

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

HOUSE BILL 66

49TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2010

INTRODUCED BY

Brian F. Egolf and Timothy M. Keller

AN ACT

RELATING TO THE STATE FISC; CREATING A PREFERENCE FOR COMMUNITY BANKS AND CREDIT UNIONS FOR THE STATE'S MAIN GENERAL FUND ACCOUNT; MANDATING THAT STATE AGENCY ACCOUNTS BE HELD IN COMMUNITY BANKS OR CREDIT UNIONS; REQUIRING THE STATE TREASURER TO DEVELOP A PROGRAM FOR INCREASING INVESTMENT IN COMMUNITY BANKS OR CREDIT UNIONS.

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

Section 1. [NEW MATERIAL] APPLICATION OF PREFERENCES.--

A. The department of finance and administration shall give a preference to a community bank to act as the fiscal agent of the general fund operating cash depository account. When bids are received by a community bank and a nonresident bank, the contract shall be awarded to the community bank whose bid is nearest to the bid price of the

.180550.2

underscoring material = new
~~[bracketed material] = delete~~

underscored material = new
[bracketed material] = delete

1 otherwise low nonresident bank bidder if the bid price of the
2 community bank is lower than the bid price of a nonresident
3 bank when multiplied by a factor of .9.

4 B. As used in this section:

5 (1) "community bank" means a federally insured
6 depository institution organized under the laws of New Mexico
7 that has been granted a state of New Mexico or federal bank
8 charter, or a credit union that is insured by the national
9 credit union administration and is organized under the laws of
10 New Mexico; and

11 (2) "nonresident bank" means a federally
12 insured depository institution organized under the laws of a
13 state other than New Mexico.

14 Section 2. [NEW MATERIAL] COMMUNITY BANK INVESTMENTS.--

15 A. The state treasurer, with the department of
16 finance and administration and the state board of finance,
17 shall develop, pursuant to the State Rules Act, a program to
18 increase state investment in certificates of deposit at
19 institutions pursuant to Article 8, Section 4 of the
20 constitution of New Mexico to promote community investment by
21 community banks.

22 B. The state treasurer shall promulgate rules to
23 determine that portion of the general fund operating cash
24 depository account that is not needed to meet short-term
25 liquidity needs pursuant to Section 6-10-26 NMSA 1978 and,
.180550.2

underscoring material = new
[bracketed material] = delete

1 subsequently, create an investment program for the remainder
2 aimed at increasing community bank lending to New Mexico
3 businesses.

4 C. The rules promulgated pursuant to Subsection B
5 of this section shall balance the investment priorities, such
6 as the preservation of the principal balance, the maintenance
7 of liquidity and maximum return with the need for a program
8 where the state invests in certificates of deposit with
9 maturity terms of at least one year, thereby providing
10 community banks with additional reserves to lend to New Mexico
11 businesses.

12 D. As used in this section, "community bank" means
13 a federally insured depository institution organized under the
14 laws of New Mexico that has been granted a state of New Mexico
15 or federal bank charter, or a credit union that is insured by
16 the national credit union administration and is organized under
17 the laws of New Mexico.

18 Section 3. Section 6-1-13 NMSA 1978 (being Laws 1987,
19 Chapter 339, Section 2) is amended to read:

20 "6-1-13. DEPOSIT ACCOUNTS BY STATE AGENCIES--
21 AUTHORIZATION BY STATE TREASURER.--

22 A. A state agency [~~may~~] shall not open a new
23 deposit account or deposit money in an existing deposit account
24 unless it has submitted a request to the state treasurer in
25 writing on forms prescribed by the state treasurer and received

.180550.2

underscored material = new
[bracketed material] = delete

1 written authorization from the state treasurer for each such
2 account. This section shall not constitute authority for
3 agencies to open demand deposit accounts and shall not apply to
4 deposits made pursuant to Section 6-10-35 NMSA 1978. [~~On the~~
5 ~~effective date of this act, agency deposit accounts previously~~
6 ~~authorized shall be governed by the terms of this section.~~]

7 B. Each new deposit account shall be opened with a
8 community bank, and existing deposit accounts shall be
9 transferred to a community bank no later than August 1, 2010.

10 [~~B.~~] C. The state treasurer shall establish for
11 each account [~~these~~] conditions and reports appropriate to that
12 account, including, without limitation, the period for which
13 the account may be authorized. The provisions of this section
14 shall not apply to investments made by the state treasurer or
15 the state investment council. The state treasurer shall submit
16 to the state board of finance on a quarterly basis a list of
17 all accounts established pursuant to this section.

18 [~~C.~~] D. As used in this section:

19 (1) "community bank" means a federally insured
20 depository institution organized under the laws of New Mexico
21 that has been granted a state of New Mexico or federal bank
22 charter, or a credit union that is insured by the national
23 credit union administration and is organized under the laws of
24 New Mexico; and

25 (2) "state agency" means the state of New

.180550.2

1 Mexico or any of its branches, agencies, departments, boards,
2 instrumentalities or institutions other than state educational
3 institutions designated by Article 12, Section 11 of the
4 constitution of New Mexico."

5 Section 4. TEMPORARY PROVISION--STUDY.--The state
6 treasurer, secretary of finance and administration and a
7 representative from the state investment council and state
8 board of finance shall study the feasibility of dividing the
9 general fund operating cash depository account between
10 community banks and credit unions in order to ensure that state
11 money benefits New Mexico residents. The state treasurer shall
12 report the results of the study to the legislative finance
13 committee and the governor by October 1, 2010.