

TITLE 1: GOVERNMENT
DIVISION 7: PLANNING, BUDGETING AND AUDITING

§ 7723. Deposit Safety Requirements.

All funds in the Commonwealth Treasury may be deposited by the Secretary of Finance to the credit of the Commonwealth government in any bank which the secretary may select pursuant to this chapter and any sums so deposited shall be deemed to be in the Commonwealth Treasury; provided that the bank in which the money is deposited shall furnish and pledge security with bank assets valued at all times at 100 percent of these funds. Bank assets shall be in the form of United States Treasury bonds, and United States Government agency securities having readily ascertainable market value, or obligations and securities backed by the CNMI Government. United States Government agency securities are to be securities bearing the full faith and credit of the United States Government. Security shall not be required for that portion of any deposit that is insured under any law of the United States.

Source: PL 4-33, § 3; amended by PL 9-13, § 3, modified; amended by PL 12-61, § 2.

Commission Comment: PL 9-13, the “Government Deposit Safety Act of 1994,” took effect December 28, 1994. With respect to the reference to the “Secretary of Finance,” see Executive Order 94-3 (effective August 23, 1994), reorganizing the executive branch, changing agency names and official titles, and effecting other changes, set forth in the Commission comment to 1 CMC § 2001.

PL 12-61, which became effective on August 6, 2001, contained the following findings and purpose, severability, and savings clauses:

Section 1. Findings and Purpose. The Legislature finds that Commonwealth Treasury funds deposited in a bank are secured 110% by the bank’s assets. This security requirement is a condition that the bank must comply with in order to receive government deposits. However, the Legislature further finds that governments are fully protected so long as the bank’s assets are equal to 100% of the amount of the deposits. Therefore, the purpose of this act is to lower the security that a bank must pledge in bank assets from 110% to 100% of the amount of government deposits.

. . .

Section 3. Severability. If any provision of this Act or the application of any such provision to any person or circumstance should be held invalid by a court of competent jurisdiction, the remainder of this Act or the application of its provisions to persons or circumstances other than those to which it is held invalid shall not be affected thereby.

Section 4. Savings Clause. This Act and any repealer contained herein shall not be construed as affecting any existing right acquired under contract or acquired under statutes repealed or under any rule, regulation or order adopted under the statutes. Repealers contained in this Act shall not affect any proceeding instituted under or pursuant to prior law. The enactment of this Act shall not have the effect of terminating, or in any way modifying, any liability, civil or criminal, which shall already be in existence on the date this Act becomes effective.