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SENATE BILL NO. 675

Offered January 14, 2008

A BILL to amend and reenact §§ 2.2-1813, 2.2-1814, 2.2-1816, 2.2-1818, and 2.2-4401 of the Code of Virginia, relating to credit unions as public depositories.

Patron—Newman

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That §§ 2.2-1813, 2.2-1814, 2.2-1816, 2.2-1818, and 2.2-4401 of the Code of Virginia are amended and reenacted as follows:

§ 2.2-1813. Deposits in banks and savings institutions designated as state depositories.

Moneys to be paid into the state treasury shall be deposited in the banks ~~and~~, savings institutions, and credit unions designated as state depositories by the State Treasurer.

§ 2.2-1814. Amount and time limit of deposits.

The State Treasurer may arrange for and make state deposits in such amounts and for such time as in his judgment the condition of the state treasury permits; however, no state deposit shall be made for a period in excess of five years. The money deposited in a bank ~~or~~, savings institution, or credit union in excess of the amount insured by the Federal Deposit Insurance Corporation or other federal insurance agency shall be fully collateralized by eligible collateral as defined in § 2.2-4401.

§ 2.2-1816. How public moneys transferred to depositories.

All transfers of public moneys from one depository to another for any purpose shall be made by electronic funds transfer at the direction of the State Treasurer or his duly authorized deputies who shall order the transferor bank, savings institution, or credit union to make payment to the transferee bank, savings institution, or credit union for deposit to the credit of the State Treasurer.

§ 2.2-1818. Responsibility of Commonwealth for securities deposited with Commonwealth Transportation Board.

The Commonwealth shall be responsible for the safekeeping of all bonds or other securities deposited with the Commonwealth Transportation Commissioner or the Commonwealth Transportation Board as surety on account of funds deposited in banks, savings institutions, or credit unions by division engineers of the Department of Transportation. If such bonds or securities or any of them are lost, destroyed or misappropriated, the Commonwealth shall make good such loss to the bank, savings institution, or credit union making the deposit of its bonds or other securities.

Upon the closing of accounts of district engineers with banks, its bonds and other securities then on deposit shall be returned to the bank, savings institution, or credit union.

§ 2.2-4401. Definitions.

As used in this chapter, unless the context requires a different meaning:

"Public deposit" means moneys of the Commonwealth or of any county, city, town or other political subdivision thereof, including moneys of any commission, institution, committee, board or officer of the foregoing and any state, circuit, county or municipal court, which moneys are deposited in any qualified public depository in any of the following types of accounts: nonnegotiable or registered time deposits, demand deposits, savings deposits, and any other transaction accounts, and security for such deposit is required by other provisions of law, or is required due to an election of the public depositor.

"Qualified public depository" means any national banking association, federal savings and loan association ~~or~~, federal savings bank, or federal credit union located in Virginia and any bank, trust company ~~or~~, savings institution, or credit union organized under Virginia law that receives or holds public deposits that are secured pursuant to this chapter.

"Default or insolvency" includes, but shall not be limited to, the failure or refusal of any qualified public depository to return any public deposit upon demand or at maturity and the issuance of an order of supervisory authority restraining such depository from making payments of deposit liabilities or the appointment of a receiver for such depository.

"Treasury Board" means the Treasury Board of the Commonwealth created by § 2.2-2415.

"Eligible collateral" means securities of the character authorized as legal investments under the laws of the Commonwealth for public sinking funds or other public funds and securities acceptable under United States Treasury Department regulations as collateral for the security of treasury tax and loan accounts.

"Required collateral" of a qualified public depository means, (i) in the case of a bank, a sum equal to ~~fifty~~ 50 percent of the actual public deposits held at the close of business on the last banking day in the

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59 month immediately preceding the date of any computation of such balance, or the average balance of all
60 public deposits for such preceding month, whichever is greater, and (ii) in the case of a savings and
61 loan association ~~or~~, savings bank *or credit union*, a sum equal to 100 percent of the average daily
62 balance for the month immediately preceding the date of any computation of such balance of all public
63 deposits held by such depository but shall not be less than 100 percent of the public deposits held by
64 such depository at the close of business on the last banking day in such preceding month.
65 "Treasurer" and "public depositor" means the State Treasurer, a county, city, or town treasurer or
66 director of finance or similar officer and the custodian of any other public deposits secured pursuant to
67 this chapter.