## HOUSE RESEARCH =

## Bill Summary =

FILE NUMBER: H.F. 3205 DATE: March 1, 2010

**Version:** As introduced

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**Subject:** State government deposits in community financial institutions

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## Overview

This bill would require that community financial institutions be the preferred place for the state to deposit its funds. A "community financial institution" is defined as an FDIC-insured bank or credit union headquartered in this state.

## Section

- 1 State funds; deposit; control by commissioner.
  - **Subd. 3.** Competitive bids. Requires the commissioner of management and budget to give a preference to community financial institutions when choosing the depository for the state's general revenue account. The preference is that the cost bids of community financial institutions would be reduced by 10 percent before comparing them with those of financial institutions not headquartered in Minnesota.
  - **Subd. 6. Depository accounts.** Requires that each new depository account of the state or of a state agency be opened at a community financial institution. Requires existing accounts to be transferred to a community financial institution at the time of the first rebidding on or after August 1, 2010.
  - **Subd. 7. Definitions.** (a) Defines "community financial institution" as a bank or credit union chartered by Minnesota or by the federal government and headquartered in Minnesota.
  - (b) Defines "nonresident financial institution" as a bank or credit union that is not headquartered in Minnesota.
- **Study of division of general fund revenue account.** Requires the commissioner of management and budget to study:
  - (1) the idea of splitting the state's general revenue account between more than one community financial institution; and

(2) the potential economic benefit to municipalities from increasing their use of community financial institutions.

Requires that a report of the study be provided to the legislature by December 1, 2010.