

FINAL BILL REPORT

SHB 1209

C 237 L 18
Synopsis as Enacted

Brief Description: Addressing municipal access to local financial services.

Sponsors: House Committee on Business & Financial Services (originally sponsored by Representatives Bergquist, Vick, Kirby, Walsh and Blake).

House Committee on Business & Financial Services
Senate Committee on Financial Institutions & Insurance

Background:

Public funds may only be deposited in a bank or trust company, savings bank, or savings association that has been designated as a public depository by the Washington Public Deposit Protection Commission (Commission). "Public funds" means money, including money held in trust, belonging to or held for the state, its political subdivisions, municipal corporations, agencies, courts, boards, commissions, or committees.

To be approved as a public depository, a bank or thrift must meet minimum requirements of the Commission and must pledge securities as collateral to protect public funds on deposit above the amounts insured under the Federal Deposit Insurance Corporation. If the deposit insurance and the collateral pledged by a failed institution are insufficient to reimburse all public depositors, the other public depositories, as part of the public depository pool, are each assessed a proportionate share of the shortfall.

A credit union may receive public deposits up to the maximum insured amount of \$250,000 per depositor. A credit union is not a public depository for any other purpose, such as inclusion in the public depository pool.

Each public depository reports monthly and quarterly to the Commission on the amount of its insured and uninsured public deposits, the amount of collateral pledged, as well as other financial information. Those public depositories with excess deposits, or that do not meet minimum financial standards set by the Commission, must monitor public deposits on a daily basis and maintain adequate collateral accordingly. A credit union that accepts public deposits is subject to the Commission's reporting requirements and must report the amount of their insured public deposits monthly.

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.

The Commission may request a public depository to furnish information on its financial condition, public deposits, and on the exact status of its net worth. The Commission may take any action deemed advisable for the protection of public funds and to establish procedures for collection or settlement of claims arising from the failure of a public depository.

Summary:

Credit unions are included in the definition of public depositories and are allowed to accept public deposits greater than the maximum insured amount from a county with a population of 300,000 persons or less, or from public funds depositors located in a county with a population of 300,000 persons or less. Credit unions that receive public deposits must meet all of the minimum requirements of the commission, must pledge securities as collateral to protect public funds on deposit, and must participate in the public depository pool.

The Department of Financial Institutions may rely on information from the National Credit Union Association regarding credit unions when investigating or examining public depositories.

Votes on Final Passage:

House	73	24	
House	80	18	
Senate	29	19	(Senate amended)
House	88	10	(House concurred)

Effective: June 7, 2018