



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

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

**Promulgation History**

Filed for hearing	May 30, 1997
Hearing held	June 30, 1997
Filed emergency rule	May 30, 1997
Withdrew emergency rule	July 11, 1997
Agency approved rule filed with Secretary of State	July 3, 1997
Filed with Legislative Rule Making Committee	September 15, 1997
Filed modifications	September 25, 1997
Approved in S.B. 329	March 14, 1998
Final filed	May 6, 1998
Effective date	May 7, 1998

TITLE 112  
LEGISLATIVE RULE  
STATE TREASURER'S OFFICE

FILED  
MAY 6 3 34 PM '98  
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. -- May 6, 1998

1.4. Effective Date. -- May 7, 1998

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.

ANALYSIS OF PROPOSED LEGISLATIVE RULES

**Agency:** State Treasurer's Office

**Subject:** Selection of State Depositories for Receipt Accounts,  
112CSR7

PERTINENT DATES

Filed for public comment: May 30, 1997  
Public comment period ended: June 30, 1997  
Filed following public comment period: July 3, 1997  
Filed LRMRC: July 7, 1997  
Filed as emergency: May 30, 1997

Fiscal Impact: None

OFFICE OF WEST VIRGINIA  
SECRETARY OF STATE  
Aug 13 9 32 AM '97  
FILED

ABSTRACT

The proposed rule is new. The following is a section by section synopsis of the proposed rule.

Section 1 is the standard general section, setting forth the scope, authority, filing date and effective date of the proposed rule.

Section 2 defines terms.

Section 3 requires the Treasurer, in cooperation with the various state agencies, to ensure that receipt depositories are conveniently located for the agencies and are able to serve their needs.

Section 4 requires an agency to provide the Treasurer with certain information regarding anticipated collections and deposits. The agency may submit a preferred choice or a list of preferred choices for a receipt depository, but the Treasurer is not bound by the agency's choices. This section also sets forth criteria upon which the Treasurer is to base his or her decision.

Section 5 sets forth three methods for compensating receipt depositories. It also allows the Treasurer to compensate a receipt depository for ancillary services.

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AUTHORITY

Statutory authority: W.Va. Code, §12-1-2, which provides, in part, as follows:

...The state treasurer shall promulgate rules, in accordance with the provisions of article three, chapter twenty-nine-a of this code, concerning depositories for receipt accounts prescribing the selection criteria, procedures, compensation and such other contractual terms as it considers to be in the best interests of the state giving due consideration to: (1) The activity of the various accounts maintained therein; (2) the reasonable value of the banking services rendered or to be rendered the state by such depositories; and (3) the value and importance of such deposits to the economy of the communities and the various areas of the state affected thereby.

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ANALYSIS

I. HAS THE AGENCY EXCEEDED THE SCOPE OF ITS STATUTORY AUTHORITY IN APPROVING THE PROPOSED LEGISLATIVE RULE?

No.

II. IS THE PROPOSED LEGISLATIVE RULE IN CONFORMITY WITH THE INTENT OF THE STATUTE WHICH THE RULE IS INTENDED TO IMPLEMENT, EXTEND, APPLY, INTERPRET OR MAKE SPECIFIC?

Yes.

III. DOES THE PROPOSED LEGISLATIVE RULE CONFLICT WITH OTHER CODE PROVISIONS OR WITH ANY OTHER RULE ADOPTED BY THE SAME OR A DIFFERENT AGENCY?

No.

IV. IS THE PROPOSED LEGISLATIVE RULE NECESSARY TO FULLY ACCOMPLISH THE OBJECTIVES OF THE STATUTE UNDER WHICH THE PROPOSED RULE WAS PROMULGATED?

Yes.

V. IS THE PROPOSED LEGISLATIVE RULE REASONABLE, ESPECIALLY AS IT AFFECTS THE CONVENIENCE OF THE GENERAL PUBLIC OR OF PERSONS AFFECTED BY IT?

Yes.

VI. CAN THE PROPOSED LEGISLATIVE RULE BE MADE LESS COMPLEX OR MORE READILY UNDERSTANDABLE BY THE GENERAL PUBLIC?

No.

VII. WAS THE PROPOSED LEGISLATIVE RULE PROMULGATED IN COMPLIANCE WITH THE REQUIREMENTS OF CHAPTER 29A, ARTICLE 3 AND WITH ANY REQUIREMENTS IMPOSED BY ANY OTHER PROVISION OF THE CODE?

Yes.

VIII. OTHER.

Counsel has technical modifications to suggest.

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112-7

1 Bill-Trea.

H. B. 4214

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(By Delegates Hunt, Linch, Compton, Jenkins,  
Faircloth and Riggs)

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[Introduced January 30, 1998; referred to the  
Committee on Finance then the Judiciary.]

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10 A BILL to amend article nine, chapter sixty-four of the  
11 code of West Virginia, one thousand nine hundred  
12 thirty-one, as amended, by adding thereto a new  
13 section, designated section twenty, relating to  
14 authorizing the treasurer to promulgate a legislative  
15 rule relating to the selection of state depositories  
16 for disbursement accounts through competitive bidding.

17 *Be it enacted by the Legislature of West Virginia:*

18 That article nine, chapter sixty-four of the code of  
19 West Virginia, one thousand nine hundred thirty-one, as  
20 amended, be amended by adding thereto a new section,  
21 designated section twenty, to read as follows:

22 **ARTICLE 9. AUTHORIZATION FOR MISCELLANEOUS AGENCIES AND**  
23 **BOARDS TO PROMULGATE LEGISLATIVE RULES.**

4214

1 §64-9-20. Treasurer.

2 The legislative rule filed in the state register on  
3 the third day of July, one thousand nine hundred  
4 ninety-seven, under the authority of section two, article  
5 one, chapter twelve, of this code, modified by the  
6 treasurer to meet the objections of the legislative  
7 rule-making review committee and refiled in the state  
8 register on the twenty-fifth day of September, one thousand  
9 nine hundred ninety-seven, relating to the treasurer  
10 (selection of state depositories for receipt accounts, 112  
11 CSR 7), is authorized.

12

13 NOTE: The purpose of this bill is to authorize the  
14 Treasurer to promulgate a legislative rule relating to  
15 Selection of State Depositories for Receipt Accounts.

16

17 This section is new; therefore, strike-throughs and  
18 underscoring have been omitted.

112-7

**Senate Bill No. 357**

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(By Senator(s) Ross, Anderson, Bowman,  
Macnaughtan, Boley and Buckalew)

[Introduced January 30, 1998; referred to the  
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