

WEST VIRGINIA

SECRETARY OF STATE

KEN HECHLER

ADMINISTRATIVE LAW DIVISION

FILED

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OFFICE OF WEST VIRGINIA
SECRETARY OF STATE

NOTICE OF PUBLIC HEARING ON A PROPOSED RULE

AGENCY: State Treasurer's Office TITLE NUMBER: 112CSR7

RULE TYPE: Legislative; CITE AUTHORITY W.V.Code - Section 12-1-2

AMENDMENT TO AN EXISTING RULE: YES NO

IF YES, SERIES NUMBER OF RULE BEING AMENDED: _____

TITLE OF RULE BEING AMENDED: _____

IF NO, SERIES NUMBER OF NEW RULE BEING PROPOSED: Series 7

TITLE OF RULE BEING PROPOSED: Selection of State Depositories for
Receipt Accounts

DATE OF PUBLIC HEARING: June 30, 1997 TIME: 10:00 a.m.

LOCATION OF PUBLIC HEARING: State Capitol Complex, Building 7, Room B
Charleston, West Virginia 25305

COMMENTS LIMITED TO: ORAL , WRITTEN , BOTH

COMMENTS MAY ALSO BE MAILED TO THE FOLLOWING ADDRESS: Anoop Bhasin

The Department requests that persons wishing to make comments at the hearing make an effort to submit written comments in order to facilitate the review of these comments.

West Virginia State Treasurer's
Office
Capitol Complex, Room E-122
Charleston, West Virginia 25305

The issues to be heard shall be limited to the proposed rule.

ATTACH A **BRIEF** SUMMARY OF YOUR PROPOSAL


Authorized Signature

SUMMARY OF PROPOSED RULE

TITLE 112

LEGISLATIVE RULE

STATE TREASURER'S OFFICE

SERIES 7

SELECTION OF STATE DEPOSITORIES FOR RECEIPT ACCOUNTS

This rule implements the provisions of W. Va. Code §12-1-2, wherein the State Treasurer's Office is required to select depositories for receipt accounts.

STATEMENT OF CIRCUMSTANCES OF PROPOSED RULE

TITLE 112

LEGISLATIVE RULE

STATE TREASURER'S OFFICE

SERIES 7

SELECTION OF STATE DEPOSITORIES FOR RECEIPT ACCOUNTS

This agency approved rule is needed to comply with provisions of W. Va. Code embodied in Senate Bill 563, passed during the 1997 Regular Legislative Session, effective from passage on April 12, 1997. Senate Bill 563 expanded some of the State Treasurer's functions and duties and transferred several functions and duties of the West Virginia State Board of Investments to the State Treasurer's Office. Without this rule, the public interest can be substantially harmed by the loss of public moneys, since no state depositories could be selected to receive state moneys.

This rule implements the provisions of W. Va. Code §12-1-2, wherein the State Treasurer's Office is required to select depositories for receipt accounts. This rule carries out the legislative intent, as stated in the above-cited code section, so that the selection of receipt depositories will enable the state to obtain the most efficient service at the lowest possible cost.

**TITLE 112
LEGISLATIVE RULE
STATE TREASURER'S OFFICE**

**SERIES 7
SELECTION OF STATE DEPOSITORIES FOR RECEIPT ACCOUNTS**

§112-7-1. General.

1.1. Scope. -- These rules implement the provisions of W. Va. Code §12-1-2, wherein the State Treasurer's Office is required to select depositories for receipt accounts.

1.2. Authority. -- W. Va. Code §12-1-2.

1.3. Filing Date. --

1.4. Effective Date. --

1.5. General Purpose. -- The purpose of these rules is to carry out the legislative intent, as stated in the above-cited code section, so that the selection of receipt depositories will enable the state to obtain the most efficient service at the lowest possible cost.

§112-7-2. Definitions.

For purposes of these rules, unless a different meaning is clearly required by the context:

2.1. "Agency" means and includes any department, board, commission, division, branch office or other separate unit of State government, and any officer or employee thereof, who or which collects moneys due the State;

2.2. "Code" means the 1931 code of West Virginia, as amended;

2.3. "Compensating balance" means the cash balance which the State will maintain with a depository to compensate the depository for its services;

2.4. "Receipt accounts" means those accounts in which are deposited moneys belonging to or due the State of West Virginia or any agency, thereof; and

2.5. "Treasurer" means the West Virginia State Treasurer.

§112-7-3. Selection of Depositories for Receipt Accounts.

The Treasurer recognizes that not only the services but the location of receipts depositories are of major concern to the agencies whose collections are to be deposited. Accordingly, the Treasurer in cooperation with the affected agencies shall ensure that receipts depositories are conveniently located for the agencies and are able to serve their needs.

§112-7-4. Procedures.

Each collecting agency shall notify the Treasurer of its anticipated collections and deposits including

the extent of activity of its accounts, size of accounts, frequency of deposits, special services that may be needed and other information requested by the Treasurer. The agency also may submit its preferred choice or a list of preferred choices of banks. If the agency submits such preferred choice or list, it shall submit therewith a statement of the reasons for its preference. However, the Treasurer is not required to select the bank or banks preferred by the agency. The Treasurer shall review the information submitted by the agency and shall consider:

- 4.1. The activity of the various accounts;
- 4.2. The reasonable value of the banking services to be rendered;
- 4.3. The value and importance of such deposits to the economy of the communities and the various areas of the State affected; and
- 4.4. The recommended depository's proposed fee schedule as required by Subsection 5.1 of these rules.

§112-7-5. Compensation.

5.1. Method of Compensation - Compensation to the depository for its services shall be made by means of either of the following three methods:

5.1.1. A compensating balance computed by the Treasurer on a monthly basis using the average collected balance. The depository shall submit proposed fee schedules for types of services rendered by the depository, including but not limited to services such as wire transfers, checks cashed, returned checks, and cash handling. The proposed fee schedules shall be subject to review and approval by the Treasurer. If the fee schedules are approved by the Treasurer, a contract shall be entered into with the depository for the furnishing of the required services. If the fee schedules are not approved by the Treasurer, the Treasurer may negotiate satisfactory revised fee schedules with the depository or select another depository. The monthly total fee for the services rendered shall be converted to a compensating balance by using the average 90-day U. S. Treasury bill rate (bond equivalent yield).

The following example will illustrate how the compensating balance will be computed and applied:

- 1) Assume that the average 90-day U. S. Treasury bill rate for the affected month is .10;
- 2) The multiplier for annualization is twelve; and the fee for the services, if rendered on a fee basis, would equal \$560.0 for the affected month. Accordingly, the compensating balance to be maintained for the next month is \$67,200 derived as follows:

$$\frac{(\$560) \times 12}{.10} = \$67,200$$

If any overcompensation or undercompensation occurs during a given month, the compensating balance for the following month shall be appropriately adjusted in order to fairly compensate the depository for services rendered.

5.1.2. A compensating balance derived by accumulated receipts in the receipts account and periodically transferring such balance to a central depository designated by the Treasurer. This method of compensation shall be used for depositories whose receipts are not of sufficient volume to justify use of the method in subdivision (1) of this section.

Upon Treasurer approval, a contract shall be entered into with the depository for the furnishing of

required services.

5.1.3. The Treasurer may authorize the bank to invoice the Treasurer. In such case, the Treasurer will pay the invoice with a State warrant.

5.2. Compensation for Ancillary Services - The Treasurer may, from time to time, require the depository to furnish certain ancillary services in the course of providing the basic service for which it was selected. For example, the Treasurer may specify that a depository for receipts shall furnish analytical reports. The Treasurer may also specify that the depository shall be compensated for the cost of furnishing services on a flow-through basis. In such event, the bank shall be compensated for such service by one of the three methods described in Subsection 5.1 of this Rule.

APPENDIX B

FISCAL NOTE FOR PROPOSED RULES

Rule Title: Selection of State Depositories for Receipt Accounts (112CSR7)

Type of Rule: X Legislative Interpretive Procedural

Agency: State Treasurer's Office

Address: State Capitol, Room E-145
Charleston, West Virginia 25305
Contact Person: Anoop Bhasin - Telephone (304) 341-0704

1. Effect of Proposed Rule

	ANNUAL FISCAL YEAR				
	INCREASE	DECREASE	CURRENT	NEXT	THEREAFTER
<u>ESTIMATED TOTAL COST</u>	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
PERSONAL SERVICES					
CURRENT EXPENSE					
REPAIRS & ALTERNATIONS					
EQUIPMENT					
OTHER					

2. Explanation of above estimates:

Bids are currently the accepted method of procurement and are a part of the normal expenses of the office.

3. Objectives of these rules:

Comply with Senate Bill 563 as passed by the Legislature during the 1997 Legislative Session.

Rule Title: Selection of State Depositories for Receipt Accounts (112CSR7)

4. Explanation of Overall Economic Impact of Proposed Rule.

A. Economic Impact on State Government.

N/A

B. Economic Impact on Political Subdivisions; Specific Industries; Specific groups of Citizens.

Provide fair, equitable competition for state contracts for state depositories/receipts accounts.

C. Economic Impact on Citizens/Public at Large.

N/A

Date: 5/30/97

Signature of Agency Head or Authorized Representative