

APPROVED AND SIGNED BY THE GOVERNOR

Date 3-24-80

Time 4:45 p.m.

WEST VIRGINIA LEGISLATURE
REGULAR SESSION, 1980



ENROLLED

SENATE BILL NO. 569

(By Mr. Rogers)



PASSED March 8, 1980

In Effect from Passage



No: 569

ENROLLED

Senate Bill No. 569

(By MR. ROGERS)

[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
2 and national banks in this state which shall serve as de-
3 positories for all state funds placed in demand deposits.
4 Any such state or national bank shall, upon request to
5 such board, be designated as a state depository for such
6 deposits, if such bank meets the requirements set forth in
7 this chapter: *Provided*, That notwithstanding any provi-
8 sion of this article to the contrary, no state funds may be
9 deposited in any bank which has been in existence over a
10 period of five years which does not have a loan to deposit
11 ratio of fifty percent or more and which does not have
12 farm, single or multifamily residential unit loans in an
13 amount greater than twenty-five percent of the amount

14 of loans representing a loan-to-deposit ratio of fifty per-
15 cent. For the purpose of making the foregoing calculation,
16 the balances due the bank on the following loans shall
17 be given effect: (1) qualifying residential loans held by
18 the bank; (2) qualifying loans made in participation with
19 other financial institutions; (3) qualifying loans made
20 in participation with agencies of the state, federal or
21 local governments; and (4) qualifying loans originated
22 and serviced by the bank but owned by an out-of-state
23 investor. The computation of the criteria for eligibility
24 specified above shall be based on the average daily
25 balances of deposits, the average daily balances of total
26 loans, and qualifying residential loans for the period
27 being reported.

28 Demand deposit accounts shall consist of receipt, dis-
29 bursement and investment accounts. Receipt accounts
30 shall be those accounts in which are deposited moneys
31 belonging to or due the state of West Virginia or any
32 official, department, board, commission or agency, thereof.

33 Disbursement accounts shall be those accounts from
34 which are paid moneys due from the state of West Vir-
35 ginia or any official, department, board, commission,
36 political subdivision or agency thereof to any political
37 subdivision, person, firm or corporation except moneys
38 paid from investment accounts.

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

51 The board of investments shall promulgate rules and
52 regulations, in accordance with the provisions of chapter
53 twenty-nine-a of the code of West Virginia, as amended,
54 concerning depositories for receipt accounts and invest-

55 ment accounts prescribing the selection criteria, proce-
56 dures, compensation and such other contractual terms
57 as it considers to be in the best interests of the state giv-
58 ing due consideration to: (1) The activity of the various
59 accounts maintained therein; (2) the reasonable value of
60 the banking services rendered or to be rendered the state
61 by such depositories; and (3) the value and importance
62 of such deposits to the economy of the communities and
63 the various areas of the state affected thereby.

64 The board of investments shall select depositories for
65 disbursement accounts through competitive bidding by
66 eligible banks in this state: *Provided, however,* That funds
67 in disbursement accounts shall be proportionately dis-
68 tributed among the following categories of such deposi-
69 tories, based upon the total assets of such depository: (a)
70 Depositories whose total assets are not greater than
71 twenty-five million dollars; (b) depositories whose total
72 assets are greater than twenty-five million dollars but not
73 greater than fifty million dollars; or (c) depositories
74 whose total assets are greater than fifty million dollars.
75 The board shall promulgate rules and regulations, in
76 accordance with the provisions of chapter twenty-nine-a
77 of the code of West Virginia, as amended, prescribing the
78 procedures and criteria for such bidding and selection. It
79 shall, in its invitations for bids, specify the approximate
80 amounts of deposits, the duration of contracts to be
81 awarded and such other contractual terms as it considers
82 to be in the best interests of the state, consistent with
83 obtaining the most efficient service at the lowest cost:
84 *Provided further,* That the depositories for such disburse-
85 ment accounts shall be determined by the board through
86 competitive bidding separately for each category of de-
87 positories created in this section.

88 The amount of money needed for current operation
89 purposes of the state government, as determined by the
90 state treasurer, shall be maintained at all times in the
91 state treasury, in cash or in disbursement accounts with
92 banks designated as depositories in accordance with the
93 provisions of this section. No state officer or employee
94 shall make or cause to be made any deposits of state funds
95 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 sav-
2 ings and loan association in this state shall, upon request
3 made to the board of investments, be designated as an eli-
4 gible depository for interest earning deposits of state
5 funds if such bank or state or federal savings and loan as-
6 sociation meets the requirements set forth in this chapter.
7 For purposes of this article, the term "interest earning de-
8 posits" includes certificates of deposit. The board of in-
9 vestments, acting through the treasurer, shall make and
10 apportion such interest earning deposits and shall pre-
11 scribe the interest rates, terms and conditions of such
12 deposits, all in accordance with the provisions of article
13 six of this chapter: *Provided*, That state or federal savings
14 and loan associations insured by an agency of the federal
15 government shall be eligible for such deposits not in ex-
16 cess of one hundred thousand dollars: *Provided, however*,
17 That notwithstanding any provision of this article to the
18 contrary, no such interest earning deposits may be de-
19 posited in any depository which has been in existence over
20 a period of five years which does not have a loan to de-
21 posit ratio of fifty percent or more and which does not
22 have farm, single or multifamily residential unit loans in
23 an amount greater than twenty-five percent of the amount
24 of loans representing a loan-to-deposit ratio of fifty per-
25 cent. For the purpose of making the foregoing calcula-
26 tion, the balances due the depository on the following
27 loans shall be given effect: (1) Qualifying residential
28 loans held by the depository; (2) qualifying loans made
29 in participation with other financial institutions; (3)
30 qualifying loans made in participation with agencies of
31 the state, federal or local governments; and (4) qualify-
32 ing loans originated and serviced by the depository but
33 owned by an out-of-state investor. The computation of
34 the criteria for eligibility specified above shall be based
35 on the average daily balances of deposits, the average
36 daily balances of total loans, and qualifying residential
37 loans for the period being reported.

The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

James L. Davis
Chairman Senate Committee

Lawrence C. Johnston
Chairman House Committee

Originated in the Senate.

To take effect from passage.

Todd C. Walters
Clerk of the Senate

D.A. Blankenship
Clerk of the House of Delegates

W.P. Brockett
President of the Senate

Clide M. Lee, Jr.
Speaker House of Delegates

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

John R. Peeples
Governor



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