 retain such copy until such resolution is amended or dissolved. A copy
54 of such resolution shall be retained by the state comptroller for record
55 keeping purposes only.

1 b. Except as otherwise provided by law, all deposits shall be made to
2 the credit of the local government. The deposit of public funds pursu-
3 ant to this subdivision shall release the officer making the deposit and
4 his or her surety from any liability for loss of such public funds by
5 reason of the default or insolvency of any such bank, savings bank,
6 savings and loan association, credit union or trust company.

7 c. The governing board of a local government, in which a banking
8 development district has been designated by the superintendent of finan-
9 cial services pursuant to section ninety-six-d of the banking law, may
10 designate a bank, savings bank, savings and loan association, credit
11 union, trust company or national bank located in such district for the
12 deposit of public funds, the disposition of which is not otherwise
13 provided for by law, received by the chief fiscal officer or other offi-
14 cer authorized by law to make such deposits. Such designation shall be
15 by resolution of the governing board or, in the case of a city, such
16 other body as may be authorized or required by law to designate deposi-
17 tories. Such resolution shall specify the maximum amount which may be
18 kept on deposit at any time with such bank, savings bank, savings and
19 loan association, credit union, trust company or national bank located
20 in such district. Subject to an agreement between such governing board
21 and such banking institution, public funds deposited in such banking
22 institution may earn a fixed interest rate which is at or below such
23 banking institution's posted two year certificate of deposit rate. In
24 those instances where there is such an agreement, its terms and condi-
25 tions shall also be specified in the resolution. Any such designation,
26 amount, or agreement provisions may be changed at any time by further
27 resolution.

28 4. (a) Notwithstanding any other provision of law to the contrary, the
29 chief fiscal officer, or other officer authorized by law to make depos-
30 its, may, subject to the approval of the governing body of a local
31 government, by resolution, enter into a contract with a courier service
32 for the purpose of causing the deposit of public funds with a bank,
33 savings bank, savings and loan association, credit union or trust compa-
34 ny as provided in this section.

35 (b) The entrusting of public funds for deposit pursuant to paragraph
36 (a) of this subdivision shall release the officer entrusting the public
37 funds to the courier service and his or her surety from any liability
38 for loss of such public funds by the courier service in the process of
39 delivering such public funds to the designated bank, savings bank,
40 savings and loan association, credit union or trust company.

41 (c) The local government authorizing the deposit of public funds by a
42 courier service pursuant to paragraph (a) of this subdivision shall
43 require the courier service to obtain a surety bond for the full amount
44 entrusted to the courier, payable to the local government and executed
45 by an insurance company authorized to do business in this state, the
46 claims paying ability of which is rated in the highest rating category
47 by at least two nationally recognized statistical rating organizations,
48 to insure against any loss of public funds entrusted to the courier
49 service for deposit or failure to deposit the full amount entrusted to
50 the courier.

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

55 (e) A bank, savings bank, savings and loan association, credit union
56 or trust company may, from time to time and as agreed upon with a local

1 government, reimburse all or part of, but not more than, the actual cost
2 incurred by the local government in transporting cash, negotiable
3 instruments or other items for deposit through a courier service. Any
4 such reimbursement agreement shall apply only to a specified deposit
5 transaction, and may be subject to such terms, conditions and limita-
6 tions as the bank, savings bank, savings and loan association, credit
7 union or trust company deems necessary to ensure sound banking prac-
8 tices, including, but not limited to, any terms, conditions or limita-
9 tions that may be required by the department of financial services or
10 other federal or state authority.

11 § 4. Subdivision 2 of section 11 of the general municipal law, as
12 amended by chapter 128 of the laws of 2012, is amended to read as
13 follows:

14 2. a. The governing board of any local government or, if the governing
15 board so delegates, the chief fiscal officer or other officer having
16 custody of the moneys may temporarily invest moneys not required for
17 immediate expenditure, except moneys the investment of which is other-
18 wise provided for by law, either: (1) in special time interest-bearing
19 deposit accounts in, or certificates of deposit issued by, a bank,
20 savings bank, savings and loan association, or share certificates issued
21 by a credit union or trust company located and authorized to do business
22 in this state; or (2) in accordance with all of the following condi-
23 tions:

24 (i) the moneys are invested through a bank, savings bank, savings and
25 loan association, credit union or trust company located and authorized
26 to do business in this state;

27 (ii) the bank, savings bank, savings and loan association, credit
28 union or trust company arranges for the deposit of the moneys in certif-
29 icates of deposit or share certificates in one or more banking insti-
30 tutions, as defined in section nine-r of the banking law, for the
31 account of the local government;

32 (iii) the full amount of principal and accrued interest of each such
33 certificate of deposit or share certificate must be insured by the
34 federal deposit insurance corporation or the National Credit Union share
35 insurance fund;

36 (iv) the bank, savings bank, savings and loan association, credit
37 union or trust company acts as custodian for the local government with
38 respect to such certificates of deposit issued for the local govern-
39 ment's account; and

40 (v) at the same time that the local government's moneys are deposited
41 and the certificates of deposit or share certificates are issued for the
42 account of the local government, the bank, savings bank, savings and
43 loan association, credit union or trust company receives an amount of
44 deposits from customers of other financial institutions equal to or
45 greater than the amount of the moneys invested by the local government
46 through the bank, savings bank, savings and loan association, credit
47 union or trust company.

48 b. For any investment made pursuant to paragraph a of this subdivi-
49 sion, such time deposit account or certificate of deposit or share
50 certificates shall be payable within such time as the proceeds shall be
51 needed to meet expenditures for which such moneys were obtained and
52 provided further that such time deposit account or certificate of depos-
53 it or share certificates be secured in the same manner as is provided
54 for securing deposits of public funds by subdivision three of section
55 ten of this article.

1 § 5. The banking law is amended by adding a new section 454-a to read
2 as follows:

3 § 454-a. Deposits of public money with credit unions; security. A
4 credit union accepting deposits of public money is subject to the limi-
5 tations provided in section ten of the general municipal law and shall
6 pledge assets or furnish other security satisfactory in form and amount
7 to the depositor, for the repayment of monies held in the name of such
8 depositor, when required to be secured by applicable law, decree, or
9 regulation.

10 § 6. This act shall take effect on the ninetieth day after it shall
11 have become a law.