

State of Arkansas  
91st General Assembly  
Regular Session, 2017

# A Bill

HOUSE BILL 1448

By: Representative M. Gray

## For An Act To Be Entitled

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

## Subtitle

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

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

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

(1) "Bank" means:

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

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



Deposit Insurance Corporation;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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