

Department of Planning and Budget 2020 Fiscal Impact Statement

1. Bill Number: HB435

House of Origin Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. Patron: Heretick

3. Committee: Committee on General Laws

4. Title: Virginia Security for Public Deposits Act; collateral for public deposits.

5. Summary: The current law requires depositories to collateralize public deposits on the day of the deposit. This bill specifies that required collateral of a qualified public depository must be deposited with a qualified escrow agent within two business days of accepting public deposits. The bill also prohibits a qualified public depository from accepting any public deposit that is required to be secured unless the collateral is deposited within two business days.

6. Budget Amendment Necessary: No

7. Fiscal Impact Estimates: Indeterminate

8. Fiscal Implications: The fiscal impact of this bill is indeterminate. According to the Department of the Treasury and Treasury Board, there will be no ongoing operating costs to the agency to administer the Security for Public Deposits Act program. However, there could be significant loss of public funds if a qualified public depository with insufficient pledged collateral fails and is taken over by the Federal Deposit Insurance Corporation (FDIC). The Department is unable to estimate the potential loss of funds. This would depend on the amount of uncollateralized public funds, which could range from thousands to millions of dollars depending on the bank that fails, and the amount of public funds deposited during the two day grace period.

9. Specific Agency or Political Subdivisions Affected: Department of the Treasury

10. Technical Amendment Necessary: No

11. Other Comments: None