

ACT# 2009-471

1 HB143
2 107365-5
3 By Representative Vance
4 RFD: Banking and Insurance
5 First Read: 03-FEB-09
6 PFD: 01/20/2009



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ENROLLED, An Act,

To amend Section 41-14A-3 of the Code of Alabama 1975, the Security for Alabama Funds Enhancement (SAFE) Act, to authorize covered public entities and covered public officials, in addition to any other authorization for the deposit of funds, to place their funds through a qualified public depository which arranges for the funds to be deposited in federally insured banks or savings associations so that the funds and accrued interest earned on them are fully insured by the Federal Deposit Insurance Corporation and, at the same time, the qualified public depository receives or is credited with deposits from other banks or savings associations in an amount equal to or greater than the amount it arranged to be deposited in other banks and savings associations; to provide that the additional authorization described above shall not apply to funds or moneys of the state that are deposited or invested by the State Treasurer pursuant to Chapter 14 of Title 41, Code of Alabama 1975; and to provide that no deposit made in a bank or savings association pursuant to the authorization described above shall be protected by the SAFE Program or eligible to participate in the SAFE collateral pool or the Loss Payment Fund.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

1 Section 1. Section 41-14A-3 of the Code of Alabama
2 1975, is amended to read as follows:

3 "§41-14A-3.

4 "(a) On and after January 1, 2001:

5 "(1) All public deposits of all covered public
6 entities and covered public officials shall be governed by
7 this chapter and shall be secured as provided in this chapter.

8 "(2) All public depositors shall, notwithstanding
9 any other laws to the contrary, place their public deposits
10 with one or more qualified public depositories in accordance
11 with this chapter. Notwithstanding the foregoing, funds placed
12 in interest-bearing deposits through a qualified public
13 depository pursuant to subsection (c) shall be exempt from the
14 other requirements of this chapter.

15 "(3) All financial institutions shall file the
16 reports required by this chapter or by rule, regulation, or
17 order of the board of directors and all financial institutions
18 accepting any public deposits shall be a qualified public
19 depository and shall comply with all provisions of this
20 chapter, including, without limitation, the collateral
21 pledging requirements of Section 41-14A-5.

22 "(b) Funds held solely for the purpose of paying
23 registrars or paying agents are exempt from the requirements
24 of this chapter.

1 "(c) In addition to any other authorization for the
2 investment or deposit of funds by a public depositor, a public
3 depositor may deposit funds in banks and savings associations
4 that are not qualified public depositories provided that all
5 of the following are satisfied:

6 "(1) The public depositor enters into one or more
7 agreements with a qualified public depository designated by
8 the public depositor pursuant to which the qualified public
9 depository agrees to arrange for the placement of funds of the
10 public depositor in interest bearing deposits of other banks
11 or savings associations in amounts not exceeding applicable
12 Federal Deposit Insurance Corporation deposit insurance
13 limits.

14 "(2) To prevent deposits from exceeding the
15 insurance coverage provided by the Federal Deposit Insurance
16 Corporation, the public depositor provides the qualified
17 public depository with a notification that identifies all
18 banks and savings associations that are holding deposits on
19 behalf of the public depositor and on behalf of any
20 department, agency, or other instrumentality whose deposits
21 would be aggregated with those of the public depositor in
22 determining the maximum available Federal Deposit Insurance
23 Corporation insurance coverage.

24 "(3) The qualified public depository arranges for
25 the deposit of the funds in one or more federally insured

1 banks or savings associations, wherever located, for the
2 account of the public depositor, provided, that the qualified
3 public depository shall not arrange for the deposit of the
4 funds with any bank or savings association identified in the
5 notification provided by the public depositor pursuant to
6 subdivision (2).

7 "(4) Each deposit is entered in the records of the
8 qualified public depository and the other banks and savings
9 associations that receive or are credited with the deposit in
10 such manner that the full amount of principal and accrued
11 interest of the deposit is insured by the Federal Deposit
12 Insurance Corporation.

13 "(5) The deposits are held by the qualified public
14 depository for the public depositor under a custodial
15 arrangement.

16 "(6) At the time the funds are deposited through the
17 qualified public depository, the qualified public depository
18 receives or is credited with an amount of deposits from
19 customers of other federally insured banks or savings
20 associations equal to or greater than the amount of funds
21 deposited by the public depositor in other banks and savings
22 associations through the qualified public depository.

23 "(7) The public depositor receives confirmation of
24 the deposits and periodic statements that reflect the
25 ownership of the deposits by the public depositor, the names

1 of the banks and savings associations that hold the deposits,
2 and the interest rate or rates on the deposits.

3 "(8) a. The qualified public depository agrees to
4 provide to the Department of Examiners of Public Accounts,
5 upon request, information necessary to permit the department
6 to verify the deposits of the public depositor that are held
7 by the banks and savings associations named on the
8 confirmation of deposits and periodic statements and were
9 placed through the qualified public depository.

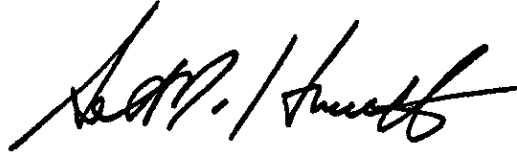
10 "b. Notwithstanding any other provision of law, any
11 qualified public depository may release records and other
12 documentation and information to the department for the
13 purposes of this subdivision.

14 "(d) Subsection (c) shall not apply to funds or
15 moneys of the state that are deposited or invested by the
16 State Treasurer pursuant to Chapter 14 of Title 41.

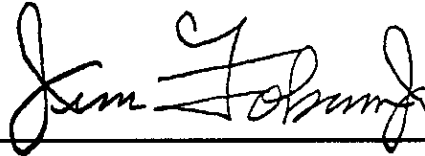
17 "(e) No funds placed pursuant to subsection (c)
18 shall be protected by the SAFE Program or eligible to
19 participate in the SAFE collateral pool or the Loss Payment
20 Fund."

21 Section 2. This act shall become effective on the
22 first day of the third month following its passage and
23 approval by the Governor, or its otherwise becoming law.

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Speaker of the House of Representatives



President and Presiding Officer of the Senate

House of Representatives

I hereby certify that the within Act originated in
and was passed by the House 31-MAR-09, as amended.

Greg Pappas
Clerk

Senate

30-APR-09

Passed

APPROVED May 13, 2009

TIME 8:45 a.m.


GOVERNOR

Alabama Secretary Of State

Act Num....: 2009-471
Bill Num....: H-143

Recv'd 05/13/09 02:43pmJJB