

Opinion No. 109.**State Treasurer — Banks — Time Deposits of State Money.**

HELD: The State Treasurer may legally make time deposits of state funds in banks at interest, when such would not interfere with payment of obligations of the state, or otherwise affect the financial standing of the state.

May 29, 1937.

Hon. Ray N. Shannon
State Treasurer
The Capitol

Dear Mr. Shannon:

You have submitted the following:

"Under Paragraph 12, Section 19, of the Federal Deposit Insurance Corporation Act, all banks who are members are prohibited from paying interest on demand deposits after August 23rd, 1937.

"At the present time all state money on deposit in banks is a demand deposit and earning the state 1%. These earnings amount to more than \$25,000.00 a year and is credited to the General Fund.

"To protect this source of revenue this office intends to deposit the money in banks on Certificates of Deposit, for periods of time starting with three months and up to nine months, charging 1% interest. For your information will state that we are able to anticipate our needs for cash to meet obligations and in no way affect the financial standing of the state.

"Will you kindly give this office an opinion as to the legality of this method or system of depositing state funds."

Section 182 R. C. M. 1935, makes it the duty of the state treasurer to deposit public moneys, in his possession and under his control, in solvent banks located in the state, and to have such deposits secured. Nowhere in this section, or in any other section of the Codes, do we find that it is specifically stated that such deposits shall be demand deposits although we understand it has been the general practice to make such deposits. Nor do the statutes specifically forbid time deposits.

In view of this situation and the fact that such proposed time deposits would not interfere with your ability as state treasurer to meet obligations of the state, and in no way affects the financial standing of the state, and considering the benefit to the state through the 1% interest thereon, it is my opinion that there is no legal obstacle to your making time deposits, as indicated in your request.