

REVENUE: No revenue impact

FISCAL: Minimal fiscal impact, no statement issued

Action:	Do Pass and Be Referred to the Committee on Revenue by Prior Reference
Vote:	8 - 0 - 0
Yeas:	Conger, Doherty, Esquivel, Hoyle, Johnson, Matthews, Kennemer, Schaufler
Nays:	0
Exc.:	0
Prepared By:	Theresa Van Winkle, Administrator
Meeting Dates:	2/7

WHAT THE MEASURE DOES: Specifies that the current statutory limit on aggregate amount of public funds deposits that may be held by a bank depository applies only to uninsured public funds.

ISSUES DISCUSSED:

- 2007 legislation that established collateralization pool for public funds
- Importance of participating banks, and the public funds, to be protected from liability from potential failure of another participating bank
- History of legislation that led to this measure being drafted

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: A bank depository is an insured institution or trust that maintains either a head office or branch in Oregon in the capacity of an insured institution or trust company, and that complies with statutory conditions for acting as a custodian or bank depository (ORS 295.008). Current statute restricts a bank depository from permitting the aggregate of public funds deposits (funds under the control or in the custody of a public official by virtue of office) on deposit with the bank depository from all public officials to exceed at any time, with the amounts varying depending on whether the bank depository is classified as either an undercapitalized, adequately capitalized or well capitalized bank depository. Statute also limits the aggregate not to exceed 30 percent of the total aggregate uninsured public funds deposits of all public officials in all bank depositories as reported in the most recent notice received from the State Treasurer. Typically, “uninsured public funds” deposits are all Oregon public fund deposits that exceed the amount insured by the Federal Deposit Insurance Corporation (FDIC).

House Bill 2612 restricts the application of the current limits to only uninsured public funds.