

2015 -- H 6024

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2015

A N A C T

RELATING TO FINANCIAL INSTITUTIONS

Introduced By: Representatives Lima, Azzinaro, Carson, Serpa, and Amore

Date Introduced: April 02, 2015

Referred To: House Finance

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 mortgage finance
14 corporation and the Rhode Island economic development corporation shall no longer be exercised
15 by any such 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 of each calendar year for pro rata
19 distribution 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
9 for 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
13 shall 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. All four (4) elected resident directors shall be elected at state-wide general elections, every
28 four (4) years, commencing in November of 2016. Resident directors so elected shall serve no
29 more than a total of two (2) terms of four (4) years each.

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

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

33 (d) The state of Rhode Island shall receive eighty percent (80%) of any dividends
34 declared by the board of directors and the registered voters of the state shall receive twenty

1 percent (20%) of the dividends declared by the board of directors, pro rata.

2 (e) The registered voters of the state shall have the right by petition of two percent (2%)
3 of the voters in a special election or general election, to enact any resolution rejecting any
4 resolution of the state bank or enacting a new resolution for the state bank, not otherwise
5 inconsistent with a resolution of a stockholder who would be a stockholder of a commercial bank.

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

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

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

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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RELATING TO FINANCIAL INSTITUTIONS

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

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