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## Notice of Intended Regulatory Action (NOIRA) Agency Background Document

<b>Agency name</b>	Treasury Board
<b>Virginia Administrative Code (VAC) Chapter citation(s)</b>	1 VAC75-20
<b>VAC Chapter title(s)</b>	Virginia Security for Public Deposits Act Regulations
<b>Action title</b>	Amend Virginia Security for Public Deposits Act Regulations After Periodic Review
<b>Date this document prepared</b>	

This information is required for executive branch review and the Virginia Registrar of Regulations, pursuant to the Virginia Administrative Process Act (APA), Executive Order 14 (as amended, July 16, 2018), the Regulations for Filing and Publishing Agency Regulations (1VAC7-10), and the *Form and Style Requirements for the Virginia Register of Regulations and Virginia Administrative Code*.

### Brief Summary

*Provide a brief summary (preferably no more than 2 or 3 paragraphs) of the subject matter, intent, and goals of this regulatory change (i.e., new regulation, amendments to an existing regulation, or repeal of an existing regulation).*

Significant changes were made to the Security for Public Deposits Act, *Code of Virginia* §§ 2.2-4400 et seq, between 2008 and 2010. The SPDA regulations have not been amended to reflect these changes. In addition, changes will be made to further safeguard Virginia public funds held as deposits in Virginia financial institutions.

### Acronyms and Definitions

*Define all acronyms or technical definitions used in this form.*

COV = Code of Virginia  
SPDA = Security for Public Deposits Act  
Board = Treasury Board

## Mandate and Impetus

*Identify the mandate for this regulatory change and any other impetus that specifically prompted its initiation (e.g., new or modified mandate, petition for rulemaking, periodic review, or board decision). For purposes of executive branch review, "mandate" has the same meaning as defined in Executive Order 14 (as amended, July 16, 2018), "a directive from the General Assembly, the federal government, or a court that requires that a regulation be promulgated, amended, or repealed in whole or part."*

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The regulation meets the criteria set out in Executive Order 14 (2018) as it is necessary for the protection of public health, safety and welfare of the citizens of the Commonwealth, and is clearly written and easily understandable. This regulatory change is mandated by COV § 2.2-4405 Powers of Treasury Board relating to the administration of this chapter and § 2.2-2416 Powers and duties of Treasury Board, and approved by the Board at its August 19, 2020 meeting following a periodic review.

## Legal Basis

*Identify (1) the promulgating agency, and (2) the state and/or federal legal authority for the regulatory change, including the most relevant citations to the Code of Virginia and Acts of Assembly chapter number(s), if applicable. Your citation must include a specific provision, if any, authorizing the promulgating agency to regulate this specific subject or program, as well as a reference to the agency's overall regulatory authority.*

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The Board's regulatory authority for this action can be found at: COV §§ 2.2-4400 et seq, Virginia Security for Public Deposits Act (specifically § 2.2-4405 Powers of Treasury Board relating to the administration of this chapter) and § 2.2-2416 Powers and duties of Treasury Board.

## Purpose

*Describe the specific reasons why the agency has determined that this regulation is essential to protect the health, safety, or welfare of citizens. In addition, explain any potential issues that may need to be addressed as the regulation is developed.*

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The regulation protects the financial stability of the Commonwealth and citizens by ensuring public deposits of the Commonwealth of Virginia and its counties, cities, towns and other public entities are adequately protected against economic consequences of a failure of a financial institution holding public funds.

## Substance

*Briefly identify and explain the new substantive provisions that are being considered, the substantive changes to existing sections that are being considered, or both.*

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The Board will amend the regulation to revise the statutory authority, which has changed from COV Title 2.1 (repealed in 2001) to Title 2.2 (replaced Title 2.1 in 2001); bring the regulatory language in line with the SPDA as amended in 2008 and 2010 and the newly approved Board guidelines; and other changes determined to be necessary to better administer the SPDA to accommodate the needs of Virginia's banking community and public institutions while ensuring the protection of public funds.

## Alternatives to Regulation

*Describe any viable alternatives to the regulatory change that were considered, and the rationale used by the agency to select the least burdensome or intrusive alternative that meets the essential purpose of the regulatory change. Also, include discussion of less intrusive or less costly alternatives for small businesses, as defined in § 2.2-4007.1 of the Code of Virginia, of achieving the purpose of the regulatory change.*

COV §§ 2.2-4400 et seq. requires the Board to adopt regulations to protect Virginia public deposits held in financial institutions. Revision of the existing regulations is the least burdensome alternative. The intent of these revisions is to bring the regulatory language fully in line with the SPDA and current Treasury Board guidelines for administration of the SPDA.

## Periodic Review and Small Business Impact Review Announcement

*If you wish to use this regulatory action to conduct, and this NOIRA to announce, a periodic review (pursuant to § 2.2-4017 of the Code of Virginia and Executive Order 14 (as amended, July 16, 2018)), and a small business impact review (§ 2.2-4007.1 of the Code of Virginia) of this regulation, keep the following text. Modify as necessary for your agency. Otherwise, delete the paragraph below and insert "This NOIRA is not being used to announce a periodic review or a small business impact review."*

This NOIRA is not being used to announce a periodic review or a small business impact review.

## Public Participation

*Indicate how the public should contact the agency to submit comments on this regulation, and whether a public hearing will be held, by completing the text below. In addition, as required by § 2.2-4007.02 of the Code of Virginia describe any other means that will be used to identify and notify interested parties and seek their input, such as regulatory advisory panels or general notices.*

The Treasury Board is providing an opportunity for comments on this regulatory proposal, including but not limited to (i) the costs and benefits of the regulatory proposal, (ii) any alternative approaches, and (iii) the potential impacts of the regulation.

Anyone wishing to submit written comments for the public comment file may do so through the Public Comment Forums feature of the Virginia Regulatory Town Hall web site at:

<https://townhall.virginia.gov>. Comments may also be submitted by mail, email or fax to:

Kristin Reiter

PO Box 1879

Richmond, VA 23218-1879

Email: [Kristin.reiter@trs.virginia.gov](mailto:Kristin.reiter@trs.virginia.gov) Fax: 804-225-2231

In order to be considered, comments must be received by 11:59 pm on the last day of the public comment period.

A public hearing will not be held following the publication of the proposed stage of this regulatory action.

