

17:9A-48

LEGISLATIVE HISTORY CHECKLIST

(State Banks--certain--allow investment of direct obligations of U.S. Government)

WJSA 17:9A-48

LAWS OF 1979

CHAPTER 215

Bill No. S1074

Sponsor(s) Dodd

Date Introduced April 20, 1978

Committee: Assembly Banking and Insurance

Senate Labor, Industry and Professions

Amended during passage Yes ~~xxx~~ Amendments during passage denoted by asterisks

Date of Passage: Assembly Aug. 23, 1979

Senate Feb. 13, 1979

Date of approval Oct. 11, 1979

Following statements are attached if available:

Sponsor statement Yes ~~xxx~~ (Below)

Committee Statement: Assembly Yes ~~xxx~~

Senate Yes ~~xxx~~

Fiscal Note Yes ~~xxx~~ No

Veto message Yes ~~xxx~~ No

Message on signing Yes ~~xxx~~ No

Following were printed:

Reports Yes ~~xxx~~ No

Hearings Yes ~~xxx~~ No

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Sponsor's statement:

The purpose of this bill is to permit State-chartered banks which are not members of the Federal Reserve System to include immediately available funds sold or transferred to other banks as part of their required available funds. It provides for these State-chartered banks the same provision which the preceding Legislature enacted for State savings banks in P.L. 1976, c.140 (Senate No. 1651).

EJ
9/1/78

(over)

Federal Reserve Regulation D (mentioned in Assembly Committee Statement) in
12C.F.R. §204 et seq.

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SENATE, No. 1074

STATE OF NEW JERSEY

INTRODUCED APRIL 20, 1978

By Senator DODD

Referred to Committee on Labor, Industry and Professions

AN ACT to amend "The Banking Act of 1948," approved April 29, 1948 (P. L. 1948, c. 67).

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

1 1. Section 48 of P. L. 1948, c. 67 (C. 17:9A-48) is amended to read
2 as follows:

3 48. Nonmembers of Federal Reserve System.

4 A. A bank which is not a member of the Federal Reserve System
5 shall, subject to the provisions of subsection B of this section, at
6 all times have in available funds consisting of (1) lawful currency
7 of the United States, or (2) balances due on demand from reserve
8 depositories, ****or (3) direct obligations of the United States which**
8A *have a maturity of not more than 18 months,*** not less than an
8B amount equal to the aggregate of 15% of its immediate liabilities
8C and 3% of its time liabilities**. *The amount of direct obligations*
8D *of the United States, if any, which may be included in available*
8E *funds shall be established by regulation of the Commissioner of*
8F *Banking but in no case shall such amount exceed 50% of the total*
9 *required available fund.*** **[or (3) immediately available funds**
10 *which are transferred or sold by such bank to a member or*
11 *nonmember bank of the Federal Reserve System] ****[or (3)**
12 *immediately available funds which are transferred or sold by*
13 *such bank to a member or nonmember bank of the Federal*
14 *Reserve System*.]*** The commissioner may from time to time,
15 with the concurrence of the banking advisory board, increase or
16 decrease such percentages; provided, that, in the case of
17 immediate liabilities, such percentage shall not be lower than
18 15 or higher than 30 and, in the case of time liabilities, such per-
19 centage shall not be lower than 3 or higher than 6. Notwithstanding
20 the foregoing provisions of this section, the amount of available*

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

21 funds required of such a bank shall at no time exceed the amount
22 of the reserve balances it would be required to maintain were such
23 a bank a member of the Federal Reserve System. The sufficiency
24 of the available funds of any such bank upon a particular day
24A shall be determined upon the basis of the bank's immediate liabili-
24B ties at the opening of business on that day.

25 B. A bank shall be deemed to have complied with the require-
26 ments of subsection A of this section if its daily available funds,
27 averaged over semimonthly periods beginning with the first and the
28 sixteenth days of each month, shall at least equal the minimum
29 amount prescribed by subsection A of this section.

1 2. This act shall take effect immediately.

ASSEMBLY BANKING AND INSURANCE COMMITTEE

STATEMENT TO

SENATE, No. 1074

STATE OF NEW JERSEY

DATED: MAY 3, 1979

This legislation amends the sections of the Banking Act of 1948 (C. 17:9A-1 et seq.) to modify the manner in which banks which are non-members of the Federal Reserve System may hold necessary reserves against time and demand deposits. At present, such reserves may be held in United States currency or balances due on demand from designated reserve depositaries in an amount not less than an aggregate of 15% of a bank's immediate liabilities, or demand deposits, and 3% of its time deposits. Larger reserves may be required by the Commissioner of Banking by regulation within certain limits prescribed by the act. This legislation amends the present law to provide that in addition to currency and moneys in reserve depositaries, reserves for state-chartered non-member banks may be also held in direct obligations of the United States which have a maturity of not more than 18 months, provided that the total amount of such obligations held as reserves not exceed 50% of the reserve requirement. This legislation would not affect state-chartered banks which are members of the Federal Reserve System, which establishes by reserve requirements independently for its member banks by Federal Reserve Regulation D.

The purpose of this legislation is to modernize the methods in which reserves are kept in order that instruments which have come into existence since the reserves section of the Banking Act of 1948 was last amended in 1954. Treasury bill and treasury notes, for example, are interest-bearing instruments which are relatively liquid and are appropriate for use as reserves. The bill originally included federal funds (lines 9-14) as permissible reserves, but this was deleted at the request of the Department of Banking.

SENATE LABOR, INDUSTRY AND
PROFESSIONS COMMITTEE

STATEMENT TO

SENATE, No. 1074

STATE OF NEW JERSEY

DATED: JULY 27, 1978

The purpose of this bill is to permit State-chartered banks which are not members of the Federal Reserve System to include immediately available funds sold or transferred to other banks as part of their required available funds. It provides for these State-chartered banks the same provision which the preceding Legislature enacted for State savings banks in P. L. 1976, C. 140 (Senate Bill No. 1651).

The committee, by amendment, restructured the language of the bill.