

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

SENATE BILL 986

48TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2007

INTRODUCED BY

Leonard Lee Rawson

AN ACT

RELATING TO PUBLIC MONEY; REVISING REQUIREMENTS FOR THE DEPOSIT
OF PUBLIC MONEY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 6-10-36 NMSA 1978 (being Laws 1977,
Chapter 136, Section 1, as amended) is amended to read:

"6-10-36. PUBLIC MONEY DEPOSITS OF CERTAIN GOVERNMENTAL
UNITS--DISTRIBUTION--INTEREST.--

A. All public money, except that in the custody of
the state treasurer, institutions of higher education,
technical and vocational institutes, incorporated
municipalities and counties ~~[which]~~ that have adopted home rule
charters as authorized by the constitution of New Mexico and
local school boards ~~[which]~~ that have been designated as boards
of finance, shall be deposited in qualified depositories in

underscored material = new
[bracketed material] = delete

underscored material = new
[bracketed material] = delete

1 accordance with the terms of this section or invested as
2 otherwise provided by law.

3 B. Deposits of funds of a governmental unit may be
4 made in noninterest-bearing checking accounts in one or more
5 banks or savings and loan associations designated as checking
6 depositories located within the geographical boundaries of the
7 governmental unit. In addition, deposits of funds may be in
8 noninterest-bearing accounts in one or more credit unions
9 designated as checking depositories located within the
10 geographical boundaries of the governmental unit to the extent
11 the deposits are insured by an agency of the United States. If
12 there is no checking depository within the geographical
13 boundaries of the governmental unit, one or more banks, savings
14 and loan associations or credit unions within the county in
15 which the principal office of the governmental unit is located
16 may be so designated, [~~provided any~~] but credit union deposits
17 [~~are~~] shall be insured by an agency of the United States.

18 C. [~~Public money placed in interest-bearing~~
19 ~~deposits in banks and savings and loan associations shall be~~
20 ~~equitably distributed among all banks and savings and loan~~
21 ~~associations having their main or manned branch offices within~~
22 ~~the geographical boundaries of the governmental unit which have~~
23 ~~qualified as public depositories by reason of insurance of the~~
24 ~~account by an agency of the United States or by depositing~~
25 ~~collateral security or by giving bond as provided by law in the~~

.166891.1

underscored material = new
[bracketed material] = delete

1 ~~proportion that each bank's or savings and loan association's~~
2 ~~net worth bears to the total net worth of all banks and savings~~
3 ~~and loan associations having their main office or manned branch~~
4 ~~office within the geographical boundaries of the governmental~~
5 ~~unit. The net worth of the main office of a savings and loan~~
6 ~~association and its manned branch offices within the~~
7 ~~geographical boundaries of a governmental unit is the total net~~
8 ~~worth of the association multiplied by the percentage that~~
9 ~~deposits of the main office and the manned branch offices~~
10 ~~located within the geographical boundaries of the governmental~~
11 ~~unit are of the total deposits of the association. The net~~
12 ~~worth of each manned branch office or aggregate of manned~~
13 ~~branch offices of a savings and loan association located~~
14 ~~outside the geographical boundaries of the governmental unit in~~
15 ~~which the main office is located is the total net worth of the~~
16 ~~association multiplied by the percentage that deposits of the~~
17 ~~branch or the aggregate of branches located outside the~~
18 ~~geographical boundaries of the governmental unit in which the~~
19 ~~main office is located are of the total deposits of the~~
20 ~~association. The director of the financial institutions~~
21 ~~division of the regulation and licensing department shall~~
22 ~~promulgate a formula for determining the net worth of banks'~~
23 ~~main offices and branches for the purposes of distribution of~~
24 ~~public money as provided for by this section. "Net worth"~~
25 ~~means the assets less liabilities as reported by those banks~~

.166891.1

underscored material = new
[bracketed material] = delete

1 ~~and savings and loan associations on their most recent~~
2 ~~semiannual reports to the state or federal supervisory~~
3 ~~authority having jurisdiction.] Public money placed in~~
4 ~~interest-bearing deposits shall be made available to all~~
5 ~~commercial banks and savings banks that have their main office~~
6 ~~or a staffed branch office within the geographical boundaries~~
7 ~~of the governmental unit and that have qualified as public~~
8 ~~depositories by reason of insurance of the account by an agency~~
9 ~~of the United States or by depositing collateral security or by~~
10 ~~giving bond as provided by law based on the highest and best~~
11 ~~interest rate bid by each bank as requested, but in no case~~
12 ~~will the bid rate accepted be less than one hundred percent of~~
13 ~~the asked price on United States treasury securities of the~~
14 ~~same maturity on the day of deposit.~~

15 D. Public money may be placed at the discretion of
16 the designated board of finance or treasurer in interest-
17 bearing deposits in credit unions having their main or ~~[manned]~~
18 ~~staffed~~ branch offices within the geographical boundaries of
19 the governmental unit to the extent ~~[such]~~ the deposits are
20 insured by an agency of the United States.

21 ~~[E. The rate of interest for all public money~~
22 ~~deposited in interest-bearing accounts in banks, savings and~~
23 ~~loan associations and credit unions shall be set by the state~~
24 ~~board of finance, but in no case shall the rate of interest be~~
25 ~~less than one hundred percent of the asked price on United~~

.166891.1

underscored material = new
[bracketed material] = delete

1 ~~States treasury bills of the same maturity on the day of~~
2 ~~deposit. Any bank or savings and loan association that fails~~
3 ~~to pay the minimum rate of interest at the time of deposit~~
4 ~~provided for herein for any respective deposit forfeits its~~
5 ~~right to an equitable share of that deposit under this section.~~

6 ~~If the deposit is part or all of the proceeds of a bond~~
7 ~~issue and the interest rate prescribed in this subsection~~
8 ~~materially exceeds the rate of interest of the bonds, the~~
9 ~~interest rate prescribed by this subsection shall be reduced on~~
10 ~~that deposit to an amount not materially exceeding the interest~~
11 ~~rate of the bonds if the bond issue would lose its tax exempt~~
12 ~~status pursuant to the provisions of the Internal Revenue Code~~
13 ~~of 1986, as amended.~~

14 ~~F.]~~ E. Public money in excess of that for which
15 banks, savings and loan associations and credit unions within
16 the geographical boundaries of the governmental unit have
17 qualified may be deposited in qualified depositories in other
18 areas within the state under the same requirements for payment
19 of interest as if the money were deposited within the
20 geographical boundaries of the governmental unit or may be
21 invested as provided by law.

22 ~~[G.]~~ F. The department of finance and
23 administration may monitor the deposits of public money by
24 governmental units to assure full compliance with the
25 provisions of this section."

.166891.1

1 Section 2. EFFECTIVE DATE.--The effective date of the
2 provisions of this act is July 1, 2007.

3 - 6 -

underscored material = new
[bracketed material] = delete

4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25