SLS 10RS-489 ENGROSSED

Regular Session, 2010

SENATE BILL NO. 88

BY SENATOR MORRELL

BANKS/BANKING. Exempts certain deposits insured or guaranteed by a governmental agency insuring bank deposits that is organized under federal law from security requirements. (8/15/10)

1 AN ACT

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To amend and reenact R.S. 39:1242(C), relative to security for deposits; to exempt certain deposits insured or guaranteed by a governmental agency insuring bank deposits that is organized under federal law from security requirements; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 39:1242(C) is hereby amended and reenacted to read as follows: \$1242. Security for deposits

9 \* \* \*

C. The market value, excluding accrued interest, of the securities held by any depositing authority shall at all times be equal to one hundred percent of the amount on deposit to the credit of the depositing authority except that portion of the deposits insured or guaranteed by any government agency insuring bank deposits that is organized under the laws of the United States; provided that in the case of bonds or other interest-bearing obligations guaranteed as to principal and interest by the United States, or an agency thereof, or bonds of any parish, municipality, industrial district or industrial board which are secured by a lease

executed in accordance with the provisions of Article XIV, Sections 14(b.2) and 14(b.3) of the Constitution of 1921 or R.S. 39:1001 et seq. or R.S. 51:1151 et seq., as amended, and partially or fully guaranteed by the Louisiana Board of Commerce and Industry in accordance with the provisions of the Bond Lease Guarantee Act\* of the 1968 Regular Session of the Louisiana Legislature, the market value of said bonds or obligations, excluding accrued interest, shall not be deemed to exceed an amount in excess of the principal so guaranteed. The market value of the securities used to secure deposits as provided herein may be calculated on the basis of the quarterly reports of financial conditions submitted by the fiscal agent bank to the office of financial institutions, Federal Deposit Insurance Corporation, or Office of the Comptroller of the Currency using the valuations derived from any national securities index, register, or publication, or in any other reasonable manner acceptable to the depositing authority.

\* \* \*

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Alan Miller.

## DIGEST

Morrell (SB 88)

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<u>Present law</u> requires that the market value, excluding accrued interest, of the securities held by any depositing authority, at all times, be equal to 100% of the amount on deposit to the credit of the depositing authority.

<u>Proposed law</u> retains <u>present law</u>, but adds an exception for the portion of deposits insured or guaranteed by any government agency insuring bank deposits that is organized under the laws of the United States.

Effective August 15, 2010.

(Amends R.S. 39:1242(C))