

## Veto No. 1992-6

SB 1190

December 18, 1992

To the Honorable, the Senate  
of the Commonwealth of Pennsylvania:

I hereby publicly proclaim, and file with the Secretary of the Commonwealth, my disapproval of Senate Bill 1190, Printer's No.1338, entitled "An act amending the act of April 9, 1929 (P.L.343, No.176), entitled, as amended, "An act relating to the finances of the State government; providing for the settlement, assessment, collection, and lien of taxes, bonus, and all other accounts due the Commonwealth, the collection and recovery of fees and other money or property due or belonging to the Commonwealth, or any agency thereof, including escheated property and the proceeds of its sale, the custody and disbursement or other disposition of funds and securities belonging to or in the possession of the Commonwealth, and the settlement of claims against the Commonwealth, the resettlement of accounts and appeals to the courts, refunds of moneys erroneously paid to the Commonwealth, auditing the accounts of the Commonwealth and all agencies thereof, of all public officers collecting moneys payable to the Commonwealth, or any agency thereof, and all receipts of appropriations from the Commonwealth, authorizing the Commonwealth to issue tax anticipation notes to defray current expenses, implementing the provisions of section 7(a) of Article VIII of the Constitution of Pennsylvania authorizing and restricting the incurring of certain debt and imposing penalties; affecting every department, board, commission, and officer of the State government, every political subdivision of the State, and certain officers of such subdivisions, every person, association, and corporation required to pay, assess, or collect taxes, or to make returns or reports under the laws imposing taxes for State purposes, or to pay license fees or other moneys to the Commonwealth, or any agency thereof, every State depository and every debtor or creditor of the Commonwealth,' further providing for the deposit of moneys and for State depositories."

Senate Bill 1190 would amend The Fiscal Code by permitting the Treasury Department to include the retained earnings and loan loss revenues of a depository when calculating the amount of deposits that the treasury can place in any bank, banking institution or trust company designated as an inactive depository. It would also permit the State Treasurer to deposit State moneys in excess of the current limit of \$500,000, not to exceed twenty-five per centum of an inactive depository's paid-in capital, surplus, retained earnings and loan loss reserves. The State Treasurer would be permitted to deposit moneys in excess of the current \$1,000,000 waiver cap in any inactive depository designated by the Board of Finance and Revenue.

The current limits on deposits in financial institutions are prudent limits to protect the integrity of Commonwealth funds deposited with these institutions. The proposed expansion of the limit placed on such deposits by includ-

ing an institution's retained earnings and its loan loss reserves is a move that increases the risk of such deposits with no commensurate increase in return. Additionally, staff would need to be added to more closely monitor the financial institution's levels of retained earnings and loan loss reserves in order that the limits on deposits were adhered to.

In summary, the Commonwealth's costs are increased, the risk on its deposits are increased but its investment return is not. For these reasons, and because I am informed that this legislation is not supported by State Treasurer Catherine Baker Knoll, I am withholding my signature from Senate Bill 1190.

ROBERT P. CASEY