WEST VIRGINIA LEGISLATURE
REGULAR SESSION, 1980

ENROLLED

SENATE BILL NO. 569

(By Mr. Bogus)

PASSED March 8, 1980
In Effect from Passage
AN ACT to amend and reenact sections two and three, article one, chapter twelve of the code of West Virginia, one thousand nine hundred thirty-one, as amended, relating to depositories for demand deposits; apportionment of deposits; board authorized to select depositories through competitive bidding; maintenance of deposits by treasurer; depositories for interest earning deposits; qualifications.

Be it enacted by the Legislature of West Virginia:

That sections two and three, article one, chapter twelve of the code of West Virginia, one thousand nine hundred thirty-one, as amended, be amended and reenacted to read as follows:

ARTICLE 1. STATE DEPOSITORIES.

§12-1-2. Depositories for demand deposits; categories of demand deposits; competitive bidding for disbursement accounts; maintenance of deposits by treasurer.

1. The state board of investments shall designate the state and national banks in this state which shall serve as depositories for all state funds placed in demand deposits.
2. Any such state or national bank shall, upon request to such board, be designated as a state depository for such deposits, if such bank meets the requirements set forth in this chapter: Provided, That notwithstanding any provision of this article to the contrary, no state funds may be deposited in any bank which has been in existence over a period of five years which does not have a loan to deposit ratio of fifty percent or more and which does not have farm, single or multifamily residential unit loans in an amount greater than twenty-five percent of the amount
of loans representing a loan-to-deposit ratio of fifty percent. For the purpose of making the foregoing calculation, the balances due the bank on the following loans shall be given effect: (1) qualifying residential loans held by the bank; (2) qualifying loans made in participation with other financial institutions; (3) qualifying loans made in participation with agencies of the state, federal or local governments; and (4) qualifying loans originated and serviced by the bank but owned by an out-of-state investor. The computation of the criteria for eligibility specified above shall be based on the average daily balances of deposits, the average daily balances of total loans, and qualifying residential loans for the period being reported.

Demand deposit accounts shall consist of receipt, disbursement and investment accounts. Receipt accounts shall be those accounts in which are deposited moneys belonging to or due the state of West Virginia or any official, department, board, commission or agency thereof. Disbursement accounts shall be those accounts from which are paid moneys due from the state of West Virginia or any official, department, board, commission, political subdivision or agency thereof to any political subdivision, person, firm or corporation except moneys paid from investment accounts.

Investment accounts shall be those accounts established by the treasurer or board of investments for the buying and selling of securities for investment for the state of West Virginia or any official, department, board, commission or agency thereof or to meet obligations to paying agents or for paying charges incurred for the custody, safekeeping and management of such securities pursuant to the provisions of section five, article five of this chapter, or for paying the charges of any bank or trust company acting as paying agent or copaying agent for a bond issue of the state pursuant to the provisions of section seven-a, article one, chapter fifty-seven of this code.

The board of investments shall promulgate rules and regulations, in accordance with the provisions of chapter twenty-nine-a of the code of West Virginia, as amended, concerning depositories for receipt accounts and invest-
ment accounts prescribing the selection criteria, procedures, compensation and such other contractual terms as it considers to be in the best interests of the state giving due consideration to: (1) The activity of the various accounts maintained therein; (2) the reasonable value of the banking services rendered or to be rendered the state by such depositories; and (3) the value and importance of such deposits to the economy of the communities and the various areas of the state affected thereby.

The board of investments shall select depositories for disbursement accounts through competitive bidding by eligible banks in this state: Provided, however, That funds in disbursement accounts shall be proportionately distributed among the following categories of such depositories, based upon the total assets of such depository: (a) Depositories whose total assets are not greater than twenty-five million dollars; (b) depositories whose total assets are greater than twenty-five million dollars but not greater than fifty million dollars; or (c) depositories whose total assets are greater than fifty million dollars. The board shall promulgate rules and regulations, in accordance with the provisions of chapter twenty-nine-a of the code of West Virginia, as amended, prescribing the procedures and criteria for such bidding and selection. It shall, in its invitations for bids, specify the approximate amounts of deposits, the duration of contracts to be awarded and such other contractual terms as it considers to be in the best interests of the state, consistent with obtaining the most efficient service at the lowest cost: Provided further, That the depositories for such disbursement accounts shall be determined by the board through competitive bidding separately for each category of depositories created in this section.

The amount of money needed for current operation purposes of the state government, as determined by the state treasurer, shall be maintained at all times in the state treasury, in cash or in disbursement accounts with banks designated as depositories in accordance with the provisions of this section. No state officer or employee shall make or cause to be made any deposits of state funds in banks not so designated.
§12-1-3. Depositories for interest earning deposits; qualifications.

1 Any state or national bank or any state or federal savings and loan association in this state shall, upon request made to the board of investments, be designated as an eligible depository for interest earning deposits of state funds if such bank or state or federal savings and loan association meets the requirements set forth in this chapter.

2 For purposes of this article, the term “interest earning deposits” includes certificates of deposit. The board of investments, acting through the treasurer, shall make and apportion such interest earning deposits and shall prescribe the interest rates, terms and conditions of such deposits, all in accordance with the provisions of article six of this chapter: Provided, That state or federal savings and loan associations insured by an agency of the federal government shall be eligible for such deposits not in excess of one hundred thousand dollars: Provided, however, That notwithstanding any provision of this article to the contrary, no such interest earning deposits may be deposited in any depository which has been in existence over a period of five years which does not have a loan to deposit ratio of fifty percent or more and which does not have farm, single or multifamily residential unit loans in an amount greater than twenty-five percent of the amount of loans representing a loan-to-deposit ratio of fifty percent. For the purpose of making the foregoing calculation, the balances due the depository on the following loans shall be given effect: (1) Qualifying residential loans held by the depository; (2) qualifying loans made in participation with other financial institutions; (3) qualifying loans made in participation with agencies of the state, federal or local governments; and (4) qualifying loans originated and serviced by the depository but owned by an out-of-state investor. The computation of the criteria for eligibility specified above shall be based on the average daily balances of deposits, the average daily balances of total loans, and qualifying residential loans for the period being reported.
The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

James T. Davis  
Chairman Senate Committee

Chairman House Committee

Originated in the Senate.

To take effect from passage.

Clerk of the Senate

Clerk of the House of Delegates

President of the Senate

Speaker House of Delegates

The within is approved this the 24th day of March, 1980.

Governor