1 2	22.4.5	A Bill			
3	•		SENATE BILL 257		
4	-		SENATE DILL 237		
5					
6	By: Representative Brown				
7	•				
8	For A	an Act To Be Entitled			
9	AN ACT TO INCLUDE F	INANCIAL INSTITUTIONS	INSURED BY		
10	THE NATIONAL CREDIT	UNION ADMINISTRATION	AS		
11	INSTITUTIONS ALLOWE	D TO SERVE AS DEPOSITO	RIES OF		
12	PUBLIC FUNDS; TO PRO	OVIDE PARITY FOR FINAN	CIAL		
13	INSTITUTIONS INSURE	D BY THE NATIONAL CRED	IT UNION		
14	ADMINISTRATION WITH	SIMILAR FINANCIAL INS	TITUTIONS		
15	INSURED BY THE FEDE	RAL DEPOSIT INSURANCE	CORPORATION;		
16	AND FOR OTHER PURPO	AND FOR OTHER PURPOSES.			
17					
18					
19		Subtitle			
20	TO INCLUDE FIN	ANCIAL INSTITUTIONS IN	SURED		
21	BY THE NATIONA	L CREDIT UNION			
22	ADMINISTRATION	AS INSTITUTIONS ALLOW	JED TO		
23	SERVE AS DEPOS	ITORIES OF PUBLIC FUND	OS.		
24					
25					
26	BE IT ENACTED BY THE GENERAL AS	SEMBLY OF THE STATE OF	ARKANSAS:		
27					
28	SECTION 1. Arkansas Code	§ 19-3-502(1), concern	ning the definition of		
29	"bank" under the State Treasury	Management Law, is am	ended to read as		
30	follows:				
31	(1) "Bank" means:				
32	(A) A state 1	bank, a national bank,	a credit union, or an		
33	out-of-state, state-chartered b	ank that has received	a certificate of		
34	authority under § 23-48-1001; as	nd			
35	(B) A foreign	n bank organized under	the laws of a territory		
36	of the United States, Puerto Ri	co, Guam, American Sam	oa, or the United States		

1	Virgin Islands if the deposits of the foreign bank are insured by the Federal
2	Deposit Insurance Corporation;
3	
4	SECTION 2. Arkansas Code § 19-3-502(2), concerning the definition of
5	"bank depository" used under the State Treasury Management Law, is amended to
6	read as follows:
7	(2) "Bank depository" means a bank, credit union, or savings and
8	loan association that accepts a deposit of funds from the State Treasury;
9	
10	SECTION 3. Arkansas Code § 19-3-502(5), concerning the definition of
11	"Certificate of Deposit Account" used under the State Treasury Management
12	Law, is amended to read as follows:
13	(5) "Certificate of Deposit Account" means the asset account in
14	the State Treasury consisting of all, but only, certificates of deposit <u>and</u>
15	share certificates acquired by the Treasurer of State through the State
16	Treasury Certificate of Deposit Investment Program;
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18	SECTION 4. Arkansas Code § 19-3-502, concerning the definitions to be
	SECTION 4. Arkansas Code § 19-3-502, concerning the definitions to be used under the State Treasury Management Law, is amended to add an additional
18	
18 19	used under the State Treasury Management Law, is amended to add an additional
18 19 20	used under the State Treasury Management Law, is amended to add an additional subdivision to read as follows:
18 19 20 21	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
18 19 20 21 22	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
18 19 20 21 22 23	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
18 19 20 21 22 23 24	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.
18 19 20 21 22 23 24 25	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 5. Arkansas Code § 19-3-510(c), concerning types of accounts
18 19 20 21 22 23 24 25 26	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 5. Arkansas Code § 19-3-510(c), concerning types of accounts for deposits, is amended to read as follows:
18 19 20 21 22 23 24 25 26 27	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 5. Arkansas Code § 19-3-510(c), concerning types of accounts for deposits, is amended to read as follows:  (c) The demand deposit account, share account, or share draft account
18 19 20 21 22 23 24 25 26 27 28	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 5. Arkansas Code § 19-3-510(c), concerning types of accounts for deposits, is amended to read as follows:  (c) The demand deposit account, share account, or share draft account in a bank depository or an investment depository shall consist of:
18 19 20 21 22 23 24 25 26 27 28 29	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 5. Arkansas Code § 19-3-510(c), concerning types of accounts for deposits, is amended to read as follows:  (c) The demand deposit account, share account, or share draft account in a bank depository or an investment depository shall consist of:  (1) All federal funds, as described in § 19-7-101 et seq.;
18 19 20 21 22 23 24 25 26 27 28 29	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 5. Arkansas Code § 19-3-510(c), concerning types of accounts for deposits, is amended to read as follows:  (c) The demand deposit account, share account, or share draft account in a bank depository or an investment depository shall consist of:  (1) All federal funds, as described in § 19-7-101 et seq.;  (2) Trust funds to the extent that the trust funds are not
18 19 20 21 22 23 24 25 26 27 28 29 30 31	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 5. Arkansas Code § 19-3-510(c), concerning types of accounts for deposits, is amended to read as follows:  (c) The demand deposit account, share account, or share draft account in a bank depository or an investment depository shall consist of:  (1) All federal funds, as described in § 19-7-101 et seq.;  (2) Trust funds to the extent that the trust funds are not invested in securities and certificates of deposit; and

may participate in the State Treasury Certificate of Deposit Investment

SECTION 6. Arkansas Code § 19-3-519(b), concerning institutions that

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1	Program, is amended to read as follows:		
2	(b) The following institutions may participate in the program:		
3	(1) National banks A national bank that have their has its		
4	principal $\frac{\text{offices}}{\text{office}}$ in Arkansas or $\frac{\text{are}}{\text{is}}$ legally operating branches in		
5	Arkansas;		
6	(2) Banks A bank chartered in the State of Arkansas;		
7	(3) Banks A bank chartered by other states another state that		
8	are is legally operating branches in Arkansas;		
9	(4) Savings and loan associations or savings banks A savings and		
10	loan association or savings bank chartered by the United States that have		
11	their has its principal offices office in Arkansas or are is legally		
12	operating branches in Arkansas; and		
13	(5) Savings and loan associations A savings and loan association		
14	chartered by the State of Arkansas; and		
15	(6) A credit union federally insured by the National Credit		
16	<u>Union Administration that:</u>		
17	(A) Has its principal office in this state; or		
18	(B) Is legally operating a branch in this state.		
19			
20	SECTION 7. Arkansas Code § 19-3-519(h)(2), concerning the rates paid		
21	by institutions participating in the State Treasury Certificate of Deposit		
22	Investment Program, is amended to read as follows:		
23	(2) The rates shall not exceed the maximum rate, if any, that		
24	banks are permitted to pay on time certificates of deposit for the same		
25	period of time by regulations of the Federal Reserve System, $rac{d}{dt}$ the Federal		
26	Deposit Insurance Corporation, or the National Credit Union Administration.		
27			
28	SECTION 8. Arkansas Code § 19-8-101 is amended to read as follows:		
29	19-8-101. Definitions.		
30	As used in this subchapter:		
31	$\frac{(a)(1)}{(a)}$ "Bank" or "banking institution" means $\frac{a}{a}$ state bank,		
32	national bank, savings bank, savings association, thrift, credit union, or		
33	other financial institution authorized to do business and having a main		
34	office or branch office in this state, which that is insured by the Federal		
35	Deposit Insurance Corporation- or the National Credit Union Administration;		
36	and		

1	(b)(2) "Public funds" or "funds" means any and all kinds of
2	funds handled by treasurers, collectors, commissioners, sheriffs, clerks, and
3	receivers appointed under § 14-62-104.
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5	SECTION 9. Arkansas Code § 19-8-105(a), concerning the annual list of
6	eligible banks with respect to depositories for public funds, is amended to
7	read as follows:
8	(a)(1) Annually, on December 1, the Bank Commissioner shall furnish to
9	the governing board of each city, or town officer, and the county board of
10	each county, and also any officer of any improvement district or any other
11	political subdivision, having the supervision of public funds or funds
12	belonging to the state or any political subdivision a list of all the banks
13	or banking institutions doing business in this state which that are members
14	of the Federal Deposit Insurance Corporation or the National Credit Union
15	Administration.
16	(2)(A) The commissioner shall recommend the maximum amount of
17	deposit of public funds each bank <u>or banking institution</u> <del>shall be</del> <u>is</u> allowed
18	to receive.
19	(B) None of these public Public funds shall not be
20	deposited into any bank or banking institution other than those contained in
21	the list required under subdivision (a)(1) of this section.
22	
23	SECTION 10. Arkansas Code § 19-8-107(c)(3), concerning depository
24	agreements with respect to depositories for public funds, is amended to read
25	as follows:
26	(3) Depository boards and banks or banking institutions giving
27	or holding collateral for deposits of public funds shall comply with federal
28	laws and regulations so that the governmental entity or political subdivision
29	depositing public funds holds a valid claim in deposits and collateral given
30	for those deposits against, and prevent avoidance of such a claim by, the
31	Federal Deposit Insurance Corporation or its successor, the National Credit
32	Union Administration or its successor, or any similar deposit insurance

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SECTION 11. Arkansas Code § 19-8-111(a)(2), concerning additional authority for investment of public funds by depositories for public funds, is

agency acting as receiver, conservator, or in any other capacity.

1	amended to read as follows:	
2	(2) Each deposit is insured by the Federal Deposit Insurance	
3	Corporation or the National Credit Union Administration for one hundred	
4	percent (100%) of the principal and accrued interest of the deposit;	
5		
6	SECTION 12. DO NOT CODIFY. (a) The State Board of Finance shall	
7	revise its rules to be consistent with this act by stating that credit unions	
8	insured by the National Credit Union Administration have the same rights and	
9	responsibilities as banks and other financial institutions insured by the	
10	Federal Deposit Insurance Corporation under the State Treasury Management	
11	Law, § 19-3-501 et seq., and the other provisions included in this act.	
12	(b)(l) When adopting the initial rules to implement subsection (a) of	
13	this section, the final rule shall be filed with the Secretary of State for	
14	adoption under § 25-15-204(f):	
15	(A) On or before January 1, 2020; or	
16	(B) If approval under § 10-3-309 has not occurred by	
17	January 1, 2020, as soon as practicable after approval under § 10-3-309.	
18	(2) The State Board of Finance shall file the proposed rule with	
19	the Legislative Council under § 10-3-309(c) sufficiently in advance of	
20	January 1, 2020, so that the Legislative Council may consider the rule for	
21	approval before January 1, 2020.	
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