

SUBJECT: Assigning certificates of deposit used as bail bondsman's collateral

COMMITTEE: Criminal Jurisprudence — favorable, without amendments

VOTE: 6 ayes — Place, Talton, Farrar, Greenberg, Nixon, Pickett
0 nays
3 absent — Hudson, Pitts, Solis

SENATE VOTE: On final passage, May 8 — voice vote

WITNESSES: No public hearing

BACKGROUND: Bail bondsmen are required to pledge security or collateral in order to execute bail bonds. This can be in the form of cash, property or certificates of deposit.

DIGEST: SB 453 would require both an applicant for a bail bondsman's license who files a certificate of deposit as security with the county treasurer and the financial institution that issues the certificate to assign the certificate to the county treasurer. This bill would take effect September 1, 1995.

SUPPORTERS SAY: If a bondsman uses a certificate of deposit (CD) as a form of collateral, the certificate is payable to the county treasurer but the bondsman still owns the CD. This has caused problems with the banks and the Internal Revenue Service because the CD and interest earned on the CD are legally owned by the bondsman but pledged as collateral to the county.

SB 453 would clarify that the bondsman owns the CD but would not have access to the funds, and in the event that the bondsman's client forfeits the bond, the county treasurer could execute the CD and take possession of the money. It would allow the interest accrued on the certificate to flow directly to the bondsman to be reported for tax purposes.

OPPONENTS SAY: No apparent opposition.