

WEST VIRGINIA
SECRETARY OF STATE
KEN HECHLER
ADMINISTRATIVE LAW DIVISION

FILED

SEP 25 1 24 PM '97

OFFICE OF WEST VIRGINIA
SECRETARY OF STATE

NOTICE OF RULE MODIFICATION OF A PROPOSED RULE

AGENCY: WV State Treasurer TITLE NUMBER: 112CSR7

CITE AUTHORITY W.Va. Code 12-1-2

AMENDMENT TO AN EXISTING RULE: YES NO

IF YES, SERIES NUMBER OF RULE BEING AMENDED: 11³CSR⁴

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

IF NO, SERIES NUMBER OF NEW RULE BEING PROPOSED: _____

TITLE OF RULE BEING PROPOSED: _____

THE ABOVE PROPOSED LEGISLATIVE RULE, FOLLOWING REVIEW BY THE LEGISLATIVE RULE
MAKING REVIEW COMMITTEE IS HEREBY MODIFIED AS A RESULT OF REVIEW AND COMMENT
BY THE LEGISLATIVE RULE-MAKING REVIEW COMMITTEE. THE ATTACHED MODIFICATIONS ARE
FILED WITH THE SECRETARY OF STATE.

John D. Perdue

Authorized Signature

TITLE 112
LEGISLATIVE RULE
STATE TREASURER'S OFFICE

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OFFICE OF WEST VIRGINIA
SECRETARY OF STATE

SERIES 7
SELECTION OF STATE DEPOSITORIES FOR RECEIPT ACCOUNTS

§112-7-1. General.

- 1.1. Scope. -- This rule implements the provisions of W.Va. Code §12-1-2, which requires the Treasurer 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 this rule is to carry out the legislative intent, as stated in W.Va. Code § 12-1-2, so that the selection of receipt depositories shall enable the state to obtain the most efficient service at the lowest possible cost.

§112-7-2. Definitions.

For purposes of this rule, 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. "Compensating balance" means the cash balance which the state will maintain with a depository to compensate the depository for its services;
- 2.3. "Receipt accounts" means those accounts in which are deposited moneys belonging to or due the State of West Virginia or any agency of the state; and
- 2.4. "Treasurer" means the West Virginia State Treasurer.

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

- 3.1. The Treasurer recognizes that not only the services but the location of state depositories for receipt accounts 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 state depositories for receipts accounts within the state are conveniently located for the agencies and are able to serve their needs.
- 3.2. State depository for receipt accounts shall submit proposed fee schedules for types of services rendered by state depository for receipt accounts, including but not limited to

services such as wire transfers, checks cashed, returned checks, and cash handling. The proposed fee schedules are subject to review and approval by the Treasurer. If the fee schedules are approved by the Treasurer, then the Treasurer shall enter into a contract with the state depository for receipt accounts to furnish the required services. If the fee schedules are not approved by the Treasurer, then the Treasurer may negotiate satisfactory revised fee schedules with that state depository for receipt accounts or select another state depository for receipt accounts.

§112-7-4. Procedures.

Each collecting agency shall notify the Treasurer of its anticipated collections and deposits including the extent of the activity in its accounts, size of its 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 state depositories for receipt accounts. If the agency submits a preferred choice or list, it shall also submit a statement of the reasons for its preference. However, the Treasurer is not required to select a state depository for receipt accounts or other depositories within the state 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 the deposits to the economy of the communities and the various areas of the State affected; and
- 4.4. The recommended state depository for receipt accounts' proposed fee schedule as required by Subsection 5.1 of this rule.

§112-7-5. Compensation.

5.1. Method of Compensation - A state depository for receipt accounts shall be compensated for its services by any one 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 Treasurer shall calculate the monthly total fee for the services rendered by a state depository for receipts accounts and it shall be converted to a compensating balance by using the average 90-day U.S. Treasury bill rate (bond equivalent yield).

This example illustrates the computation and application of the compensating balance:

5.1.1.a. Assume the average 90-day U.S. Treasury bill rate for the affected month is .10;

5.1.1.b. The multiplier for annualization is twelve (12); 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:

$$\frac{(560) \times 12}{0.10} = \$67,200$$

5.1.1.c. 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 accounts and periodically transferring the balance to a central receipt 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.

5.1.2.a. The Treasurer may approve and then shall enter a contract with a state depository for receipt accounts to furnish the required services.

5.1.3. The Treasurer may authorize a state depository for receipt accounts to invoice the Treasurer. In that case, the Treasurer shall 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 state depository for receipts accounts shall furnish analytical reports. The Treasurer may also specify that a state depository for receipts accounts shall be compensated for the costs to furnish services on a flow-through basis. Thus, the Treasurer shall compensate the state depositories for receipt accounts by one of the three methods in Subsection 5.1 of this Rule.



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WEST VIRGINIA LEGISLATURE
Legislative Rule-Making Review Committee

OFFICE OF WEST VIRGINIA
SECRETARY OF STATE

State Capitol - Room MB-49
Charleston, West Virginia 25305
(304) 347-4840

September 15, 1997

Senator: Mike Ross, Co-Chairman

Joseph A. Altizer, Associate Counsel

Delegate: Mark Herr, Co-Chairman

Rita Penley, Associate Counsel

Counsel: Debra A. Graham

Audrey R. Ross, Admin. Assistant

NOTICE OF ACTION TAKEN BY LEGISLATIVE RULE-MAKING REVIEW COMMITTEE

TO: Ken Hechler, Secretary of State, State Register

TO: Anoop K. Bhasin
State Treasurer's Office
State Capitol Complex
Building I, Room E-122
Charleston, WV 25303

FROM: Legislative Rule-Making Review Committee

PROPOSED RULE: Selection of State Depositories for Receipt Accounts (112CSR7)

The Legislative Rule-Making Review Committee recommends that the West Virginia Legislature:

1. Authorize the agency to promulgate the Legislative Rule
 - (a) as originally filed _____
 - (b) as modified by the agency X
2. Authorize the agency to promulgate part of the Legislative rule; a statement of reasons for such recommendation is attached. _____
3. Authorize the agency to promulgate the Legislative rule with certain amendments; amendments and a statement of reasons for such recommendation is attached. _____
4. Authorize the agency to promulgate the Legislative rule as modified with certain amendments; amendments and a statement of reasons for such recommendation is attached. _____
5. Recommends that the rule be withdrawn; a statement of reasons for such recommendation is attached. _____

Pursuant to Code 29A-3-11(c), this notice has been filed in the State Register and with the agency proposing the rule.