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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2013

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A N A C T

RELATING TO FINANCIAL INSTITUTIONS

Introduced By: Representative Charlene Lima

Date Introduced: April 09, 2013

Referred To: House Finance

(by request)

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 19 of the General Laws entitled "FINANCIAL INSTITUTIONS" is  
2 hereby amended by adding thereto the following chapter:

3 CHAPTER 32

4 STATE BANK

5 **19-32-1. Creation.** -- There is hereby created a Rhode Island state bank ("state bank") to  
6 protect the financial welfare and economic vitality of the citizens of Rhode Island, to obtain credit  
7 and support the functions of state government, to create jobs and improve the general welfare of  
8 the state of Rhode Island.

9 **19-32-2. Powers.** -- (a) The state bank shall have the same banking powers as a state  
10 chartered commercial bank, including the right to accept deposits, pay interest, and make loans to  
11 Rhode Island citizens and business entities.

12 (b) The banking powers, lending powers, and guarantee powers of all state departments  
13 and agencies, including without limitation, the Rhode Island housing and finance corporation and  
14 the Rhode Island economic development corporation shall no longer be exercised by any such  
15 state department or agency and shall be delegated and assigned to the state bank.

16 (c) The state bank shall be a for-profit entity and shall transfer its net profits to the state  
17 treasurer on a monthly basis to support the state budget minus a reserve of twenty percent (20%)  
18 of such amount to be held by the state bank until January 30<sup>th</sup> of each calendar year for  
19 distribution pro rata to the registered voters of the state.

1           (d) The state bank shall have the power to accept deposits from residents of Rhode Island,  
2 Rhode Island public departments and agencies, and Rhode Island business entities. The state bank  
3 shall make loans and guarantees only to Rhode Island citizens, Rhode Island public departments  
4 and agencies, and Rhode Island business entities.

5           (e) The state bank shall not charge fees or interest rates which are in excess of any rules  
6 or regulations promulgated by the United States treasury or the United States federal reserve.

7           (f) The state bank shall have the same powers within the state with regard to banking  
8 entities and credit unions as the federal reserve bank of Boston would otherwise have, except for  
9 any power which is an exclusive constitutional function of the United States.

10           (g) The deposits of Rhode Island citizens and Rhode Island business entities shall be  
11 guaranteed by the state of Rhode Island in the same amounts for each account as otherwise would  
12 be guaranteed by the federal deposit insurance corporation. Such deposits into the state bank shall  
13 not require a guarantee by the federal deposit insurance corporation.

14           (h) The state bank is prohibited from engaging in banking activity outside of the state of  
15 Rhode Island, and from otherwise buying any stock, bond, or security from any person or entity  
16 not a resident of Rhode Island.

17           (i) The state bank shall not purchase for investment any stock, bond, put, call, hybrid, or  
18 other financial instrument which has not been issued or created by a Rhode Island entity.

19           **19-32-3. Mandated deposits.** -- The state of Rhode Island, its municipalities, and all  
20 departments and agencies thereof, and all recipients of state grants, municipal grants and state or  
21 municipal contracts shall deposit all fees, revenues and grants received from the state,  
22 municipalities, and public corporations, into the state bank and not into any other bank or credit  
23 union.

24           **19-32-4. Governance.** -- (a) The state bank shall be governed by a board of directors  
25 consisting of nine (9) persons to include the governor, the lieutenant governor, the attorney  
26 general, the secretary of state, the treasurer and four (4) residents elected for a term of four (4)  
27 years.

28           (b) The state treasurer shall serve as chair of the board of directors.

29           (c) The stockholders of the state bank shall be the registered voters of the state of Rhode  
30 Island.

31           (d) The state of Rhode Island shall receive eighty percent (80%) of any dividends  
32 declared by the board of directors and the registered voters of the state shall receive twenty  
33 percent (20%) of the dividends declared by the board of directors, pro rata.

34           (e) The registered voters of the state shall have the right by petition of two percent (2%)

1 of the voters in a special election or general election, to enact any resolution rejecting any  
2 resolution of the state bank or enacting a new resolution for the state bank, not otherwise  
3 inconsistent with a resolution of a stockholder who would be a stockholder of a commercial bank.

4 (f) The board of directors shall not be authorized to issue any stock or preferred stock or  
5 any other ownership interest in the state bank.

6 (g) The board of directors shall appoint a president, vice president, secretary and treasurer  
7 for a term not exceeding the members of the board, and who shall manage and operate the state  
8 bank consistent with generally accepted fiduciary standards applicable to commercial banks, as  
9 regulated by the department of business regulation.

10 (h) The state bank shall have the authority to create its own bylaws and rules and  
11 regulations consistent with the general laws and any rules and regulations promulgated by the  
12 department of business regulation.

13 SECTION 2. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
RELATING TO FINANCIAL INSTITUTIONS

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- 1 This act would establish a state bank.
- 2 This act would take effect upon passage.

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