

HCS SCS SB 769 -- FINANCIAL INSTITUTIONS

SPONSOR: Cunningham (Fraker)

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Financial Institutions by a vote of 11 to 0. Voted "Do Pass" by the Standing Committee on Rules- Legislative Oversight by a vote of 11 to 0.

This bill modifies several provisions relating to financial institutions.

SECURITY-COLLATERAL LIST

Currently, the State Treasurer and the Treasurer of the City of St. Louis are limited in the types of securities they may require as collateral from banks or financial institutions selected and approved for the safekeeping and payment of deposits. This bill adds brokered or negotiable certificates of deposit that are fully insured by the FDIC or the National Credit Union Share Insurance Fund to the collateral list (Sections 30.270 and 95.530, RSMo).

INVESTMENT OF PUBLIC FUNDS

Currently, any public entity or political subdivision may invest public deposits if, among other things, on the same date that the public funds are deposited the financial institution also receives an amount of deposits from other financial institutions equal to the amount of the public funds deposited. This bill repeals this requirement (Section 67.085).

DEPOSITARIES FOR PUBLIC FUNDS

Currently, the law provides restrictions on the security of the public funds of specific political subdivisions. This bill stipulates that the requirements apply to all political subdivisions of the state. Furthermore, the bill also allows banks serving as a depository for public funds to invest in the same manner as the State Treasurer is constitutionally permitted (Section 110.010).

CERTIFIED CHECK REQUIREMENTS

Currently, the law requires certain bids made by banks, associations, or trust companies to be accompanied by a certified check. This bill repeals those requirements (Sections 110.080, 110.140, 165.221, 165.231, 165.241, and 165.271).

TAX ON CORPORATIONS

Any entity not subject to tax on corporations, which includes certain financial institutions, is not required to file a tax return for corporate income taxes (Section 143.433).

For any year there is a reduction in the tax rate on corporations, there will be a corresponding and proportional reduction in the tax rate imposed on banking institutions, credit institutions, and corporate franchises (Section 148.720).

DORMANT BANK ACCOUNTS

Whenever an account with a bank has been inactive for 12 months or more, the bank is required to notify the account holder of such inactivity through first class mail postage prepaid marked "Address Correction Requested." Additionally, the bank is required to send annual statements for such account and charge a fee up to \$5 per statement. Such fee shall be withdrawn from the inactive account.

The bill also stipulates that the funds of any bank account which has been inactive for a period of five years shall be remitted to the Abandoned Fund Account administered by the State Treasurer (Section 447.200).

PROPONENTS: Supporters say that this bill will improve the relationship between banking institutions and the local government. This bill will update and modernize public entity finance statutes.

Testifying for the bill were Senator Cunningham; Missouri Bankers Association; Missouri State Treasurer's Office; Missouri Independent Bankers; Missouri Association of Counties; and the Heartland Credit Union.

OPPONENTS: There was no opposition voiced to the committee.