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HOUSE BILL NO. 386

Offered January 16, 1996

A BILL to amend and reenact §§ 2.1-211, 58.1-3150, and 58.1-3158 of the Code of Virginia and to repeal §§ 2.1-212 through 2.1-218, 2.1-221, and 2.1-222 of the Code of Virginia, relating to the Virginia Security for Public Deposits Act.

Patron—Bloxom

Referred to Committee on Corporations, Insurance and Banking

Be it enacted by the General Assembly of Virginia:

1. That §§ 2.1-211, 58.1-3150, and 58.1-3158 of the Code of Virginia are amended and reenacted as follows:

§ 2.1-211. Security to be given by depositories holding state funds.

No money state funds shall be deposited in such any depository bank until it shall have secured some person other than the bank itself in its behalf to enter into a bond, approved and accepted by the Treasury Board, with condition faithfully to account for and pay over when and as required, in accordance with the terms of the deposit agreement, whatever amount may, at the time such bond is given, be on deposit in such bank to the credit of the Commonwealth, and such other sums as may thereafter be deposited in such bank on behalf of the Commonwealth, and for the faithful discharge by such bank of all duties and obligations pertaining to it as such depository; and with the further condition to pay the Commonwealth interest at the rate of not less than, (a) one per centum per annum on time deposits for thirty days or sixty days, (b) two per centum per annum on time deposits for ninety days, (c) two and one-half per centum per annum on time deposits for six months unless it is a "qualified public depository" as defined in § 2.1-360(b). For purposes of this article, "state funds" means public funds or moneys from any source, belonging to or for the use of the Commonwealth, or for the use of any state department, division, officer, board, commission, institution, or other agency or authority owned or controlled by the Commonwealth. All state funds shall be secured pursuant to the Virginia Security for Public Deposits Act (§ 2.1-359 et seq.).

The Treasury Board may, however, in its discretion from time to time, contract for higher rates of interest to be paid upon state deposits but in no case higher than the maximum rates of interest which may be paid by banks as prescribed by the board of governors of the Federal Reserve System under authority of an act of the Congress of the United States, approved August 23, 1935, known as the Banking Act of 1935, or amendments thereto. Should the board of governors of the Federal Reserve System at any time fix the maximum rates of interest at which member banks may pay interest on time deposits lower than the minimum rates at which interest shall be paid on state deposits herein prescribed, such maximum rates fixed by the board of governors of the Federal Reserve System shall become the minimum rates at which interest shall be paid on state deposits.

§ 58.1-3150. Duties of depository officers.

No treasurer or executive officer of any depository shall permit the amount of money on deposit with any depository at any time pursuant to the provisions of this article to exceed the amount of bond given or the value of the securities pledged and deposited to secure such money, plus the amount insured by the Federal Deposit Insurance Corporation any public deposit to remain in any depository which is not a "qualified public depository" as defined in § 2.1-360(b) and which is not secured pursuant to the Virginia Security for Public Deposits Act (§ 2.1-359 et seq.).

§ 58.1-3158. Duties of treasurers.

No money received by a treasurer shall permit any public deposit to be deposited with any depository until such depository has given bond with the same conditions as those required for bonds given by state depositories who elect to give bond to protect money deposited with them by the State Treasurer pursuant to the provisions of §§ 2.1-211 to 2.1-214 or until such depository has qualified under § 2.1-359 et seq unless it is a "qualified public depository" as defined in § 2.1-360(b). All such deposits shall be secured pursuant to the Virginia Security for Public Deposits Act (§ 2.1-359 et seq.).

2. That §§ 2.1-212 through 2.1-218, 2.1-221, and 2.1-222 of the Code of Virginia are repealed.

INTRODUCED

HB386