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P.L. 2003, CHAPTER 178, *approved September 12, 2003*

Senate, No. 1781

1 **AN ACT** concerning eligible collateral for governmental unit deposits
2 and amending P.L.1970, c.236.

3

4 **BE IT ENACTED** *by the Senate and General Assembly of the State*
5 *of New Jersey:*

6

7 1. Section 1 of P.L.1970, c.236 (C.17:9-41) is amended to read as
8 follows:

9 1. In this act, unless the context otherwise requires:

10 "Association" means any State or federally chartered savings and
11 loan association;

12 "Capital funds" means (a) in the case of a State bank or national
13 bank or capital stock savings bank, the aggregate of the capital stock,
14 surplus and undivided profits of the bank or savings bank; (b) in the
15 case of a mutual savings bank, the aggregate of the capital deposits,
16 if any, and the surplus of the savings bank; and (c) in the case of an
17 association, the aggregate of all reserves required by any law or
18 regulation, and the undivided profits, if any, of the association;

19 "Commissioner" means the Commissioner of Banking and
20 Insurance;

21 "Defaulting depository" means a public depository as to which an
22 event of default has occurred;

23 "Eligible collateral" means:

24 (a) Obligations of any of the following:

25 (1) The United States;

26 (2) Any agency or instrumentality of the United States, including,
27 but not limited to, the Student Loan Marketing [Administration]
28 Association, the Government National Mortgage Association, the
29 Federal Home Loan Mortgage Corporation, the Federal National
30 Mortgage Association, the Federal Housing Administration and the
31 Small Business Administration;

32 (3) The State of New Jersey or any of its political subdivisions;

33 (4) Any other governmental unit; or

34 (b) Obligations guaranteed or insured by any of the following, to
35 the extent of that insurance or guaranty:

36 (1) The United States;

37 (2) Any agency or instrumentality of the United States, including,
38 but not limited to, the Student Loan Marketing [Administration]
39 Association, the Government National Mortgage Association, the
40 Federal Home Loan Mortgage Corporation, the Federal National
41 Mortgage Association, the Federal Housing Administration and the

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

Matter underlined thus is new matter.

1 Small Business Administration;

2 (3) The State of New Jersey or any of its political subdivisions; or

3 (c) Obligations now or hereafter authorized by law as security for
4 public deposits;

5 (d) Obligations in which the State, political subdivisions of the
6 State, their officers, boards, commissions, departments and agencies
7 may invest pursuant to an express authorization under any law
8 authorizing the issuance of those obligations; [or]

9 (e) Obligations, letters of credit, or other securities or evidence of
10 indebtedness constituting the direct and general obligation of a federal
11 home loan bank or federal reserve bank; or

12 (f) Any other obligations as may be approved by the commissioner
13 by regulation or by specific approval;

14 "Event of default" means issuance of an order of a supervisory
15 authority or of a receiver restraining a public depository from making
16 payments of deposit liabilities;

17 "Governmental unit" means any county, municipality, school district
18 or any public body corporate and politic created or established under
19 any law of this State by or on behalf of any one or more counties or
20 municipalities, or any board, commission, department or agency of any
21 of the foregoing having custody of funds;

22 "Maximum liability" of a public depository means, with respect to
23 any event of default, a sum equal to 5% of the average daily balance
24 of collected public funds held on deposit by the depository during the
25 six-month period ending on the last day of the month next preceding
26 the occurrence of such event of default;

27 "Net deposit liability" means the deposit liability of a defaulting
28 depository to a governmental unit after deduction of any deposit
29 insurance with respect thereto;

30 "Obligations" means any bonds, notes, capital notes, bond
31 anticipation notes, tax anticipation notes, temporary notes, loan bonds,
32 mortgage related securities, or mortgages;

33 "Public depository" means a State or federally chartered bank,
34 savings bank or an association located in this State or a state or
35 federally chartered bank, savings bank or an association located in
36 another state with a branch office in this State, the deposits of which
37 are insured by the Federal Deposit Insurance Corporation and which
38 receives or holds public funds on deposit;

39 "Public funds" means the funds of any governmental unit, but does
40 not include deposits held by the State of New Jersey Cash
41 Management Fund;

42 "Valuation date" means December 31 and June 30.

43 (cf: P.L.1996, c.17, s.1)

44

45 2. This act shall take effect on the first business day after
46 enactment.

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STATEMENT

This bill provides that public depositories having public funds on deposit therein may, as security for those deposits, use obligations of a federal home loan bank or federal reserve bank as eligible collateral in addition to the obligations already listed in the "Governmental Unit Deposit Protection Act," P.L.1970, 236 (C.17:9-41 et seq.).

Provides that certain obligations are eligible collateral under the "Governmental Unit Deposit Protection Act."

SENATE, No. 1781

STATE OF NEW JERSEY
210th LEGISLATURE

INTRODUCED SEPTEMBER 12, 2002

Sponsored by:

Senator RONALD L. RICE

District 28 (Essex)

Assemblyman JACK CONNERS

District 7 (Burlington and Camden)

Assemblyman HERBERT CONAWAY, JR.

District 7 (Burlington and Camden)

SYNOPSIS

Provides that certain obligations are eligible collateral under the "Governmental Unit Deposit Protection Act."

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/24/2003)

S1781 RICE

2

1 AN ACT concerning eligible collateral for governmental unit deposits
2 and amending P.L.1970, c.236.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the
5 State of New Jersey:

6

7 1. Section 1 of P.L.1970, c.236 (C.17:9-41) is amended to read as
8 follows:

9 1. In this act, unless the context otherwise requires:

10 "Association" means any State or federally chartered savings and
11 loan association;

12 "Capital funds" means (a) in the case of a State bank or national
13 bank or capital stock savings bank, the aggregate of the capital stock,
14 surplus and undivided profits of the bank or savings bank; (b) in the
15 case of a mutual savings bank, the aggregate of the capital deposits,
16 if any, and the surplus of the savings bank; and (c) in the case of an
17 association, the aggregate of all reserves required by any law or
18 regulation, and the undivided profits, if any, of the association;

19 "Commissioner" means the Commissioner of Banking and
20 Insurance;

21 "Defaulting depository" means a public depository as to which an
22 event of default has occurred;

23 "Eligible collateral" means:

24 (a) Obligations of any of the following:

25 (1) The United States;

26 (2) Any agency or instrumentality of the United States, including,
27 but not limited to, the Student Loan Marketing [Administration]
28 Association, the Government National Mortgage Association, the
29 Federal Home Loan Mortgage Corporation, the Federal National
30 Mortgage Association, the Federal Housing Administration and the
31 Small Business Administration;

32 (3) The State of New Jersey or any of its political subdivisions;

33 (4) Any other governmental unit; or

34 (b) Obligations guaranteed or insured by any of the following, to
35 the extent of that insurance or guaranty:

36 (1) The United States;

37 (2) Any agency or instrumentality of the United States, including,
38 but not limited to, the Student Loan Marketing [Administration]
39 Association, the Government National Mortgage Association, the
40 Federal Home Loan Mortgage Corporation, the Federal National
41 Mortgage Association, the Federal Housing Administration and the
42 Small Business Administration;

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

Matter underlined thus is new matter.

S1781 RICE

1 (3) The State of New Jersey or any of its political subdivisions; or
2 (c) Obligations now or hereafter authorized by law as security for
3 public deposits;

4 (d) Obligations in which the State, political subdivisions of the
5 State, their officers, boards, commissions, departments and agencies
6 may invest pursuant to an express authorization under any law
7 authorizing the issuance of those obligations; [or]

8 (e) Obligations, letters of credit, or other securities or evidence of
9 indebtedness constituting the direct and general obligation of a federal
10 home loan bank or federal reserve bank; or

11 (f) Any other obligations as may be approved by the commissioner
12 by regulation or by specific approval;

13 "Event of default" means issuance of an order of a supervisory
14 authority or of a receiver restraining a public depository from making
15 payments of deposit liabilities;

16 "Governmental unit" means any county, municipality, school district
17 or any public body corporate and politic created or established under
18 any law of this State by or on behalf of any one or more counties or
19 municipalities, or any board, commission, department or agency of any
20 of the foregoing having custody of funds;

21 "Maximum liability" of a public depository means, with respect to
22 any event of default, a sum equal to 5% of the average daily balance
23 of collected public funds held on deposit by the depository during the
24 six-month period ending on the last day of the month next preceding
25 the occurrence of such event of default;

26 "Net deposit liability" means the deposit liability of a defaulting
27 depository to a governmental unit after deduction of any deposit
28 insurance with respect thereto;

29 "Obligations" means any bonds, notes, capital notes, bond
30 anticipation notes, tax anticipation notes, temporary notes, loan bonds,
31 mortgage related securities, or mortgages;

32 "Public depository" means a State or federally chartered bank,
33 savings bank or an association located in this State or a state or
34 federally chartered bank, savings bank or an association located in
35 another state with a branch office in this State, the deposits of which
36 are insured by the Federal Deposit Insurance Corporation and which
37 receives or holds public funds on deposit;

38 "Public funds" means the funds of any governmental unit, but does
39 not include deposits held by the State of New Jersey Cash
40 Management Fund;

41 "Valuation date" means December 31 and June 30.

42 (cf: P.L.1996, c.17, s.1)

43

44 2. This act shall take effect on the first business day after
45 enactment.

ASSEMBLY BANKING AND INSURANCE COMMITTEE

STATEMENT TO

SENATE, No. 1781

STATE OF NEW JERSEY

DATED: JANUARY 9, 2003

The Assembly Banking and Insurance Committee reports favorably Senate Bill No. 1781.

This bill provides that public depositories having public funds on deposit therein may, as security for those deposits, use obligations of a federal home loan bank or federal reserve bank as eligible collateral in addition to the obligations already listed in the "Governmental Unit Deposit Protection Act," P.L.1970, 236 (C.17:9-41 et seq.).

This bill is identical to Assembly Bill No. 3147.

SENATE COMMERCE COMMITTEE

STATEMENT TO

SENATE, No. 1781

STATE OF NEW JERSEY

DATED: OCTOBER 24, 2002

The Senate Commerce Committee reports favorably Senate Bill No. 1781.

This bill provides that public depositories having public funds on deposit therein may, as security for those deposits, use direct and general obligations of a federal home loan bank or federal reserve bank as eligible collateral in addition to the obligations already listed in the "Governmental Unit Deposit Protection Act," P.L.1970, c.236 (C.17:9-41 et seq.).

ASSEMBLY, No. 3147

STATE OF NEW JERSEY 210th LEGISLATURE

INTRODUCED JANUARY 9, 2003

Sponsored by:

Assemblyman JACK CONNERS

District 7 (Burlington and Camden)

Assemblyman HERBERT CONAWAY, JR.

District 7 (Burlington and Camden)

SYNOPSIS

Provides that certain obligations are eligible collateral under the "Governmental Unit Deposit Protection Act."

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 1/10/2003)

A3147 CONNERS, CONAWAY

2

1 AN ACT concerning eligible collateral for governmental unit deposits
2 and amending P.L.1970, c.236.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

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8 follows:

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11 loan association;

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13 bank or capital stock savings bank, the aggregate of the capital stock,
14 surplus and undivided profits of the bank or savings bank; (b) in the
15 case of a mutual savings bank, the aggregate of the capital deposits,
16 if any, and the surplus of the savings bank; and (c) in the case of an
17 association, the aggregate of all reserves required by any law or
18 regulation, and the undivided profits, if any, of the association;

19 "Commissioner" means the Commissioner of Banking and
20 Insurance;

21 "Defaulting depository" means a public depository as to which an
22 event of default has occurred;

23 "Eligible collateral" means:

24 (a) Obligations of any of the following:

25 (1) The United States;

26 (2) Any agency or instrumentality of the United States, including,
27 but not limited to, the Student Loan Marketing [Administration]
28 Association, the Government National Mortgage Association, the
29 Federal Home Loan Mortgage Corporation, the Federal National
30 Mortgage Association, the Federal Housing Administration and the
31 Small Business Administration;

32 (3) The State of New Jersey or any of its political subdivisions;

33 (4) Any other governmental unit; or

34 (b) Obligations guaranteed or insured by any of the following, to
35 the extent of that insurance or guaranty:

36 (1) The United States;

37 (2) Any agency or instrumentality of the United States, including,
38 but not limited to, the Student Loan Marketing [Administration]
39 Association, the Government National Mortgage Association, the
40 Federal Home Loan Mortgage Corporation, the Federal National
41 Mortgage Association, the Federal Housing Administration and the
42 Small Business Administration;

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

Matter underlined thus is new matter.

1 (3) The State of New Jersey or any of its political subdivisions; or

2 (c) Obligations now or hereafter authorized by law as security for
3 public deposits;

4 (d) Obligations in which the State, political subdivisions of the
5 State, their officers, boards, commissions, departments and agencies
6 may invest pursuant to an express authorization under any law
7 authorizing the issuance of those obligations; [or]

8 (e) Obligations, letters of credit, or other securities or evidence of
9 indebtedness constituting the direct and general obligation of a federal
10 home loan bank or federal reserve bank; or

11 (f) Any other obligations as may be approved by the commissioner
12 by regulation or by specific approval;

13 "Event of default" means issuance of an order of a supervisory
14 authority or of a receiver restraining a public depository from making
15 payments of deposit liabilities;

16 "Governmental unit" means any county, municipality, school district
17 or any public body corporate and politic created or established under
18 any law of this State by or on behalf of any one or more counties or
19 municipalities, or any board, commission, department or agency of any
20 of the foregoing having custody of funds;

21 "Maximum liability" of a public depository means, with respect to
22 any event of default, a sum equal to 5% of the average daily balance
23 of collected public funds held on deposit by the depository during the
24 six-month period ending on the last day of the month next preceding
25 the occurrence of such event of default;

26 "Net deposit liability" means the deposit liability of a defaulting
27 depository to a governmental unit after deduction of any deposit
28 insurance with respect thereto;

29 "Obligations" means any bonds, notes, capital notes, bond
30 anticipation notes, tax anticipation notes, temporary notes, loan bonds,
31 mortgage related securities, or mortgages;

32 "Public depository" means a State or federally chartered bank,
33 savings bank or an association located in this State or a state or
34 federally chartered bank, savings bank or an association located in
35 another state with a branch office in this State, the deposits of which
36 are insured by the Federal Deposit Insurance Corporation and which
37 receives or holds public funds on deposit;

38 "Public funds" means the funds of any governmental unit, but does
39 not include deposits held by the State of New Jersey Cash
40 Management Fund;

41 "Valuation date" means December 31 and June 30.

42 (cf: P.L.1996, c.17, s.1)

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44 2. This act shall take effect on the first business day after
45 enactment.

1 STATEMENT

2

3 This bill provides that public depositories having public funds on
4 deposit therein may, as security for those deposits, use obligations of
5 a federal home loan bank or federal reserve bank as eligible collateral
6 in addition to the obligations already listed in the "Governmental Unit
7 Deposit Protection Act," P.L.1970, c.236 (C.17:9-41 et seq.).

ASSEMBLY BANKING AND INSURANCE COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3147

STATE OF NEW JERSEY

DATED: JANUARY 9, 2003

The Assembly Banking and Insurance Committee reports favorably
Assembly Bill No. 3147.

This bill provides that public depositories having public funds on
deposit therein may, as security for those deposits, use obligations of
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This bill is identical to Senate Bill No. 1781.