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## FISCAL IMPACT REPORT

SPONSOR:     Kidd  DATE TYPED:     02/02/01     HB                                       
 SHORT TITLE:     Clarify Security For Public Deposits     SB     123      
ANALYST:     Eaton    

### REVENUE

| Estimated Revenue |      | Subsequent<br>Years Impact | Recurring<br>or Non-Rec | Fund<br>Affected |
|-------------------|------|----------------------------|-------------------------|------------------|
| FY01              | FY02 |                            |                         |                  |
|                   | NFI  |                            |                         |                  |
|                   |      |                            |                         |                  |

(Parenthesis ( ) Indicate Revenue Decreases)

Duplicates House Bill 254 – Irwin

### SOURCES OF INFORMATION

Financial Institutions Division, Regulation and Licensing Department (RLD)

### SUMMARY

#### Synopsis of Bill

House Bill 254 amends and clarifies the requirement for security of deposits of public money, by allowing the security for public funds to include surety bonds.

#### Significant Issues

In lieu of using the securities defined in Section 6-10-16 NMSA 1978 as security for public deposits, surety bonds may be utilized as security for those deposits. Types of securities presently allowed for public deposits are:

- Direct obligations of the United States Government, obligations of federal government agencies and instrumentalities;
- Securities of the State of New Mexico, it agencies, instrumentalities, counties, municipalities or other subdivisions
- N.A.S.D. Revenue bonds rated BAA or above

## **Senate Bill 123 -- Page 2**

- Letters of credit issued by the Federal Home Loan Bank

Pledged securities are not needed for any deposits covered by the Federal Deposit Insurance Corporation.

### **PERFORMANCE IMPLICATIONS**

No impact on agency performance.

### **FISCAL IMPLICATIONS**

No fiscal impact.

### **ADMINISTRATIVE IMPLICATIONS**

The Financial Institutions Division reviews securities for public funds during each bank, credit union and savings and loan examination. This bill would not affect the financial institution review process.

### **OTHER SUBSTANTIVE ISSUES**

Because this bill has an emergency clause, it would take effect immediately upon signature by the Governor.

### **POSSIBLE QUESTIONS**

Is allowing surety bonds to be used as security involve more risk to any of the parties involved?

JBE/njw