

ASSEMBLY, No. 2914

STATE OF NEW JERSEY

INTRODUCED MAY 5, 1997

By Assemblywoman GILL

1 AN ACT concerning the selection of banks as fiscal agents for the  
2 State and custodians of State assets and amending P.L.1954, c.22  
3 and P.L.1977, c.281.

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5 **BE IT ENACTED** by the Senate and General Assembly of the State  
6 of New Jersey:

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8 1. Section 1 of P.L.1954, c.22 (C.52:18A-8.1) is amended to read  
9 as follows:

10 1. The State Treasurer is hereby authorized and empowered to  
11 enter into agreement from time to time, and on such terms and for  
12 such compensation, if any, as the State Treasurer may deem  
13 appropriate, with any [1] one or more of the national banks, the  
14 principal or a branch office of which is located in the State of New  
15 Jersey, and the banks authorized by this State to carry on a banking  
16 business, which he may select, to act as fiscal agent for the State or as  
17 custodian for funds, securities, or other assets of the State and as fiscal  
18 agent or as such custodian for any pension agency, fund or system  
19 maintained in whole or in part by the State ; except that the State  
20 Treasurer shall not enter into an agreement or continue an existing  
21 agreement with any bank pursuant to this section if that bank requires  
22 the use of fingerprints as a form of identification in any transaction  
23 with that bank.

24 (cf: P.L.1954, c.22, s.1)

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26 2. Section 1 of P.L.1977, c.281 (C.52:18A-90.4) is amended to  
27 read as follows:

28 1. Notwithstanding the provisions of section 2 of P.L.1970, c.270  
29 (C.52:18A-90.2), the Director of the Division of Investment may,  
30 subject to the approval of the State Investment Council and the State  
31 Treasurer, establish, maintain and operate a common trust fund to be  
32 known as the State of New Jersey Cash Management Fund in which  
33 may be deposited the surplus public moneys of the State, its counties,  
34 municipalities and school districts and the agencies or authorities

**EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.**

**Matter underlined thus is new matter.**

1 created by any of these entities. This fund shall be considered a legal  
2 depository for public moneys and shall satisfy the requirements in that  
3 regard of section 1 of P.L.1956, c.174 (C.52:18-16.1) and N.J.S.  
4 40A:5-14.

5 The State Treasurer shall be the custodian of the fund and may  
6 receive public moneys paid into the fund by any other custodian of  
7 public moneys for the purpose of holding and investing said moneys.  
8 In that capacity, he may enter into an agreement with a bank or trust  
9 company having its place of business within the State and organized  
10 under the laws of the United States or of this State, as he may select,  
11 for the custodianship of securities held in the fund and for recording  
12 the amounts deposited and withdrawn by each participant, the  
13 investment transactions entered into, and the balance to each  
14 participant's credit each day ; except that the State Treasurer shall not  
15 enter into an agreement or continue an existing agreement with any  
16 bank or trust company pursuant to this section if that bank or trust  
17 company requires the use of fingerprints as a form of identification in  
18 any transaction with that bank or trust company. The Treasurer may  
19 promulgate such rules and regulations pursuant to the Administrative  
20 Procedure Act, P.L.1968, c.410 (C.52:14B-1 et seq.), as he deems  
21 necessary for the efficient administration of the State of New Jersey  
22 Cash Management Fund, including but not limited to, (1) the  
23 specification of minimum amounts which may be deposited in the fund  
24 and minimum periods of time for which deposits shall be retained in  
25 the fund; (2) creation of a reserve for losses; (3) provision for  
26 payment of administration expenses from its earnings; and (4)  
27 distribution of the earnings in excess of such expenses or allocation  
28 of losses to the several participants in a manner which equitably  
29 reflects the differing amounts of their respective investments and the  
30 differing periods of time for which such amounts were in the custody  
31 of the fund.

32 The Director of the Division of Investment may invest the public  
33 moneys constituting the State of New Jersey Cash Management Fund  
34 in the same types of investments and subject to the same limitations  
35 provided for the investment of funds in the State Treasury. The  
36 director shall be responsible for the adequacy of the accounting  
37 services provided by the custodian bank and shall maintain such  
38 accounting records as may be required for that purpose.

39 (cf: P.L.1977, c.281, s.1)

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41 3. This act shall take effect immediately.

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#### STATEMENT

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46 This bill prohibits the State Treasurer from contracting with a bank

1 or trust company, as applicable, to act as fiscal agent for the State or  
2 as custodian for other assets of the State, or as fiscal agent or  
3 custodian for any State pension system, if that bank or trust company  
4 requires the use of fingerprints for identification in any of its  
5 transactions.

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10 Prohibits State Treasurer from selecting certain banks to act as  
11 custodian of State funds or fiscal agent of the State, or both.