

HOUSE BILL 362

Introduced by M. Hanson, et al.

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| 1/22 | Introduced |
| 1/22 | Referred to Business & Economic Development |
| 1/23 | First Reading |
| 1/31 | Hearing |
| 2/01 | Tabled in Committee |

1 *House* BILL NO. *362*
 2 INTRODUCED BY *M. Hanson* *John* *Jack* *By*
 3 *Stueki* *Alford* *NA* *Thorne*

4 A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING THE INVESTMENT
 5 OF PUBLIC MONEY IN FACE-AMOUNT CERTIFICATES; AND AMENDING
 6 SECTIONS 7-6-202, 7-6-206, AND 20-9-213, MCA."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

9 **Section 1.** Section 7-6-202, MCA, is amended to read:

10 **"7-6-202.** Investment of public money in direct
 11 obligations of the United States -- face-amount
 12 certificates. (1) A local governing body may invest public
 13 money not necessary for immediate use by the county, city,
 14 or town in direct obligations of the United States
 15 government and securities issued by agencies of the United
 16 States.

17 (2) The local governing body may invest in these
 18 obligations either directly or in the form of securities of
 19 or other interests in an open-end or closed-end management
 20 type investment company or investment trust registered under
 21 the Investment Company Act of 1940 (15 U.S.C. 80a-1 through
 22 80a-64), as amended, if:

23 (a) the portfolio of the investment company or
 24 investment trust is limited to United States government
 25 obligations and repurchase agreements fully collateralized

1 by United States government obligations, except as provided
 2 in subsection (3); and

3 (b) the investment company or investment trust takes
 4 delivery of the collateral for any repurchase agreement,
 5 either directly or through an authorized custodian.

6 (3) A local governing body may invest public money in
 7 face-amount certificates as described in 15 U.S.C. 80a-28."

8 **Section 2.** Section 7-6-206, MCA, is amended to read:

9 **"7-6-206.** Time deposits -- repurchase agreement. (1)
 10 Public money not necessary for immediate use by a county,
 11 city, or town which is not invested in direct obligations of
 12 the United States government or face-amount certificates as
 13 authorized in 7-6-202 may be placed in time or savings
 14 deposits with any bank, savings and loan association, or
 15 credit union in the state or placed in repurchase agreements
 16 as authorized in 7-6-213. Money placed in repurchase
 17 agreements is subject to subsection (2).

18 (2) The local governing body may solicit bids for time
 19 or savings deposits from any bank, savings and loan
 20 association, or credit union in the state. The local
 21 governing body may deposit public money in such institutions
 22 unless a local financial institution agrees to pay the same
 23 rate of interest bid by a financial institution not located
 24 in the county, city, or town. The governing body may solicit
 25 bids by notice sent by mail to the investment institutions



1 who have requested that their names be listed for bid notice
2 with the department of administration."

3 **Section 3.** Section 20-9-213, MCA, is amended to read:

4 "20-9-213. Duties of trustees. The trustees of each
5 district shall have the sole power and authority to transact
6 all fiscal business and execute all contracts in the name of
7 the district. No person other than the trustees acting as a
8 governing board may expend money of the district. In
9 conducting the fiscal business of the district, the trustees
10 shall:

11 (1) cause the keeping of an accurate, detailed
12 accounting of all receipts and expenditures of school money
13 for each fund maintained by the district in accordance with
14 generally accepted accounting principles and the rules
15 prescribed by the superintendent of public instruction. The
16 record of the accounting must be open to public inspection
17 at any meeting of the trustees.

18 (2) authorize all expenditures of district money and
19 cause warrants to be issued for the payment of lawful
20 obligations;

21 (3) issue warrants on any budgeted fund in anticipation
22 of budgeted revenues, except that the expenditures may not
23 exceed the amount budgeted for the fund;

24 (4) invest any money of the district, whenever in the
25 judgment of the trustees the investment would be

1 advantageous to the district, by directing the county
2 treasurer to invest any money of the district in direct
3 obligations of the United States government; in face-amount
4 certificates as described in 15 U.S.C. 80a-28; in savings or
5 time deposits in a state or national bank, building or loan
6 association, savings and loan association, or credit union
7 insured by the FDIC~~7~~-PSB~~7~~ or NCUA located in the state; or
8 in a repurchase agreement as authorized in 7-6-213. All
9 interest collected on the deposits or investments must be
10 credited to the fund from which the money was withdrawn,
11 except that interest earned on account of the investment of
12 money realized from the sale of bonds must be credited to
13 the debt service fund or the building fund, at the
14 discretion of the board of trustees. The placement of the
15 investment by the county treasurer is not subject to ratable
16 distribution laws and must be done in accordance with the
17 directive from the board of trustees. A district may invest
18 money under the state unified investment program established
19 in Title 17, chapter 6.

20 (5) cause the district to record every transaction in
21 the appropriate account before the accounts are closed at
22 the end of the fiscal year in order to properly report the
23 receipt, use, and disposition of all money and property for
24 which the district is accountable;

25 (6) report annually to the county superintendent, not

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1 later than August 1, the financial activities of each fund
2 maintained by the district during the last completed school
3 fiscal year, on the forms prescribed and furnished by the
4 superintendent of public instruction. Annual fiscal reports
5 for joint school districts must be submitted to the county
6 superintendent of each county in which part of the joint
7 district is situated.

8 (7) whenever requested, report any other fiscal
9 activities to the county superintendent, superintendent of
10 public instruction, or board of public education;

11 (8) cause the accounting records of the district to be
12 audited biennially as required by 2-7-503; and

13 (9) perform, in the manner permitted by law, other
14 fiscal duties that are in the best interests of the
15 district."

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