ASSEMBLY, No. 319

STATE OF NEW JERSEY

INTRODUCED APRIL 5, 1954

By Mr. SALSBURG

Referred to Committee on Judiciary

AN ACT relating to the Department of the Treasury; and authorizing and empowering the State Treasurer to enter into agreements with certain national banks and State banks whereby said banks will act as fiscal agents for the State or as custodians for funds, securities, and assets of the State, or in either capacity for pension agencies, funds or systems maintained in whole or in part by the State.

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

1. The State Treasurer is hereby authorized and empowered to enter into agreement from time to time, and on such terms and for such compensation, if any, as the State Treasurer may deem appropriate, with any 1 or more of the national banks, the principal office of which is located in the State of New Jersey, and the banks authorized by this State to carry on a banking business, which he may select, to act as fiscal agent for the State or as custodian for funds, securities, or other assets of the State and as fiscal agent or as such custodian for any pension agency, fund or system maintained in whole or in part by the State.

2. Such agreements may provide, at the discretion of the State Treasurer, that such fiscal agent or custodian may perform any or all of the following services: make or accept delivery of securities; exchange securities, collect interest or dividends thereon and principal thereof; surrender securities for

exchange, redemption or payment; hold securities, cash or other assets of the State or of any such pension agency, system or fund, as aforementioned, in safekeeping; deposit in such account or accounts as the State Treasurer shall designate, the proceeds of the sale, exchange, redemption or payment of securities and of interest or dividends thereon, and such other related services as the State Treasurer may determine.

3. All agreements entered into by the State Treasurer with any bank pursuant to this act, shall provide that such bank or banks shall be responsible to the State, to the State Treasurer, and to any pension agency, fund or system concerned, for the proper and faithful performance of the services required of it pursuant to the terms of the agreement, for the fidelity and integrity of the officers, employees and agents employed in any undertaking under said agreement, and for any and all loss or damage which may result from any failure to discharge or from any improper or incorrect discharge of their duties, and that such bank or banks shall save harmless the State, the State Treasurer, and any pension agency, fund or system concerned, or any trustee or officer thereof, from any and all loss or damage caused thereby.

4. This act shall take effect immediately.

STATEMENT

For some years past the Department of the Treasury has entered into agreements with certain banks located in the State whereby these institutions have acted as custodians for funds and securities of the State, and those of certain pension agencies and funds, and have performed certain fiscal duties under these custody agreements.

This practice has been regarded as advantageous to the State, as these duties, if performed by the State, would require additional personnel and facilities, at a considerable cost to the State.

It is deemed advisable in the public interest to secure statutory authority for this present practice, in order that the subject of custodial arrangements be-

tween the State and banks be placed on a uniform basis, greater efficiency in certain fiscal operations be achieved, and contractual and legal obligations under said agreements be defined.