

IN THE SENATE

SENATE BILL NO. 1103

BY STATE AFFAIRS COMMITTEE

AN ACT

RELATING TO THE IDAHO CREDIT UNION ACT; AMENDING SECTION 26-2155, IDAHO CODE, TO PROVIDE FOR STATE OR FEDERAL CREDIT UNIONS TO BE DESIGNATED AS STATE DEPOSITORIES AND TO MAKE A TECHNICAL CORRECTION; AND DECLARING AN EMERGENCY AND PROVIDING AN EFFECTIVE DATE.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That Section 26-2155, Idaho Code, be, and the same is hereby amended to read as follows:

26-2155. DESIGNATION OF DEPOSITORY -- REPORTING OF RESERVES AND UN-DIVIDED EARNINGS. (1) The state treasurer shall designate state or federal credit unions qualified under this chapter as a state depository or depositories. Such designation shall be determined by competitive bidding or by other means generally accepted as standard business practice. In no case shall the deposit or deposits of state funds in ~~the account of any public entity in~~ any credit union over the total covered by insurance exceed at any one time, the total of the reserves and undivided earnings of such credit union or the total sum covered by share and deposit insurance provided by either the national credit union share insurance fund or by a deposit guarantee corporation authorized to issue share and deposit insurance contracts in this state, whichever sum shall be ~~less~~ greater. The credit union shall provide collateral for funds held in accounts of the state in the credit union pursuant to this section in excess of the amount covered by share insurance. The type and amount of collateral shall be determined by agreement of the credit union and the depositor. In the event that any credit union has been designated as a depository under this chapter, such designation shall continue in force until revoked by the treasurer.

(2) Every credit union designated as a state depository and holding any deposit of the funds of the state of Idaho under the provisions of this section shall, on or before beginning to hold such deposits, file with the state treasurer the affidavit of one (1) of its officers containing the following:

(a) The amount of the reserves and undivided earnings of such credit union; and

(b) A certification that such credit union is not currently engaged in and will not for the duration of its designation as a state depository engage in a boycott of any individual or company because the individual or company:

(i) Engages in or supports the exploration, production, utilization, transportation, sale, or manufacture of fossil fuel-based energy, timber, minerals, hydroelectric power, nuclear energy, or agriculture; or

1 (ii) Engages in or supports the manufacture, distribution, sale,
2 or use of firearms, as defined in section 18-3302(2)(d), Idaho
3 Code.

4 (3) Upon receipt of the affidavit pursuant to subsection (2) of this
5 section, the state treasurer shall determine, subject to the uniform prudent
6 investor act, chapter 5, title 68, Idaho Code, whether to maintain deposits
7 with such credit union. Such affidavits shall be effective for the purposes
8 of this section, to and including January 31 next following the date of their
9 filing but no longer, and, on or before that date, if such credit union is to
10 continue as a designated state depository under this section, a like affi-
11 davit shall be filed in like manner for the succeeding year. No such credit
12 union shall receive deposits from or act as depository for the funds of the
13 state of Idaho unless and until the affidavit required pursuant to this sec-
14 tion is on file with the state treasurer in accordance with this section. The
15 state treasurer shall revoke the state depository designation of any credit
16 union determined by the state treasurer to be currently engaged in any activ-
17 ities prohibited by this section.

18 (4) Subsection (2)(b) of this section shall not apply to a state deposi-
19 tory designation issued by the state treasurer if the state treasurer deter-
20 mines the requirements of subsection (2)(b) of this section would be incon-
21 sistent with the constitutional or statutory duties of the state treasurer
22 or would be contrary to the business needs of the state of Idaho and prevent
23 the state of Idaho from fulfilling its legal duties or obligations.

24 (5) The state treasurer shall revoke the state depository designation
25 of any credit union determined by the state treasurer to be currently engaged
26 in any activities prohibited by this section. In determining if a credit
27 union has engaged in activities prohibited by this section, the state trea-
28 surer shall rely only upon publicly available statements or information made
29 by any person authorized to speak on behalf of the credit union or in the
30 credit union's official external communications. Prior to any such revo-
31 cation of a state depository designation, the state treasurer shall provide
32 the credit union with sixty (60) days' prior written notice identifying the
33 specific prohibited activities at issue and providing the credit union the
34 opportunity to refute in writing having engaged in the specified prohibited
35 activities. A decision by the treasurer revoking a depository designation
36 may be appealed by the credit union to district court within twenty-eight
37 (28) days of the treasurer's decision, and the reviewing court shall review
38 the appeal under the standard for appeals set forth in section 67-5279, Idaho
39 Code.

40 (6) The state treasurer is authorized in his or her discretion and from
41 time to time to negotiate for the payment to designated state depositories
42 of reasonable compensation for services rendered in acting as such deposito-
43 ries. The method and/or rate of such compensation and the terms and condi-
44 tions thereof shall be fixed by the state treasurer after such negotiation,
45 which may include the calling of bids for specific services. All bids re-
46 ceived, whether by a formal bidding process or by negotiation, and the com-
47 pensation fixed by the treasurer, which shall be in the form of a written
48 agreement, shall be a matter of public record.

49 (7) For the purposes of this section, a boycott means that the credit
50 union, without a reasonable business purpose, refuses to offer financial

1 services to an individual or organization, terminates business with an
2 individual or organization, or takes another action that is intended to
3 penalize, inflict economic harm on, or limit commercial relations with an
4 individual or organization because the individual or organization:

5 (a) Engages in a particular business sector;

6 (b) Engages in a particular business sector and does not commit or
7 pledge to meet standards beyond applicable federal and state law; or

8 (c) Does business with an individual or organization that engages in a
9 particular business sector.

10 (8) For purposes of this section, reasonable business purpose means any
11 purpose directly related to:

12 (a) Promoting the financial success or stability of a financial insti-
13 tution;

14 (b) Mitigating risk to a financial institution;

15 (c) Complying with legal or regulatory requirements; or

16 (d) Limiting liability of a financial institution.

17 SECTION 2. An emergency existing therefor, which emergency is hereby
18 declared to exist, this act shall be in full force and effect on and after
19 July 1, 2025.