

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

# A Bill

HOUSE BILL 1448

5  
6 By: Representative M. Gray

7 Filed with: House Committee on Insurance and Commerce  
8 pursuant to A.C.A. §10-3-217.

## 9 For An Act To Be Entitled

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

## 18 19 20 Subtitle

21 TO INCLUDE FINANCIAL INSTITUTIONS INSURED  
22 BY THE NATIONAL CREDIT UNION  
23 ADMINISTRATION AS INSTITUTIONS ALLOWED TO  
24 SERVE AS DEPOSITORIES OF PUBLIC FUNDS.

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27 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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29 SECTION 1. Arkansas Code § 19-3-502(1), concerning the definitions to  
30 be used under the State Treasury Management Law, is amended to read as  
31 follows:

32 (1) "Bank" means:

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

1 (B) A foreign bank organized under the laws of a territory  
2 of the United States, Puerto Rico, Guam, American Samoa, or the United States  
3 Virgin Islands if the deposits of the foreign bank are insured by the Federal  
4 Deposit Insurance Corporation;

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

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

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

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

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

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

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

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

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

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

33 (a) "Bank" or "banking institution" means any state bank, national  
34 bank, savings bank, savings association, thrift, or other financial  
35 institution authorized to do business and having a main office or branch

1 office in this state, ~~which~~ that is insured by the Federal Deposit Insurance  
2 Corporation or the National Credit Union Administration.

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4 SECTION 6. Arkansas Code § 19-8-105(a), concerning the annual list of  
5 eligible banks with respect to depositories for public funds, is amended to  
6 read as follows:

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

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

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

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

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

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

1           (2) Each deposit is insured by the Federal Deposit Insurance  
2 Corporation or the National Credit Union Administration for one hundred  
3 percent (100%) of the principal and accrued interest of the deposit;  
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5           SECTION 9. DO NOT CODIFY. The State Board of Finance shall revise its  
6 rules to be consistent with this act by stating that credit unions insured by  
7 the National Credit Union Administration have the same rights and  
8 responsibilities as banks and other financial institutions insured by the  
9 Federal Deposit Insurance Corporation under the State Treasury Management Law  
10 and the other provisions included in this act.

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13 Referred by the Arkansas House of Representatives

14 Prepared by: VJF  
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