

17:2-10

LEGISLATIVE HISTORY CHECKLIST

(Savings banks and credit unions--permit investment in foreign development bonds and international bank obligations)

NJSA 17:2-10

LAWS 1981

CHAPTER 308

Bill No. A2328

Sponsor(s) Adubato and others

Date Introduced Jan. 13, 1981

Committee: Assembly Banking and Insurance

Senate Labor, Industry and Professions

Amended during passage Yes ~~No~~ Amendments during passage denoted by asterisks

Date of Passage: Assembly May 2, 1981

Senate May 14, 1981

Date of approval Nov. 30, 1981

Following statements are attached if available:

Sponsor statement Yes ~~No~~

Committee Statement: Assembly Yes ~~No~~

Senate Yes ~~No~~

Fiscal Note ~~Yes~~ No

Veto Message ~~Yes~~ No

Message on signing Yes ~~No~~

Following were printed:

Reports ~~Yes~~ No

Hearings ~~Yes~~ No

DO NOT WRITE IN THESE SPACES

6/22/81

[SECOND OFFICIAL COPY REPRINT]

ASSEMBLY, No. 2328**STATE OF NEW JERSEY**

INTRODUCED JANUARY 13, 1981

By Assemblymen ADUBATO, FORTUNATO, BURSTEIN, ROCCO,
BASSANO, LA CORTE and ZANGARI

Referred to Committee on Banking and Insurance

AN ACT to amend "An act to permit investment by savings banks, savings and loan associations, and credit unions in certain obligations of foreign governments and international development banks, and supplementing chapter 2 of Title 17 of the Revised Statutes," approved March 23, 1977 (P. L. 1977, c. 45).

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

1 1. Section 1 of P. L. 1977, c. 45 (C. 17:2-10) is amended to read
2 as follows:

3 1. In addition to investments in obligations of foreign govern-
4 ments permitted by Title 17 of the Revised Statutes or by regula-
5 tion of the Commissioner of Banking, any savings bank, savings
6 and loan association or credit union organized under the laws of
7 this State may invest in such development bonds issued by foreign
8 governments or in such obligations of international development
9 banks as are approved by the [Comptroller of the Currency for
10 investment by national banks] *Comptroller of the Currency for
11 investment by national banks **[or the* Commissioner of Bank-
12 ing]**; provided, however, that the principal and interest payable
13 thereon shall be payable in United States dollars*; **[and provided
14 further that any savings bank, savings and loan association, or
15 credit union desiring to invest in development bonds or other bonds
16 issued by foreign governments, or in obligations of international
17 development banks shall receive specific approval to do so from the
18 Commissioner of Banking*]** **and provided further that such
19 investments are approved by the Commissioner of Banking. In
20 addition, the commissioner may by regulation approve investment
21 in other bond issues of foreign governments in which the principal

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

22 *and interest payable thereon are payable in United States dollars***
23 **【**; and provided further that such investments are approved by
24 the Commissioner of Banking**】**. Such investments may not ex-
25 ceed**, *in the case of development bonds*** in the aggregate ***【5%】***
26 ****【10%】**** ***5%*** of the institution's capital deposits, surplus,
27 and reserves**, *and in the case of other foreign bonds, 10% of an*
28 *institution's capital deposits, surplus, and reserves***.

1 2. This act shall take effect immediately.

ASSEMBLY, No. 2328

STATE OF NEW JERSEY

INTRODUCED JANUARY 13, 1981

By Assemblymen ADUBATO, FORTUNATO, BURSTEIN, ROCCO,
BASSANO, LA CORTE and ZANGARI

Referred to Committee on Banking and Insurance

AN ACT to amend "An act to permit investment by savings banks, savings and loan associations, and credit unions in certain obligations of foreign governments and international development banks, and supplementing chapter 2 of Title 17 of the Revised Statutes," approved March 23, 1977 (P. L. 1977, c. 45).

1 BE IT ENACTED by the Senate and General Assembly of the State
2 of New Jersey:

1 1. Section 1 of P. L. 1977, c. 45 (C. 17:2-10) is amended to read
2 as follows:

3 1. In addition to investments in obligations of foreign govern-
4 ments permitted by Title 17 of the Revised Statutes or by regula-
5 tion of the Commissioner of Banking, any savings bank, savings
6 and loan association or credit union organized under the laws of
7 this State may invest in such development bonds issued by foreign
8 governments or in such obligations of international development
9 banks as are approved by the [Comptroller of the Currency for
10 investment by national banks] *Commissioner of Banking*; provided,
11 however, that the principal and interest payable thereon shall be
12 payable in United States dollars[; and provided further that such
13 investments are approved by the Commissioner of Banking]. Such
14 investments may not exceed in the aggregate 5% of the institu-
15 tion's capital deposits, surplus, and reserves.

1 2. This act shall take effect immediately.

STATEMENT

The purpose of this bill is to grant to the State Commissioner of Banking the authority to approve investments by State savings banks, savings and loan associations or credit unions in develop-

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

ment bonds issued by foreign governments or obligations of international development banks. Currently, this power rests with the United States Comptroller of the Currency, who has approved only bonds issued by Israel. Under the provisions of section 1 of P. L. 1952, c. 140 (C. 17:9A-175.1) and subsection 165(5) of P. L. 1963, c. 144 (C. 17:12B-165(5)), savings banks, savings and loan associations and building and loan associations may also invest in Canadian bonds. And under the provisions of section 62 of P. L. 1948, c. 67 (C. 17:9A-62), state chartered commercial banks may invest in bonds issued by foreign governments.

By placing the approval authority for investing in foreign bonds solely in the hands of the Commissioner of Banking, state savings banks, savings and loan associations or credit unions will be in a more favorable position to request the commissioner to grant approval as soon as possible to invest in foreign development bonds. In certain cases, such as the catastrophic earthquake in Italy, banks will be able to react quickly and assist in the economic recovery of devastated regions.

ASSEMBLY BANKING AND INSURANCE COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2328

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: FEBRUARY 9, 1981

This legislation, as amended by the Assembly Banking and Insurance Committee, permits savings banks, savings and loan associations, and credit unions to invest up to 10% of the institution's capital deposits, surplus, and reserves in development bonds of foreign governments and in other bonds of foreign governments if the institution receives specific approval to do so from the Commissioner of Banking.

SENATE LABOR, INDUSTRY AND PROFESSIONS
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2328

with Assembly committee amendment and Assembly amendment

STATE OF NEW JERSEY

DATED: APRIL 27, 1981

This legislation permits savings banks, savings and loan associations, and credit unions to invest up to 5% of the institution's capital deposits, surplus, and reserves in development bonds of foreign governments approved by Comptroller of the Currency, and up to 10% of the institution's capital deposits, surplus, and reserves in other foreign bonds.

Such investments would have to be approved by the Commissioner of Banking.

FROM THE OFFICE OF THE GOVERNOR

NOVEMBER 30, 1981

FOR FURTHER INFORMATION

FOR IMMEDIATE RELEASE

KATHRYN FORSYTH

Governor Brendan Byrne today signed A-2328, sponsored by Assemblyman Michael Audabato (D-Essex) which permits the Commissioner of Banking to approve investment by savings banks, savings and loan institutions and credit unions in bond issues of foreign governments which do not appear on the approval list of the Comptroller of the Currency.

Under prior law, thrift institutions could only invest in bonds of foreign governments if the bonds are approved by the Comptroller of the Currency and the Commissioner of Banking and were payable in US dollars.

This bill also places a cap of 5% of an institution's capital deposits, surplus and reserves would be placed on its investments in development bonds and a cap of 10% on investment in other foreign bonds.

The purpose of the bill is to allow New Jersey banks to invest in Italian development bonds designed to assist the earthquake victims. The bonds have not yet been issued.

#