

House Bill 2612

Sponsored by Representative SCHAUFLER (at the request of Oregon Bankers Association) (Pre-session filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Specifies that limit on aggregate amount of public funds deposits that may be held by depository applies only to uninsured public funds.

A BILL FOR AN ACT

1
2 Relating to deposits of public funds; creating new provisions; and amending ORS 295.048.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1.** ORS 295.048 is amended to read:

5 295.048. (1) Notwithstanding ORS 295.046, a bank depository may not permit the aggregate of
6 **uninsured** public funds deposits on deposit with the bank depository from all public officials to ex-
7 ceed at any time:

8 (a) 100 percent of the value of the bank depository's net worth, if the bank depository is an
9 undercapitalized bank depository;

10 (b) 150 percent of the value of the bank depository's net worth, if the bank depository is an
11 adequately capitalized bank depository;

12 (c) 200 percent of the value of the bank depository's net worth, if the bank depository is a well
13 capitalized bank depository; or

14 (d) 30 percent of the total aggregate uninsured public funds deposits of all public officials in all
15 bank depositories as reported in the most recent notice received by the bank depository from the
16 State Treasurer.

17 (2) The State Treasurer shall notify each bank depository and its custodian of the total aggregate
18 uninsured public funds deposits of all public officials in all bank depositories, based on the most
19 recently submitted treasurer reports. The treasurer shall give the notification required by this sub-
20 section by the last day of the month in which bank depositories are required to submit a treasurer
21 report.

22 (3) If a bank depository's aggregate of uninsured public funds deposits exceeds the amount set
23 forth in subsection (1) of this section, the bank depository shall, within three business days after
24 receipt of notice from the State Treasurer, cease accepting deposits of uninsured public funds.

25 (4) Notwithstanding subsections (1) and (3) of this section:

26 (a) A bank depository may accept and hold uninsured public funds deposits in excess of the
27 limits provided in subsection (1) of this section if the State Treasurer, upon good cause shown, ap-
28 proves the request of the bank depository to hold uninsured public funds in excess of the limits
29 provided in subsection (1) of this section for a period not exceeding 90 days and eligible securities
30 are deposited with the bank depository's custodian as collateral in an amount at least equal to the
31 amount of the uninsured public funds deposits in excess of the limits provided in subsection (1) of

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 this section.

2 (b) The limits of subsection (1) of this section do not apply to public funds deposits held by a
3 bank depository in a certificate of deposit or time deposit under ORS 295.004.

4 (c) A well capitalized bank depository or an adequately capitalized bank depository may accept
5 and hold **uninsured** public funds deposits in excess of the limit provided in subsection (1)(d) of this
6 section if eligible securities are deposited with the bank depository's custodian as collateral in an
7 amount at least equal to the amount of the **uninsured** public funds deposits in excess of the limit
8 prescribed in subsection (1)(d) of this section.

9 **SECTION 2.** ORS 295.048, as amended by section 16, chapter 101, Oregon Laws 2010, is
10 amended to read:

11 295.048. (1) Notwithstanding ORS 295.046, a depository may not permit the aggregate of
12 **uninsured** public funds deposits on deposit with the depository from all public officials to exceed
13 at any time the lesser of:

14 (a) 100 percent of the value of the depository's net worth, if the depository is an undercapital-
15 ized depository;

16 (b) 150 percent of the value of the depository's net worth, if the depository is an adequately
17 capitalized depository;

18 (c) 200 percent of the value of the depository's net worth, if the depository is a well capitalized
19 depository;

20 (d) For a bank depository, 30 percent of the total aggregate **uninsured** public funds deposits of
21 all public officials in all bank depositories as reported in the most recent notice the bank depository
22 received from the State Treasurer; or

23 (e) For a credit union depository, 30 percent of the total aggregate **uninsured** public funds de-
24 posits of all public officials in all credit union depositories as reported in the most recent notice the
25 credit union depository received from the State Treasurer.

26 (2) The State Treasurer shall notify each bank depository or credit union depository and the
27 depository's custodian of the total aggregate **uninsured** public funds deposits of all public officials
28 in all bank depositories or credit union depositories, as appropriate, based on the most recently
29 submitted treasurer reports. The State Treasurer shall give the notification required by this sub-
30 section by the last day of the month in which the depositories are required to submit a treasurer
31 report.

32 (3) If a depository's aggregate of **uninsured** public funds deposits exceeds the amount set forth
33 in subsection (1) of this section, the depository shall, within three business days after receiving no-
34 tice from the State Treasurer, cease accepting deposits of **uninsured** public funds.

35 (4) Notwithstanding subsections (1) and (3) of this section:

36 (a) A depository may accept and hold **uninsured** public funds deposits in excess of the limits
37 specified in subsection (1) of this section if the State Treasurer, upon good cause shown, approves
38 the depository's request to hold **uninsured** public funds in excess of the limits specified in sub-
39 section (1) of this section for a period not exceeding 90 days and eligible securities are deposited
40 with the depository's custodian as collateral in an amount at least equal to the amount of the
41 uninsured public funds deposits that exceeds the limits specified in subsection (1) of this section.

42 (b) The limits specified in subsection (1) of this section do not apply to public funds deposits a
43 depository holds in a certificate of deposit or time deposit under ORS 295.004.

44 (c) A well capitalized depository or an adequately capitalized depository may accept and hold
45 **uninsured** public funds deposits that exceed the limit specified in subsection (1)(d) or (e) of this

1 section if eligible securities are deposited with the depository's custodian as collateral in an amount
2 at least equal to the amount of the uninsured public funds deposits that exceed the limit specified
3 in subsection (1)(d) or (e) of this section.

4 **SECTION 3. The amendments to ORS 295.048 by sections 1 and 2 of this 2011 Act apply**
5 **to public funds deposits held on or after the effective date of this 2011 Act.**

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