

1 State of Arkansas
2 91st General Assembly
3 Regular Session, 2017
4

A Bill

HOUSE BILL 1448

5 By: Representative M. Gray
6

For An Act To Be Entitled

8 AN ACT TO INCLUDE FINANCIAL INSTITUTIONS INSURED BY
9 THE NATIONAL CREDIT UNION ADMINISTRATION AS
10 INSTITUTIONS ALLOWED TO SERVE AS DEPOSITORIES OF
11 PUBLIC FUNDS; TO PROVIDE PARITY FOR FINANCIAL
12 INSTITUTIONS INSURED BY THE NATIONAL CREDIT UNION
13 ADMINISTRATION WITH SIMILAR FINANCIAL INSTITUTIONS
14 INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION;
15 AND FOR OTHER PURPOSES.
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Subtitle

18 TO INCLUDE FINANCIAL INSTITUTIONS INSURED
19 BY THE NATIONAL CREDIT UNION
20 ADMINISTRATION AS INSTITUTIONS ALLOWED TO
21 SERVE AS DEPOSITORIES OF PUBLIC FUNDS.
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25 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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27 SECTION 1. Arkansas Code § 19-3-502(1), concerning the definitions to
28 be used under the State Treasury Management Law, is amended to read as
29 follows:

30 (1) "Bank" means:

31 (A) A state bank, a national bank, a credit union, or an
32 out-of-state state-chartered bank that has received a certificate of
33 authority under § 23-48-1001; and

34 (B) A foreign bank organized under the laws of a territory
35 of the United States, Puerto Rico, Guam, American Samoa, or the United States
36 Virgin Islands if the deposits of the foreign bank are insured by the Federal



1 Deposit Insurance Corporation;

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 3 SECTION 2. Arkansas Code § 19-3-502, concerning the definitions to be
 4 used under the State Treasury Management Law, is amended to add an additional
 5 subdivision to read as follows:

6 (19) "Credit union" means a nonprofit, member-owned financial
 7 cooperative carrying on the business of a credit union under a charter issued
 8 by this state or the National Credit Union Administration.

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 10 SECTION 3. Arkansas Code § 19-3-519(b)(2), concerning institutions
 11 that may participate in the State Treasury Certificate of Deposit Investment
 12 Program, is amended to read as follows:

13 (2)(A) Banks chartered in the State of Arkansas.

14 (B) However, a credit union shall also be insured by the
 15 National Credit Union Administration and either:

16 (i) Have its principal office in this state; or

17 (ii) Be legally operating a branch in this state;

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 19 SECTION 4. Arkansas Code § 19-3-519(h)(2), concerning the State
 20 Treasury Certificate of Deposit Investment Program, is amended to read as
 21 follows:

22 (2) The rates shall not exceed the maximum rate, if any, that
 23 banks are permitted to pay on time certificates of deposit for the same
 24 period of time by regulations of the Federal Reserve System, ~~or~~ the Federal
 25 Deposit Insurance Corporation, or the National Credit Union Administration.

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 27 SECTION 5. Arkansas Code § 19-8-101(a), concerning the definitions to
 28 be used with respect to depositories for public funds, is amended to read as
 29 follows:

30 (a) "Bank" or "banking institution" means any state bank, national
 31 bank, savings bank, savings association, thrift, or other financial
 32 institution authorized to do business and having a main office or branch
 33 office in this state, ~~which~~ that is insured by the Federal Deposit Insurance
 34 Corporation or the National Credit Union Administration.

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 36 SECTION 6. Arkansas Code § 19-8-105(a), concerning the annual list of

1 eligible banks with respect to depositories for public funds, is amended to
2 read as follows:

3 (a)(1) Annually, on December 1, the Bank Commissioner shall furnish to
4 the governing board of each city, or town officer, and the county board of
5 each county, and also any officer of any improvement district or any other
6 political subdivision, having the supervision of public funds or funds
7 belonging to the state or any political subdivision a list of all the banks
8 or banking institutions doing business in this state ~~which that~~ are members
9 of the Federal Deposit Insurance Corporation or the National Credit Union
10 Administration.

11 (2)(A) The commissioner shall recommend the maximum amount of
12 deposit of public funds each bank ~~shall be~~ is allowed to receive. ~~None of~~
13 ~~these~~

14 (B) These public funds shall not be deposited into any
15 bank other than those contained in the list.

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17 SECTION 7. Arkansas Code § 19-8-107(c)(3), concerning depository
18 agreements with respect to depositories for public funds, is amended to read
19 as follows:

20 (3) Depository boards and banks or banking institutions giving
21 or holding collateral for deposits of public funds shall comply with federal
22 laws and regulations so that the governmental entity or political subdivision
23 depositing public funds holds a valid claim in deposits and collateral given
24 for those deposits against, and prevent avoidance of such a claim by, the
25 Federal Deposit Insurance Corporation or its successor, the National Credit
26 Union Administration or its successor, or any similar deposit insurance
27 agency acting as receiver, conservator, or in any other capacity.

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29 SECTION 8. Arkansas Code § 19-8-111(a)(2), concerning additional
30 authority for investment of public funds by depositories for public funds, is
31 amended to read as follows:

32 (2) Each deposit is insured by the Federal Deposit Insurance
33 Corporation or the National Credit Union Administration for one hundred
34 percent (100%) of the principal and accrued interest of the deposit;

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36 SECTION 9. DO NOT CODIFY. The State Board of Finance shall revise its

1 rules to be consistent with this act by stating that credit unions insured by
2 the National Credit Union Administration have the same rights and
3 responsibilities as banks and other financial institutions insured by the
4 Federal Deposit Insurance Corporation under the State Treasury Management Law
5 and the other provisions included in this act.

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