

Regular Session, 2013

HOUSE BILL NO. 114

BY REPRESENTATIVES KATRINA JACKSON AND PONTI

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

FINANCIAL INSTITUTIONS: Repeals provisions relative to the acceptance of public funds by certain financial institutions

1 AN ACT

2 To amend and reenact R.S. 49:317 and to repeal R.S. 6:124.1(C) and R.S. 39:1220(A)(4),
3 relative to the acceptance of public funds by certain financial institutions; to repeal
4 requirement of ratings under the federal Community Reinvestment Act; and to
5 provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 49:317 is hereby amended and reenacted to read as follows:

8 §317. Designation of state depositories; restriction

9 The Interim Emergency Board shall designate as state depositories such
10 financial institutions doing business in this state as it may deem advisable after
11 considering the recommendations of the treasurer. ~~No financial institution that has~~
12 ~~received two consecutive ratings of less than satisfactory under the Community~~
13 ~~Reinvestment Act of 1977, 12 U.S.C. 2901 et seq., shall be selected to receive the~~
14 ~~deposits of any public funds. When a financial institution receives two such~~
15 ~~consecutive ratings of less than satisfactory, the institution may continue to hold all~~
16 ~~public funds until maturity to avoid the imposition of a penalty upon the depositor;~~
17 ~~however, the institution shall not accept the public funds for reinvestment and shall~~
18 ~~not accept additional public funds.~~

19 Section 2. R.S. 6:124.1(C) is hereby repealed in its entirety.

20 Section 3. R.S. 39:1220(A)(4) is hereby repealed in its entirety.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Katrina Jackson

HB No. 114

Abstract: Repeals requirement that financial institutions receiving public funds not have received two consecutive less than satisfactory ratings under the federal Community Reinvestment Act of 1977.

Present law (R.S. 6:124.1) provides that financial institutions are obligated to demonstrate that their deposit facilities serve the needs and convenience of the communities where they are chartered to do business. Present law further provides that regulated financial institutions have a continuing obligation to help meet the credit needs of the communities where they are chartered. The federal Community Reinvestment Act of 1977 requires that each financial institution receive an annual rating indicating the degree to which the institution has met such community credit needs. Proposed law repeals present law requirement that a financial institution may not receive public funds for deposit if it has received two consecutive less than satisfactory ratings under the federal Community Reinvestment Act of 1977.

Present law (R.S. 39:1220(A)(4)) provides that local depositing authorities shall select financial institutions as the depository for their funds that are domiciled or have branches in the parish, municipality, or congressional district, along with other specific conditions. Proposed law repeals present law requirement that the financial institution may not receive public funds for deposit if it has received two consecutive less than satisfactory ratings under the federal Community Reinvestment Act of 1977.

Present law (R.S. 49:317) provides that the Interim Emergency Board shall designate as state depositories such financial institutions doing business in the state as advisable after considering recommendations from the treasurer. Proposed law repeals present law requirement that the financial institution may not receive public funds for deposit if it has received two consecutive less than satisfactory ratings under the federal Community Reinvestment Act of 1977.

(Amends R.S. 49:317; Repeals R.S. 6:124.1(C) and R.S. 39:1220(A)(4))