

Enrolled
House Bill 2612

Sponsored by Representative SCHAUFLEER (at the request of Oregon Bankers Association) (Presession filed.)

CHAPTER

AN ACT

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

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

SECTION 1. ORS 295.048 is amended to read:

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

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

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

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

(d) 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 by the bank depository from the State Treasurer.

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

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

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

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

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

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

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

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

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

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

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

(d) For a bank depository, 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 the bank depository received from the State Treasurer; or

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

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

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

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

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

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

(c) A well capitalized depository or an adequately capitalized depository may accept and hold **uninsured** public funds deposits that exceed the limit specified in subsection (1)(d) or (e) of this section if eligible securities are deposited with the depository's custodian as collateral in an amount at least equal to the amount of the uninsured public funds deposits that exceed the limit specified in subsection (1)(d) or (e) of this section.

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

Passed by House March 29, 2011

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Ramona Kenady Line, Chief Clerk of House

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Bruce Hanna, Speaker of House

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Arnie Roblan, Speaker of House

Passed by Senate April 28, 2011

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Peter Courtney, President of Senate

Received by Governor:

.....M,....., 2011

Approved:

.....M,....., 2011

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John Kitzhaber, Governor

Filed in Office of Secretary of State:

.....M,....., 2011

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Kate Brown, Secretary of State