

Senate Bill 398

By: Senator McKoon of the 29th

A BILL TO BE ENTITLED
AN ACT

1 To amend Chapter 60 of Title 36 and Code Section 45-8-14 of the Official Code of Georgia
2 Annotated, relating to general provisions relative to provisions applicable to counties and
3 municipal corporations and relating to depositories for county and school district moneys,
4 respectively, so as to provide for the establishment of banking improvement zones to
5 encourage opening of financial institutions in areas underserved by financial institutions; to
6 provide for definitions; to provide for application and standards of approval for a banking
7 improvement zone; to provide for the establishment of an agreement for the deposit of public
8 funds in financial institutions within a banking improvement zone; to provide for related
9 matters; to repeal conflicting laws; and for other purposes.

10 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

11 SECTION 1.

12 Chapter 60 of Title 36 of the Official Code of Georgia Annotated, relating to general
13 provisions relative to provisions applicable to counties and municipal corporations, is
14 amended by adding a new Code section to read as follows:

15 "36-60-27.

16 (a) As used in this Code section, the term:

17 (1) 'Department' means the Department of Community Affairs.

18 (2) 'Financial institution' means a bank, trust company, credit union, building and loan
19 association, or other organization held out to the public as a place of deposit of funds or
20 medium of savings or collective investment provided that such institution shall be in
21 compliance with the applicable requirements set forth in Title 7.

22 (3) 'Local government' means any county or municipality of this state.

23 (b) Upon submission of an application by a local government, the department may
24 designate a banking improvement zone within the jurisdiction of such local government for
25 the purpose of encouraging the establishment of a financial institution within an area which
26 is underserved by banking services through financial institutions. Application to establish
27 a banking improvement zone shall be made to the department in such form as it may

28 prescribe from time to time. The department shall exercise its discretion in its
 29 consideration of the application, but the department shall base the decision of approval
 30 upon the following factors:

31 (1) The location, number, and proximity of sites where banking services are available in
 32 the proposed banking improvement zone;

33 (2) Consumer needs for banking services in the proposed banking improvement zone;

34 (3) The economic viability and local credit needs of the local government in the
 35 proposed zone;

36 (4) The existing commercial development in the proposed zone; and

37 (5) The impact additional banking services would have on potential economic
 38 development in the proposed zone.

39 (c) Upon approval of a banking improvement zone, the governing body of a local
 40 government may, through ordinance or resolution, designate a financial institution within
 41 a banking improvement zone as the depository for local government funds provided that
 42 applicable standards for deposits of public funds set forth in Chapter 8 of Title 45 have
 43 been satisfied. Subject to agreement between the governing body of a local government
 44 and a financial institution, such ordinance or resolution shall designate a fixed interest rate
 45 that is at or below the posted two-year certificate of deposit rate at the financial institution."

46 **SECTION 2.**

47 Code Section 45-8-14 of the Official Code of Georgia Annotated, relating to depositories for
 48 county and school district moneys, is amended as follows:

49 "45-8-14.

50 ~~The~~ Except as provided for to the contrary in Code Section 36-60-27, the governing
 51 authority of each county shall designate one or more solvent banks, insured federal savings
 52 and loan associations, or insured state chartered building and loan associations as
 53 depositories of all county moneys. The board of education of each county school district
 54 and of each independent school district shall designate one or more solvent banks, insured
 55 federal savings and loan associations, or insured state chartered building and loan
 56 associations as depositories of all school district moneys."

57 **SECTION 3.**

58 All laws and parts of laws in conflict with this Act are repealed.