

1 State of Arkansas
2 92nd General Assembly
3 Regular Session, 2019
4

A Bill

SENATE BILL 257

5 By: Senator K. Hammer
6 By: Representative Brown
7

For An Act To Be Entitled

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

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

31 (1) "Bank" means:

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

35 (B) A foreign bank organized under the laws of a territory
36 of the United States, Puerto Rico, Guam, American Samoa, or the United States



1 Virgin Islands if the deposits of the foreign bank are insured by the Federal
2 Deposit Insurance Corporation;

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4 SECTION 2. Arkansas Code § 19-3-502(2), concerning the definition of
5 "bank depository" used under the State Treasury Management Law, is amended to
6 read as follows:

7 (2) "Bank depository" means a bank, credit union, or savings and
8 loan association that accepts a deposit of funds from the State Treasury;

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10 SECTION 3. Arkansas Code § 19-3-502(5), concerning the definition of
11 "Certificate of Deposit Account" used under the State Treasury Management
12 Law, is amended to read as follows:

13 (5) "Certificate of Deposit Account" means the asset account in
14 the State Treasury consisting of all, but only, certificates of deposit and
15 share certificates acquired by the Treasurer of State through the State
16 Treasury Certificate of Deposit Investment Program;

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

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

24
25 SECTION 5. Arkansas Code § 19-3-510(c), concerning types of accounts
26 for deposits, is amended to read as follows:

27 (c) The demand deposit account, share account, or share draft account
28 in a bank depository or an investment depository shall consist of:

- 29 (1) All federal funds, as described in § 19-7-101 et seq.;
- 30 (2) Trust funds to the extent that the trust funds are not
31 invested in securities and certificates of deposit; and
- 32 (3) State funds to the extent that the state funds are not
33 invested in securities.

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35 SECTION 6. Arkansas Code § 19-3-519(b), concerning institutions that
36 may participate in the State Treasury Certificate of Deposit Investment

1 Program, is amended to read as follows:

2 (b) The following institutions may participate in the program:

3 (1) ~~National banks~~ A national bank that ~~have their~~ has its
4 principal ~~offices~~ office in Arkansas or ~~are~~ is legally operating branches in
5 Arkansas;

6 (2) ~~Banks~~ A bank chartered in the State of Arkansas;

7 (3) ~~Banks~~ A bank chartered by ~~other states~~ another state that
8 ~~are~~ is legally operating branches in Arkansas;

9 (4) ~~Savings and loan associations or savings banks~~ A savings and
10 loan association or savings bank chartered by the United States that ~~have~~
11 ~~their~~ has its principal ~~offices~~ office in Arkansas or ~~are~~ is legally
12 operating branches in Arkansas; ~~and~~

13 (5) ~~Savings and loan associations~~ A savings and loan association
14 chartered by the State of Arkansas; and

15 (6) A credit union federally insured by the National Credit
16 Union Administration that:

17 (A) Has its principal office in this state; or

18 (B) Is legally operating a branch in this state.

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20 SECTION 7. Arkansas Code § 19-3-519(h)(2), concerning the rates paid
21 by institutions participating in the State Treasury Certificate of Deposit
22 Investment Program, is amended to read as follows:

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

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28 SECTION 8. Arkansas Code § 19-8-101 is amended to read as follows:
29 19-8-101. Definitions.

30 As used in this subchapter:

31 ~~(a)(1)~~ (1) "Bank" or "banking institution" means ~~any~~ a state bank,
32 national bank, savings bank, savings association, thrift, credit union, or
33 other financial institution authorized to do business and having a main
34 office or branch office in this state, ~~which~~ that is insured by the Federal
35 Deposit Insurance Corporation, or the National Credit Union Administration;
36 and

1 amended to read as follows:

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

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6 SECTION 12. DO NOT CODIFY. (a) The State Board of Finance shall
7 revise its rules to be consistent with this act by stating that credit unions
8 insured by the National Credit Union Administration have the same rights and
9 responsibilities as banks and other financial institutions insured by the
10 Federal Deposit Insurance Corporation under the State Treasury Management
11 Law, § 19-3-501 et seq., and the other provisions included in this act.

12 (b)(1) When adopting the initial rules to implement subsection (a) of
13 this section, the final rule shall be filed with the Secretary of State for
14 adoption under § 25-15-204(f):

15 (A) On or before January 1, 2020; or

16 (B) If approval under § 10-3-309 has not occurred by
17 January 1, 2020, as soon as practicable after approval under § 10-3-309.

18 (2) The State Board of Finance shall file the proposed rule with
19 the Legislative Council under § 10-3-309(c) sufficiently in advance of
20 January 1, 2020, so that the Legislative Council may consider the rule for
21 approval before January 1, 2020.

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