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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 that have adopted home rule  
charters as authorized by the constitution of New Mexico and  
local school boards that have been designated as boards of  
finance, shall be deposited in qualified depositories in  
accordance with the terms of this section or invested as  
otherwise provided by law.

B. Deposits of funds of a governmental unit may be  
made in noninterest-bearing checking accounts in one or more  
banks or savings and loan associations designated as checking  
depositories located within the geographical boundaries of  
the governmental unit. In addition, deposits of funds may be  
in noninterest-bearing accounts in one or more credit unions  
designated as checking depositories located within the

1 geographical boundaries of the governmental unit to the  
2 extent the deposits are insured by an agency of the United  
3 States. If there is no checking depository within the  
4 geographical boundaries of the governmental unit, one or more  
5 banks, savings and loan associations or credit unions within  
6 the county in which the principal office of the governmental  
7 unit is located may be so designated, but credit union  
8 deposits shall be insured by an agency of the United States.

9 C. Public money placed in interest-bearing  
10 deposits in banks and savings and loan associations shall be  
11 equitably distributed among all banks and savings and loan  
12 associations having their main or staffed branch offices  
13 within the geographical boundaries of the governmental unit  
14 that have qualified as public depositories by reason of  
15 insurance of the account by an agency of the United States or  
16 by depositing collateral security or by giving bond as  
17 provided by law and that desire a deposit of public money  
18 pursuant to this section. The deposits shall be in the  
19 proportion that each bank's or savings and loan association's  
20 deposits bears to the total deposits of all banks and savings  
21 and loan associations that have their main office or staffed  
22 branch office within the geographical boundaries of the  
23 governmental unit and that desire a deposit of public money  
24 pursuant to this section. The deposits of the main office of  
25 a savings and loan association and its staffed branch offices

1 within the geographical boundaries of a governmental unit is  
2 the total deposits of the association multiplied by the  
3 percentage that deposits of the main office and the staffed  
4 branch offices located within the geographical boundaries of  
5 the governmental unit are of the total deposits of the  
6 association, net of any public fund deposits. The deposits  
7 of each staffed branch office or aggregate of staffed branch  
8 offices of a savings and loan association located outside the  
9 geographical boundaries of the governmental unit in which the  
10 main office is located is the total deposits of the  
11 association multiplied by the percentage that deposits of the  
12 branch or the aggregate of branches located outside the  
13 geographical boundaries of the governmental unit in which the  
14 main office is located are of the total deposits of the  
15 association, net of any public fund deposits. The director  
16 of the financial institutions division of the regulation and  
17 licensing department shall promulgate a formula for  
18 determining the deposits of banks' main offices and branches  
19 for the purposes of distribution of public money as provided  
20 for by this section.

21 D. Public money may be placed at the discretion of  
22 the designated board of finance or treasurer in  
23 interest-bearing deposits in credit unions having their main  
24 or staffed branch offices within the geographical boundaries  
25 of the governmental unit to the extent the deposits are

1 insured by an agency of the United States.

2 E. The rate of interest for all public money  
3 deposited in interest-bearing accounts in banks, savings and  
4 loan associations and credit unions shall be set by the state  
5 board of finance, but in no case shall the rate of interest  
6 be less than one hundred percent of the asked price on United  
7 States treasury bills of the same maturity on the day of  
8 deposit. Any bank or savings and loan association that fails  
9 to pay the minimum rate of interest at the time of deposit  
10 provided for in this subsection for any respective deposit  
11 forfeits its right to an equitable share of that deposit  
12 under this section.

13 If the deposit is part or all of the proceeds of a bond  
14 issue and the interest rate prescribed in this subsection  
15 materially exceeds the rate of interest of the bonds, the  
16 interest rate prescribed by this subsection shall be reduced  
17 on that deposit to an amount not materially exceeding the  
18 interest rate of the bonds if the bond issue would lose its  
19 tax-exempt status pursuant to the provisions of the Internal  
20 Revenue Code of 1986, as amended.

21 F. Public money in excess of that for which banks,  
22 savings and loan associations and credit unions within the  
23 geographical boundaries of the governmental unit have  
24 qualified may be deposited in qualified depositories in other  
25 areas within the state under the same requirements for

1 payment of interest as if the money were deposited within the  
2 geographical boundaries of the governmental unit or may be  
3 invested as provided by law.

4 G. The department of finance and administration  
5 may monitor the deposits of public money by governmental units  
6 to assure full compliance with the provisions of this  
7 section."

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

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