

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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SENATE BILL 417

Short Title: Letters of Credit Collateral.

(Public)

Sponsors: Senators Carter, Soles; Ballance, Clodfelter, Dalton, Dannelly, Garrou, Hagan, Lucas, Metcalf, Odom, Plyler, Purcell, Weinstein, and Wellons.

Referred to: Commerce.

March 18, 1999

A BILL TO BE ENTITLED

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2 AN ACT TO AUTHORIZE THE USE OF LETTERS OF CREDIT FROM A FEDERAL
3 HOME LOAN BANK AS COLLATERAL FOR DEPOSITS OF LOCAL
4 GOVERNMENTS AND PUBLIC AUTHORITIES.

5 The General Assembly of North Carolina enacts:

6 Section 1. G.S. 159-31(b) reads as rewritten:

7 "(b) The amount of funds on deposit in an official depository or deposited at
8 interest pursuant to G.S. 159-30(b) shall be secured by deposit insurance, surety bonds,
9 letters of credit issued by a Federal Home Loan Bank, or investment securities of such
10 nature, in a sufficient amount to protect the local government or public authority on
11 account of deposit of funds made therein, and in such manner, as may be prescribed by
12 rule or regulation of the Local Government Commission. When deposits are secured in
13 accordance with this subsection, no public officer or employee may be held liable for any
14 losses sustained by a local government or public authority because of the default or
15 insolvency of the depository. No security is required for the protection of funds remitted
16 to and received by a bank, savings and loan association, or trust company acting as fiscal
17 agent for the payment of principal and interest on bonds or notes, when the funds are
18 remitted no more than 60 days prior to the maturity date."

19 Section 2. This act is effective when it becomes law.