

1 SB548
2 119170-1
3 By Senators Barron and Little (Z)
4 RFD: Finance and Taxation General Fund
5 First Read: 23-MAR-10

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8 SYNOPSIS: Currently, the State Treasurer invests the
9 state's money with various state depositories.

10 This bill would temporarily set a
11 requirement for depositories to receive funds that
12 such depositories would have to lend money for the
13 purchase or refinancing of Alabama homes or new or
14 expanding businesses.

15
16 A BILL
17 TO BE ENTITLED
18 AN ACT

19
20 To amend Section 41-14-33, Code of Alabama 1975,
21 relating to the State Treasury and state depositories and
22 interest thereto; to temporarily set a requirement for
23 depositories to receive funds that such depositories would
24 have to lend money for the purchase or refinancing of Alabama
25 homes or new or expanding businesses.

26 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

1 Section 1. Section 41-14-33, Code of Alabama 1975,
2 is amended to read as follows:

3 "§41-14-33.

4 "(a) The State Treasurer is authorized to enter into
5 contracts with the state depositories for the deposit of state
6 funds in time deposits, open account, having maturities of 91
7 days, six months, or one year; provided that any such contract
8 for a time deposit, open account, having a maturity of 91 days
9 shall provide for early withdrawal of funds upon written
10 notice delivered at least 14 days (or the minimum period of
11 time as is prescribed by applicable banking regulation then in
12 effect) prior to the date of withdrawal.

13 "(b) The State Treasurer shall apportion the time
14 deposits, open account, among state depositories, giving
15 preference to banks that are located in Alabama and giving due
16 consideration to the activities of the various banking
17 accounts maintained therein, the reasonable value of the
18 banking services rendered or to be rendered the state by
19 depositary banks, and giving first priority to the value and
20 importance of such deposits to the economy of the communities
21 and the various areas of the state to be affected thereby, as
22 indicated by the loan to deposit ratio. For tax years ending
23 December 31, 2010, and December 31, 2011, the State Treasurer
24 shall apportion the time deposits, open account, among only
25 state depositories which lend at least five times the amount
26 of such time deposits, open account, to Alabama citizens for
27 the purchase or refinancing of homes in the state between May

1 1, 2010, and May 1, 2011, or for new business investment in
2 the state creating at least five jobs per loan between May 1,
3 2010, and May 1, 2011.

4 "(c) The rate of interest to be paid on each time
5 deposit, open account, of 91 days, six months, and one year
6 maturity shall correspond to the rate borne by United States
7 Treasury obligations of comparable maturity and shall be
8 calculated as the average auction rate for United States
9 Treasury Bills with maturities of 91 days and 26 weeks,
10 respectively, as established at the four most recent auctions
11 held immediately prior to the execution of the contract for
12 such time deposit, open account, or where the maturity of the
13 time deposit, open account, is one year, the weekly average
14 one-year constant maturity yield, as published by the Board of
15 Governors of the Federal Reserve System, for the calendar week
16 immediately preceding the execution of the contract. For tax
17 years ending December 31, 2010, and December 31, 2011, the
18 rate of interest to be paid on each time deposit, open
19 account, of 91 days, six months, and one year maturity shall
20 correspond to the rate borne by United States Treasury
21 obligations of comparable maturity and shall be calculated as
22 the average auction rate for United States Treasury Bills less
23 25 basis points with maturities of 91 days and 26 weeks,
24 respectively, as established at the four most recent auctions
25 held immediately prior to the execution of the contract for
26 such time deposit, open account, or where the maturity of the
27 time deposit, open account, is one year, the weekly average

1 one-year constant maturity yield, as published by the Board of
2 Governors of the Federal Reserve System, for the calendar week
3 immediately preceding the execution of the contract less 25
4 basis points.

5 "(d) The interest shall be payable in accordance
6 with Section 41-14-34."

7 Section 2. This act shall become effective
8 immediately following its passage and approval by the
9 Governor, or its otherwise becoming law.