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HOUSE BILL NO. 871

Offered January 13, 2016

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A *BILL to amend and reenact §§ 2.2-1803, 2.2-1813, 2.2-1814, 2.2-4401, 6.2-1302, and 58.1-3149 of the Code of Virginia, relating to Virginia Security for Public Deposits Act; State Treasurer; qualified public depository; credit unions.*

Patron—Habeeb

Referred to Committee on Commerce and Labor

Be it enacted by the General Assembly of Virginia:

1. That §§ 2.2-1803, 2.2-1813, 2.2-1814, and 2.2-4401 of the Code of Virginia are amended and reenacted as follows:

§ 2.2-1803. State Treasurer; regulation procedures for depositing money.

The State Treasurer may adopt regulations or other directives establishing procedures for depositing moneys in ~~depository banks~~ *state depositories* and for reporting the deposits. The regulations may address, by way of explanation and not limitation: (i) the form of the required reports; (ii) the frequency of reports and deposits; (iii) the disposition of checks; and (iv) the establishment of ~~banking depository~~ relationships. All agencies and entities depositing moneys to the credit of the Treasurer of Virginia, including judicial and legislative service agencies, clerks of court, local treasurers or other officials performing similar duties, and political subdivisions, shall comply with the State Treasurer's regulations or other directives.

§ 2.2-1813. Deposits in banks, savings institutions, or credit unions designated as state depositories.

Moneys to be paid into the state treasury shall be deposited in the banks ~~and~~, savings institutions, *or 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, *National Credit Union Share Insurance Fund*, or other federal insurance agency shall be fully collateralized by eligible collateral as defined in § 2.2-4401.

§ 2.2-4401. Definitions.

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

"Dedicated method" or "opt-out method" means the securing of public deposits without accepting the contingent liability for the losses of public deposits of other qualified public depositories, pursuant to § 2.2-4404 and regulations and guidelines promulgated by the Treasury Board.

"Defaulting depository" means any qualified public depository determined to be in default or insolvent.

"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.

"Eligible collateral" means securities or instruments authorized as legal investments under the laws of the Commonwealth for public sinking funds or other public funds as well as Federal Home Loan Bank letters of credit issued in accordance with guidelines promulgated by the Treasury Board.

"Located in Virginia" means having a main office or branch office in the Commonwealth where deposits are accepted, checks are paid, and money is lent.

"Pooled method" means securing public deposits by accepting the contingent liability for the losses of public deposits of other qualified public depositories choosing this method, pursuant to § 2.2-4403 and regulations and guidelines promulgated by the Treasury Board.

"Public deposit" means moneys held by a public depositor who is charged with the duty to receive or administer such moneys and is acting in an official capacity, such moneys being deposited in any of the following types of accounts: nonnegotiable time deposits, demand deposits, savings deposits, or any other transaction accounts.

"Public depositor" means the Commonwealth or any county, city, town or other political subdivision thereof, including any commission, institution, committee, board, or officer of the foregoing, and any

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59 state court.

60 "Qualified escrow agent" means the State Treasurer or any bank or trust company approved by the
61 Treasury Board to hold collateral pledged to secure public deposits.

62 "Qualified public depository" means any national banking association, federal savings and loan
63 association ~~or~~, federal savings bank, *or credit union* located in Virginia, any bank, trust company ~~or~~,
64 savings institution, *or credit union* organized under Virginia law, or any state bank ~~or~~, savings
65 institution, *or credit union* organized under the laws of another state located in Virginia authorized by
66 the Treasury Board to hold public deposits according to this chapter.

67 "Required collateral" of a qualified public depository means the amount of eligible collateral required
68 to secure public deposits set by regulations or an action of the Treasury Board.

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

70 **§ 6.2-1302. Powers.**

71 In addition to the powers specified or implied elsewhere in this chapter or in the laws of the
72 Commonwealth, a credit union shall have the power to:

73 1. Enter into contracts;

74 2. Sue and be sued;

75 3. Adopt, use, and display a corporate seal;

76 4. Receive savings from and make loans and extend lines of credit to its members;

77 5. Individually or jointly with other credit unions acquire, lease as lessor or lessee, hold, assign,
78 pledge, exchange, repair, mortgage, hypothecate, sell, discount, or otherwise dispose of property or
79 assets, either in whole or in part, as necessary or incidental to its operations, including any property or
80 assets obtained as a result of defaults under obligations owing to it;

81 6. Borrow from any source, provided that (i) a credit union shall notify and obtain prior approval of
82 the Commissioner if the total borrowings will exceed 50 percent of the credit union's outstanding shares
83 and (ii) in no event shall the borrowings exceed 90 percent of the credit union's outstanding shares;

84 7. Sell all or substantially all of its assets or purchase all or substantially all of the assets of another
85 credit union, subject to the approval of the Commission;

86 8. Offer related financial services, including electronic fund transfers, share draft accounts, safe
87 deposit boxes, leasing of tangible personal property to its members, and correspondent arrangements
88 with other financial institutions;

89 9. Hold membership in other credit unions organized under this chapter or other applicable law, and
90 in associations and organizations controlled by or fostering the interest of credit unions, including a
91 central liquidity facility organized under state or federal law;

92 10. Contract with any licensed insurance company or society to insure the lives of its members to the
93 extent of their loans and share accounts, in whole or in part, and to pay all or a portion of the premium
94 therefor;

95 11. Engage in activities or programs as requested by any governmental authority, subject to the
96 approval of the Commissioner;

97 12. Invest its funds, operate a business, manage or deal in property when such actions are reasonably
98 necessary to avoid loss on a loan or investment previously made or an obligation previously created in
99 good faith. Such property or business shall not be held or operated by the credit union for a period
100 longer than is reasonably required to protect the interest of the credit union, unless specifically
101 authorized by the Commissioner;

102 13. Make contributions to any nonprofit civic, charitable, or service organizations;

103 14. Make loans to its members and to other credit unions; ~~and~~

104 15. *Hold public deposits; and*

105 16. Undertake such other activities relating to the purposes of the credit union as its charter or
106 bylaws may authorize, provided such activities are not inconsistent with this chapter.

107 **§ 58.1-3149. Money received to be deposited.**

108 All money received by a treasurer for the account of either the Commonwealth or the treasurer's
109 county or city shall be deposited intact by the treasurer as promptly as practical after its receipt in a
110 bank ~~or~~, savings institution, *or credit union* authorized to act as depository therefor. All deposits made
111 pursuant to this provision shall be made in the name of the treasurer's county or city. The treasurer may
112 designate any bank ~~or~~, savings and loan association, *or credit union* authorized to act as a depository to
113 receive any payments due to the county or city directly, either through a processing facility or through a
114 branch office.