

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1533

Session of
1981

INTRODUCED BY NAHILL, NOYE, MAIALE, J. L. WRIGHT, DAWIDA, TELEK
AND ITKIN, JUNE 10, 1981

AS REPORTED FROM COMMITTEE ON LOCAL GOVERNMENT, HOUSE OF
REPRESENTATIVES, AS AMENDED, NOVEMBER 10, 1981

AN ACT

1 Amending the act of May 1, 1933 (P.L.103, No.69), entitled "An
2 act concerning townships of the second class; and amending,
3 revising, consolidating, and changing the law relating
4 thereto," further providing for the ~~investment of funds by~~ <—
5 ~~the treasurer, and permitting savings and loan associations~~
6 ~~to be designated as depositories~~ REMOVAL AND IMPOSITION OF <—
7 LIMITATIONS ON CERTAIN DEPOSITS AND FURTHER PROVIDING FOR
8 AUTHORIZED INVESTMENTS.

9 The General Assembly of the Commonwealth of Pennsylvania
10 hereby enacts as follows:

11 ~~Section 1. Section 532, act of May 1, 1933 (P.L.103, No.69),~~ <—
12 ~~known as "The Second Class Township Code," reenacted and amended~~
13 ~~July 10, 1947 (P.L.1481, No.567) and amended May 20, 1949~~
14 ~~(P.L.1562, No.474), is amended to read:~~

15 ~~Section 532. Duties. The township treasurer shall receive~~
16 ~~all moneys due the township and deposit the same promptly upon~~
17 ~~receipt thereof in a bank, banking institution, [or] trust~~
18 ~~company or savings and loan association in the name of the~~
19 ~~township. He shall keep distinct and accurate accounts of all~~
20 ~~sums received from taxes and other sources, which accounts shall~~

~~be open to the inspection of the supervisors and taxpayers of the township. He shall pay out all moneys received by him only on orders drawn by the supervisors of the township. He shall annually state his accounts, and lay the same, together with the vouchers, before the township auditors for settlement.~~

~~Section 2. Section 535 of the act is amended and a section is added to read:~~

~~Section 535. Depositories of Township Funds. The township supervisors may, at their annual organization meeting, or as soon thereafter as is practicable, designate, by resolution, a depository or depositories for township funds, and fix and approve the security to be furnished by any such depository: Provided, That any such funds deposited with any banking institution of this Commonwealth may be insured with the Federal Deposit Insurance Corporation, or any other corporation hereafter organized by the United States for the purpose of insuring deposits, up to the amount to which such corporation is, or may hereafter be, authorized to insure deposits, in any one name, and where so insured the supervisors shall not require such banking institution to furnish additional bond, insurance or security to cover the amount of such deposits so insured. Such designation shall be valid for a period of one year or until such time as another depository or other depositories shall be designated by similar action of the township supervisors.~~

~~Such depository, or depositories shall be banks, banking institutions, [or] trust companies savings and loan associations, which are subject to national or State supervision, and the accounts of which are insured by a corporation organized under the Laws of the Commonwealth, or by~~

~~an instrumentality of the Federal Government, located in the Commonwealth.~~

~~The township treasurer shall, upon the designation of such depository or depositories, immediately transfer thereto the township funds, and shall thereafter keep such deposits solely in such depository or depositories in the name of the township.~~

~~No township treasurer, complying with the provisions of this section, nor his surety or sureties, shall be chargeable with losses of township funds caused by the failure or negligence of such depository or depositories.~~

~~Section 536. Investment of Moneys. The treasurer may, from time to time pursuant to ordinance or resolution adopted by the board invest and reinvest such moneys of any fund as shall be accumulated beyond the ordinary needs of the various funds and which are not authorized by law to be invested by any other board or commission or township officer by purchasing certificates of deposit from commercial banks domiciled in this Commonwealth up to the level equal to twenty per centum (20%) of such bank's total capital and surplus. Certificates of deposit may likewise be purchased from savings and loan associations domiciled in the Commonwealth up to a level equal to twenty per centum (20%) of such association's assets minus liabilities. Such certificates of deposit need not be collateralized. In applying the proceeding limitation on investments in certificates of deposit, the treasurer must include the similar investments of the township employees' retirement fund. The treasurer shall not at anytime have invested in uncollateralized certificates of deposit more than the total amount authorized by ordinance or resolution of the board. The treasurer shall purchase certificates of deposit under this section pursuant to~~

~~procedures established by ordinance or resolution by the board and shall take into account the differences, if any, in competitive bids, the financial strength of each of the bidders and the services provided to or at the request of the township and any of its departments, agencies, boards, commissions or bureaus by each of the bidders.~~

~~Section 3. This act shall take effect in 60 days.~~

SECTION 1. CLAUSE (3) OF SUBSECTION (D) OF SECTION 902.1, ACT OF MAY 1, 1933 (P.L.103, NO.69), KNOWN AS "THE SECOND CLASS TOWNSHIP CODE," REENACTED AND AMENDED JULY 10, 1947 (P.L.1481, NO.567) AND AMENDED JULY 10, 1980 (P.L.475, NO.102), IS AMENDED AND SUBSECTION (D) IS AMENDED BY ADDING CLAUSES TO READ:

SECTION 902.1. INVESTMENT OF TOWNSHIP FUNDS.--* * *

(D) AUTHORIZED TYPES OF INVESTMENTS FOR TOWNSHIP FUNDS SHALL BE:

* * *

(3) DEPOSITS IN SAVINGS ACCOUNTS OR TIME DEPOSITS, OTHER THAN CERTIFICATES OF DEPOSIT, OR SHARE ACCOUNTS OF INSTITUTIONS ORGANIZED AND EXISTING UNDER THE LAWS OF THE COMMONWEALTH AND INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR THE FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION OR THE NATIONAL CREDIT UNION SHARE INSURANCE FUND OR THE PENNSYLVANIA DEPOSIT INSURANCE CORPORATION OR THE PENNSYLVANIA SAVINGS ASSOCIATION INSURANCE CORPORATION TO THE EXTENT THAT SUCH ACCOUNTS ARE SO INSURED, AND, FOR ANY AMOUNTS ABOVE THE INSURED MAXIMUM, PROVIDED THAT APPROVED COLLATERAL AS PROVIDED BY LAW THEREFORE SHALL BE PLEDGED BY THE DEPOSITORY.

* * *

(6) CERTIFICATES OF DEPOSIT PURCHASED FROM INSTITUTIONS ORGANIZED AND EXISTING UNDER THE LAWS OF THE COMMONWEALTH AND

1 INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR THE
2 FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION OR THE NATIONAL
3 CREDIT UNION SHARE INSURANCE FUND OR THE PENNSYLVANIA DEPOSIT
4 INSURANCE CORPORATION OR THE PENNSYLVANIA SAVINGS ASSOCIATION
5 INSURANCE CORPORATION TO THE EXTENT THAT SUCH ACCOUNTS ARE SO
6 INSURED, HOWEVER, FOR ANY AMOUNTS ABOVE THE INSURED MAXIMUM,
7 SUCH CERTIFICATES OF DEPOSIT NEED NOT BE COLLATERALIZED.
8 CERTIFICATES OF DEPOSIT PURCHASED FROM COMMERCIAL BANKS SHALL BE
9 LIMITED TO AN AMOUNT EQUAL TO TWENTY PERCENT OF A BANK'S TOTAL
10 CAPITAL AND SURPLUS. CERTIFICATES OF DEPOSIT PURCHASED FROM
11 SAVINGS AND LOAN ASSOCIATIONS OR SAVINGS BANKS SHALL BE LIMITED
12 TO AN AMOUNT EQUAL TO TWENTY PERCENT OF AN INSTITUTIONS ASSETS
13 MINUS LIABILITIES.

14 (7) ANY INVESTMENT AUTHORIZED BY 20 PA.C.S. CHAPTER 73
15 (RELATING TO FIDUCIARIES INVESTMENTS) SHALL BE AN AUTHORIZED
16 INVESTMENT FOR ANY PENSION OR RETIREMENT FUND.

17 * * *

18 SECTION 2. THE AMENDMENTS AFFECTING SECTION 902.1(D)(3) AND
19 (6) SHALL TAKE EFFECT IN 60 DAYS. THE AMENDMENT AFFECTING
20 SECTION 902.1(D)(7) SHALL TAKE EFFECT IMMEDIATELY AND SHALL BE
21 RETROACTIVE TO SEPTEMBER 10, 1980.