

**STATE DEPOSITS REGULATED**

**Act of Feb. 17, 1906, Special Session 1, P.L. 45, No. 11**

**Cl. 72**

Special Session No. 1 of 1906

No. 1906-11

AN ACT

To regulate the deposits of State funds, to prescribe the method of selecting State depositories, to limit the amount of State deposits, to provide for the security of such deposits, to fix the rate of interest thereon, to provide for the publication of monthly statements of moneys in the general and sinking funds, to declare it a misdemeanor to give or take anything of value for obtaining the same, and prescribing penalties for violations of this act.

Section 1. Be it enacted, &c., That on and after the first day of June, one thousand nine hundred and six, the selection of the banks, banking institutions, or trust companies, in which the State moneys shall be deposited, shall be made by the Revenue Commissioners and the Banking Commissioner, jointly, or a majority of them; and for this purpose they shall meet once a month, or oftener at the call of the State Treasurer; but no selection shall be made of any institution not subject to National or State supervision, except as hereafter provided.

Section 2. All banks, banking institutions, or trust companies desiring to become depositories of State moneys shall make written application to the State Treasurer for a deposit of State moneys, designating the amounts of deposits solicited, and accompanying their applications by a written statement of the amount of their capital actually paid in, the amount of their surplus, the number of their stockholders, and whether their stock is well distributed, or largely held by a few individuals, and the length of time that said institution has been engaged in business under its charter, verified by the oath or affirmation of the president, cashier, or trust officers, as the case may be. Said State Treasurer shall present the same to the Revenue Commissioners and Banking Commissioner, acting jointly, for their consideration, within thirty days, and that where a selection of any bank, banking institution, or trust company as a depository of State moneys has been made by the Revenue Commissioners and the Banking Commissioner, or a majority of them, as aforesaid, without a previous application, as aforesaid, it shall be the duty of the depository so selected to furnish, on request, the information aforesaid, verified in the manner stated.

Section 3. That the Revenue Commissioners and Banking Commissioner, or a majority of them, shall be and are hereby authorized to select as depositories for State funds private banking institutions, located and doing business in this Commonwealth: Provided, The same file a statement in writing, to the said Revenue Commissioners and the Banking Commissioner, that they will subject themselves to the same supervision, in all regards, as the other depositories named in the foregoing

section, two. And provided further, That they will, in all regards, comply with the conditions required of any other depository; and after such selection of any private banking institution as a depository, the same shall be in all regards subject to such supervision and restrictions as other depositories selected by the Revenue Commissioners and Banking Commissioner, and be subject to examination by the State Banking Department and its examiners, at any time; and it shall be the duty of said Banking Department to make such examinations at any time after said private banking institutions become State depositories.

Section 3.1. (a) Notwithstanding any other provision of law, to be a depository of State funds of moneys of the Pennsylvania Municipal Retirement Fund, or of any municipal pension plan funds, any moneys or assets on deposit which shall be invested in the stocks, securities or other obligations of any institution or company doing business in or with Northern Ireland, or with agencies or instrumentalities thereof, shall be invested in accordance with the provisions of subsection (c).

(b) On or before the first day of January of each year, the State Treasurer and Auditor General shall determine the existence of affirmative action taken by institutions or companies doing business in Northern Ireland to eliminate ethnic or religious discrimination based on actions taken for:

(i) Increasing the representation of individuals from underrepresented religious groups in the work force, including managerial, supervisory, administrative, clerical and technical jobs.

(ii) Providing adequate security for the protection of minority employes both at the workplace and while traveling to and from work.

(iii) The banning of provocative religious or political emblems from the workplace.

(iv) Publicly advertising all job openings and making special recruitment efforts to attract applicants from underrepresented religious groups.

(v) Providing that layoff, recall and termination procedures should not in practice favor particular religious groupings.

(vi) The abolition of job reservations, apprenticeship restrictions and differential employment criteria which discriminate on the basis of religion or ethnic origin.

(vii) The development of training programs that will prepare substantial number of current minority employes for skilled jobs, including the expansion of existing programs and the creation of new programs to train, upgrade and improve the skills of minority employes.

(viii) The establishment of procedures to assess, identify and actively recruit minority employes with potential for further advancement.

(ix) The appointment of senior management staff members to oversee affirmative action efforts and the setting up of timetables to carry out affirmative action principles.

(c) Consistent with sound investment policy, the State Treasurer and Auditor General shall insure that State depositories invest State funds, moneys of the Pennsylvania

Municipal Retirement Fund and municipal pension plan funds in the manner that the investments in institutions doing business in or with Northern Ireland shall reflect the advances made by the institutions in eliminating discrimination according to the principles set forth in subsection (b).

(3.1 added May 28, 1992, P.L.260, No.44)

Section 4. That no bank, banking institution, or trust company shall receive a deposit of State moneys in excess of twenty-five per centum, of its paid in capital and surplus; and no bank, banking institution, or trust company shall receive a deposit, or have at any one time an aggregate of deposits, in excess of three hundred thousand dollars (\$300,000): Provided, That this section shall not apply to the institutions to be designated by the Revenue Commissioners and the Banking Commissioner, or a majority of them, as active depositories of State funds, subject to check daily by the State Treasurer. The active banks, so designated, shall be required to make all collections for the Commonwealth without cost or compensation, but at no time shall the combined deposits in the active banks exceed the total sum of six million dollars.

(4 amended Jul. 18, 1917, P.L.1065, No.349)

Section 5. That all banks, banking institutions, and trust companies, selected as aforesaid, shall, upon the receipt of notice of such selection as depositories of State moneys, furnish a bond to secure payment of deposits and interest to the Commonwealth of Pennsylvania, with a proper warrant of attorney to confess judgment in favor of the Commonwealth, secured by a surety company or individual sureties, to be approved by the Revenue Commissioners and Banking Commissioner, or a majority of them, in double the amount of the deposit to be made, and, if corporate bonds are given, no one company shall be approved in an aggregate amount in excess of five times its capital, surplus and reserve.

Section 6. That whenever individual sureties are presented for approval, they shall qualify in an aggregate, over and above their individual liabilities, to three times the amount of the deposit; no one person to qualify for more than one-fourth of the total amount required.

Section 7. That in lieu of the surety bonds of surety companies, or of individuals, as aforesaid, the deposit of State moneys may be secured by the deposit with the State Treasurer of United States, municipal, or county bonds, to be approved by the Revenue Commissioners and the Banking Commissioner, or a majority of them, in an amount, measured by their actual market value, equal to the amount of deposit so secured and twenty per centum besides. Said bonds to be accompanied by proper assignments or power of attorney to transfer the same, and said trust deposit of securities to be maintained, on request, at the amount aforesaid, in case of any depreciation in the value thereof.

Section 8. The interest rate to be paid by the depositories upon all State deposits shall be at the rate of two per centum per annum by all active depositories, and at the rate of three per centum per annum by all nonactive depositories.

The Revenue Commissioners and the Banking Commissioner, or a

majority of them, shall designate three banks or trust companies in Dauphin County, two banks or trust companies in Philadelphia County, and two banks or trust companies in Allegheny County, to be known as active depositories, in which shall be deposited a sufficient amount of the daily receipts of the State Treasury to transact the current business of the Commonwealth; and said Revenue Commissioners and the Banking Commissioner, or a majority of them, shall have power, if to them it seem necessary, to designate two other banks or trust companies, located in any of the counties above mentioned or in any other county of the Commonwealth, to be known as active depositories, and to be used for the purposes above mentioned.

(8 amended Apr. 26, 1921, P.L.279, No.138 and May 5, 1921, P.L.387, No.186)

Section 9. Nothing in the act contained shall be held to prevent the State Treasurer from withdrawing any or all of said funds, so deposited, for the purpose of paying the appropriations and obligations of the Commonwealth; and nothing herein contained shall in any way affect the duty of the State Treasurer to keep a correct and accurate account of all moneys received for the use of the Commonwealth, and pay out the same only on authority of law; but the said State Treasurer shall be, as heretofore, personally responsible for a faithful performance of his duties under the law, and for a proper accounting of all moneys paid to him as State Treasurer; but he shall not be held personally liable for any moneys that may be lost by reason of the failure or insolvency of any bank, banking institution or trust company selected as aforesaid.

Section 10. The Revenue Commissioners and the Banking Commissioner or a majority of them, in case they are of the opinion that the credit of any of said depositories is impaired, the safety of the State deposits imperiled, or for any other cause whatsoever, shall have power and authority to require the State Treasurer to reduce, change, or wholly withdraw, within thirty days, any deposit or deposits held by any such depository or depositories.

Section 11. The State Treasurer, on the last business day of June, September, December and March, shall render a statement of account to the Auditor General, giving in detail the different sums which go to make up the grand total of the amount on that day in the State Treasury, including moneys appropriated to the sinking fund. Such statement shall include the names of banks, banking institutions or trust companies with whom the public funds are deposited, with the various amounts of such deposits, and shall be verified by oath or affirmation of the State Treasurer, and recorded in a book kept for that purpose in the Auditor General's office; and such record shall be open for the inspection of the Governor, heads of departments, members of the Legislature, or any citizen of the State desiring to inspect the same; and shall be correctly published in not more than six newspapers one of which shall be published at Harrisburg, to be selected by the Auditor General, for general information; payment of publication to be made from moneys in the State Treasury appropriated for this purpose.

(11 amended Apr. 30, 1986, P.L.106, No.35)

Section 12. It shall be a misdemeanor for any individual, whether a State officer, representative of a State officer, or a bank officer, or any representatives of a bank or bank officer, or officer of any trust company, or representative of any such officer, or any go-between, to pay, receive, offer, or request any money or valuable thing or promise for the use of such State moneys, other than the interest payable to the State; or for any person to secure, or assist in securing, a State deposit for his or her own personal gain or benefit. Said misdemeanor shall be punishable by a fine of not less than five hundred dollars and not less than one year's imprisonment for each offense.