

17:9A-187

LEGISLATIVE HISTORY CHECKLIST

NJSA 17:9A-187 (Income from excess cash balances)

Laws of 1976 Chapter 140

Bill No. S1651

Sponsor(s) Dodd & Bateman

Date Introduced September 16, 1976

Committee: Assembly -

Senate Labor, Industry & Professions

Amended during passage Yes No

Date of passage: Assembly November 9, 1976

Senate September 30, 1976

Date of approval January 5, 1977

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

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SENATE, No. 1651

STATE OF NEW JERSEY

INTRODUCED SEPTEMBER 16, 1976

By Senators DODD and BATEMAN

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 187 of P. L. 1948, c. 67 (C. 17:9A-187) is amended to
2 read as follows:

3 187. Cash balances.

4 A. Every savings bank shall maintain cash balances of not less
5 than 3% of its aggregate deposits other than capital deposits. The
6 cash balances may consist of (1) lawful currency of the United
7 States, **[or]** (2) demand deposits made (a) in a reserve depository
8 as defined in section 49, or (b) in a Federal home loan bank of
9 which the savings bank is a member, or (c) subject to the approval
10 of the commissioner, in any bank or trust company incorporated
11 under the laws of any State of the United States or the District of
12 Columbia, whether or not such bank or trust company is a member
13 of the Federal Reserve System *or (3) immediately available funds*
14 *which are transferred or sold by such savings bank to a member*
15 *or non-member bank of the Federal Reserve System for a period*
16 *not to exceed the opening of business on the next succeeding bank-*
17 *ing day for such savings bank. Said required cash balances, to*
18 *the extent of not more than 1½% of aggregate deposits other than*
19 *capital deposits may be made up of obligations of the United States*
20 *or of instrumentalities of the United States maturing within 1 year.*

21 B. A savings bank shall be deemed to have complied with the
22 requirements of subsection A of this section if its daily available
23 funds, averaged over semimonthly periods beginning with the first
24 and the sixteenth days of each month, shall at least equal the
25 minimum amount prescribed by subsection A of this section.

1 2. This act shall take effect immediately.

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

51651 (1976)

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STATEMENT

The purpose of this bill is to clarify the right of New Jersey's mutually-owned savings banks to include so-called "Federal funds" which have been sold or transferred on a temporary basis as a part of their statutory cash balance reserves.

SENATE LABOR, INDUSTRY AND
PROFESSIONS COMMITTEE

STATEMENT TO

SENATE, No. 1651

STATE OF NEW JERSEY

DATED: SEPTEMBER 23, 1976

Senate Bill No. 1651 is technical legislation which will allow New Jersey's mutually-owned savings banks to earn income from certain cash balances that they are required to maintain by statute.

Section 187 of the Banking Act of 1948 requires a savings bank to maintain reserves equal to at least 3% of their aggregate deposits. One-half of these reserves may be invested in short-term United States Government obligations. However the other half must be maintained in the form of currency or demand (checking) accounts with a commercial bank.

For a number of years savings banks which have had excess balances in such demand accounts on a given day have sold the commercial bank the excess balance in the so-called "Federal funds" market overnight and thereby earn money for the savings bank. The funds, by the nature of the transaction, are returned to the savings bank at the commencement of the next banking day.