

SENATE BILL REPORT

ESB 6349

As Passed Senate, February 16, 2016

Title: An act relating to public funds and deposits.

Brief Description: Concerning public funds and deposits.

Sponsors: Senators Benton and Mullet; by request of State Treasurer.

Brief History:

Committee Activity: Financial Institutions & Insurance: 1/20/16 [DP].
Passed Senate: 2/16/16, 49-0.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: Do pass.

Signed by Senators Benton, Chair; Angel, Vice Chair; Mullet, Ranking Minority Member; Fain, Hobbs, Litzow, Nelson and Pedersen.

Staff: Shani Bauer (786-7468)

Background: The Public Deposit Protection Commission (Commission) is comprised of the State Treasurer, Governor, and Lieutenant Governor. The Commission administers a program to ensure public funds deposited in banks and thrifts are protected if a financial institution becomes insolvent. The Commission approves which banks and thrifts can hold state and local government deposits and monitors collateral to secure uninsured public deposits when deposits exceed the amount insured by the Federal Deposit Insurance Corporation (FDIC). The standard insurance amount through the FDIC is \$250,000 per depositor, per insured bank.

Summary of Engrossed Bill: Letters of credit qualify as eligible collateral for public deposits. When letters of credit are to be held by third parties and when they may need to be held instead by the commission administrator at the State Treasurer's office is clarified. Investment deposits do not include time deposits represented by a transferable or negotiable certificate, instrument, passbook, or statement, or by book entry or otherwise.

The definition of "public depository" is modified to recognize that credit unions have tax-exempt status and, under certain circumstances, may be utilized as a public depository.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

References to the Federal Home Loan Bank - Seattle are replaced with a generic reference to a federal home loan bank. References to the office of thrift supervision are deleted.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: This is a very technical bill making cleanup and technical corrections to the public deposit statute and removing obsolete language.

Persons Testifying: PRO: Wolf Opitz, State Treasurer's Office.

Persons Signed In To Testify But Not Testifying: No one.