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LC 0616

te BILL NO. 69 Soodover Levene Kalstad 1 INTRODUCED BY 3

A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTIONS j, 5 16-2618 ALD 79-307, R.C.N. 1947, RELATING TO SECURITY REQUIREMENTS FOR THE DEPOSIT OF PUBLIC FUNDS." 6

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: 8 9 Section 1. Section 16-2618, R.C.M. 1947, is amended to 10 read as follows:

11 "16-2613. Deposit of public funds by county, city and 12 tewn treasurers. (1) It shall be the duty of all county. 13 city and town treasurers to deposit all public moneys in their possession and under their control in any solvent 14 banks, building and loan associations or savings and loan 15 associations located in the county, city or town of which 16 such treasurer is an officer, subject to national 17 supervision or state examination as the board of county 13 19 contaissioners in the case of a county, or of the council in the case of a city or town, may designate, and no other. The 20 treasurer shall take from such bank, building and loan 21 association or savings and loan association such security as 22 the board of county commissioners, in the case of a county, 23 or the council in the case of a city or town, may prescribe, 24 25 approve and deem fully sufficient and necessary to insure

the safety and prompt payment of all such deposits, together 1 with the interest on any time or savings deposits, provided 2 3 that said board of county commissioners or city or town 4 council is hereby authorized to deposit such public moneys 5 not necessary for immediate use by such county, city or town with any bank, building and loan association or savings and 6 loan association authorized herein above in a savings or 7 time deposit; provided that the bank or banks or building ы and loan association or savings and loan association in 9 which the money is deposited shall pay on the moneys no less 10 11 than the rate of interest as is paid on money from private 12 sources on the same terms. Refusal of any bank, building and loan association or savings and loan association to pay said 13 14 interest rate shall constitute a waiver of that right to participate in the ratable 15 institution's 16 distribution of said moneys as set forth in subsection (4) 17 of this act, and provided that said board of county commissioners, or city or town council is hereby authorized 18 to invest such public moneys not necessary for immediate use 19 by such county, city or town, in direct obligations of the 20 21 United States government, payable within not to exceed one 22 hundred eighty (180) days from the time of such investment. 23 (2) Said board of county commissioners, city or town council may require security for only such portion of 24 25 deposits as is not guaranteed or insured according to law.

Senate

INTRODUCED BILL

1 Such security shall consist of those enumerated in section 2 79-307. cashieris-check-or--checks--issued--by--the--Federal 3 Reserve--Banky-bonds-of-the-United-States-government-and-its 4 dependents;-bonds-guaranteed-by-the-United-States-government 5 or-its-dependents---bonds--and--warrants--of--the--state--of 6 Montanay--bonds--and--warrants-of-any-county-of-the-state-of 7 Montanay-and-bonds-of-any-cityy-town-or-school--district--of З the-state-of-Montanay-which-are-a-general-obligation-of-such 9 cowntwy--sitwy-town-or-school-distrigty-bonds-of-the-Federal 10 Land-Banks,-Federal--Intermediate--Gredit--Bank--debentures, 11 Federal---Home---boan---Bank---notes--and--bonds---Bank--for 12 Co-operatives¹---debentures₇---Pederal---National---Mortgage 13 Association--notes,--bonds--and--quaranteed--certificates-of 14 participation,-obligations-of-or--fully--guaranteed--by--the 15 Government--Hational--Mortgage--Association---Parmersi---Home 16 Administration-insured-notes-rotes-fully-guaranteed--as--to 17 principal-and-interest-by-the-Small-Business-Administration, 1.0 Pederal----Housing----Administration---debentures,----general obligation-bonds-of--other--states--and--counties--of--other 19 20 states--and--bonds--issued--in-the-United-States-of-America, 21 which-are-subted-on-the--New--York--market--which--shall--be 22 acceptable--at-not-to-exceed-ninety-per-centum-(90%)-of-such 23 market-quotation.

24 (3) When negotiable securities are furnished, such
25 securities may be placed in trust and the trustee's receipt

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may be accepted in lieu of the actual securities when such 1 2 receipt is in favor of the treasurer, his successors and the state of Montana, and the form of receipt and the trustee 3 4 have been approved by the department of intergovernmental 5 relations. All warrants or other negotiable securities must be properly assigned or endorsed in blank. It shall be the 6 duty of the board of county commissioners in the case of 7 county funds, or the council in the case of funds of a city 8 or town, upon the acceptance and approval of any of the 9 10 above-mentioned bonds or securities, to make a complete minute entry of such acceptance and approval upon the record 11 12 of their proceedings. and such bonds and securities shall be 13 reapproved at least guarter annually thereafter.

(4) (a) Demand deposits shall be placed only in banks. 14 15 When more than one bank is available in any county, for the 16 deposit of such county funds, or in any city or town for the 17 deposit of such city or town funds, such demand deposits shall be distributed ratably among all of such banks 18 19 qualifying therefor, substantially in proportion to paid-in capital and surplus of each such bank willing to receive 20 such demand deposits under the terms of this act, and it 21 22 shall be the duty of said county, city or town treasurer to prorate all such demand deposits among all of the banks 23 24 qualified to receive the same as in this act provided, to 25 the end that an equitable distribution of such demand

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1 deposits shall be maintained.

2 (b) Such public moneys not necessary for immediate use by such county, city or town which are not invested in 3 4 direct obligations of the United States government as authorized herein shall be placed in time or savings ŝ deposits with any bank, building and loan association or ő · 7 savings and loan association in the county, city or town. When more than one bank, building and loan association or 3 9 savings and loan association is available in any county, for the deposit of such county funds, or in any city or town for 10 the deposit of such city or town funds, such funds shall be 11 distributed ratably among all of such banks, building and 12 loan associations and savings and loan associations 13 qualifying therefor, substantially in proportion to the 14 total property taxes paid in such county or the county in 15 which such city or town is located during the preceding 15 17 year, including taxes on shares of bank stock, by each such 13 bank, building and loan association or savings and loan association willing to receive such time or savings deposits 19 20 under the terms of this act, and it shall be the duty of said county, city or town treasurer to prorate all such time 21 or savings deposits among all of the banks, building and 22 loan associations and savings and loan associations 20 qualified to receive the same as in this act provided, to 24 25 the end that an equitable distribution of such time or

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1 savings deposits shall be maintained.

(5) Whenever it shall come to the attention of the 2 department of intergovernmental relations that the funds of 3 any county, city or town are not properly distributed as 4 5 provided in this act, the department of intergovernmental relations shall order the treasurer of such county, city or б town to distribute said funds in accordance herewith, and if 7 such treasurer shall refuse or neglect to comply with such 8 9 order, it shall be the duty of the department of intergovernmental relations to institute proceedings against 10 11 such treasurer at the cost of the county, city or town of which such treasurer is an officer, on the official bond of 12 13 treasurer. If no such bank, building and loan such associations or savings and loan associations exists in the 14 15 county, city or town, or if any banks, building and loan 16 associations or savings and loan associations existing therein fails or refuses to qualify under the terms of this 17 act to receive such deposits, then and in such case. or in 18 either of such cases, such moneys as have not been accepted 19 20 by any banks, building and loan associations or savings and 21 lean associations within said county, city or town, shall be 22 deposited under the terms of this act, in the banks, 23 building and loan associations or savings and loan associations most convenient to such county, city or town, 24 willing to accept such deposits under the terms of this act, 25

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1 and qualified as above provided. Any banks, building and loan associations or savings and loan associations receiving 2 3 such deposits, shall, through its president and cashier or 4 secretary, make a statement guarter annually of account. 5 under oath, showing all such moneys that have been deposited with such bank, building and loan association or savings and 6 7 loan association during the quarter, the amount of daily balance in dollars, and the amount of interest by such 8 9 banks, building and loan associations or savings and loan 10 associations credited or paid therefor, and showing that neither such bank, building and loan association or savings 11 and loan association nor any officer thereof. nor any person 12 13 for it, has paid or given any consideration or emolument 14 whatsoever to the treasurer or to any other person other 15 than the interest provided for herein, for or on account of 16 the making of such deposits, with any such bank, building 17 and loan association or savings and loan association. All 18 such deposits shall be subject to withdrawal by the treasurer in such amounts as may be necessary from time to 19 20 time, and no deposit of funds shall be made, or permitted to remain in any bank, building and loan association or savings 21 and loan association. until the security for such deposits 22 23 shall nave been first approved by the board of county commissioners in the case of county funds, or by the council 24 in the case of city or town funds, and delivered to the 25

i treasurer.

2 (6) Except as provided in subsection (8) of this section, all interest paid and collected on such deposits or 3 4 investments shall be credited to the general fund of the county, city or town to whose credit such funds are 5 6 deposited. Where moneys shall have been deposited in 7 accordance with the provisions of this act. the treasurer shall not be liable for loss on account of any such deposit 8 9 that may occur through damage by the elements or for any 10 other cause or reason occasioned through means other than 11 his own neglect, fraud, or dishonorable conduct.

12 (7) Any bank, building and loan association or savings 13 and loan association pleaging securities as provided in this 14 act at any time it deems advisable or desirable may substitute like securities for all or any part of the 15 16 securities pledged. The collateral so substituted shall be 17 approved by the governing body of the county, city or town 13 at its next official meeting. Such securities so substituted 19 shall at the time of substitution be at least equal in 20 principal amount to the securities for which substitution is 21 made. In the event that the securities so substituted are 22 held in trust, the trustee shall, on the same day the substitution is made, forward by registered or certified 23 mail to the county, city or town and to the depository bank, 24 25 building and loan association or savings and loan

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association, a receipt specifically describing and
 identifying both the securities so substituted and those
 released and returned to the depository bank, building and
 loan association or savings and loan association.

(8) Whenever in the judgment of the trustees of any 5 common school district, high school district, or county high 5 7 school it would be advantageous to invest any money of such school or school district in savings or time deposits in a 8 state or national bank, building and loan association or 9 10 sayings and loan association insured by the F.D.I.C. or the F.S.L.I.C., or in direct obligations of the United States 11 government. payable within one hundred eighty (180) days 12 from the time of investment, such governing body may in its 13 discretion direct the county treasurer to make such 14 investments. All interest collected on such deposits or 15 investments shall be credited to the fund from which the 16 money was withdrawn, provided that nothing in this act shall 17 be interpreted to conflict with section 16-2050." 18

19 Section 2. Section 79-307, R.C.M. 1947, is amended to 20 read as follows:

79-307. Security for deposits of public funds. The
following kinds of securities may be pledged to secure
deposits of public funds:

24 (1) airect obligations of the United States;

25 (2) securities as to which the payment of principal and

1	interest is guaranteed by the United States;
2	(3) securities issued or fully guaranteed by the
3	following agencies of the United States, whether or not
4	guaranteed by the United States:
5	(a) commodity credit corporation;
6	(b) federal intermediate credit banks;
7	(c) federal land bank;
8	(đ) bank for cooperatives;
s	(e) federal home loan banks;
10	(f) federal national mortgage association;
11	(g) government national mortgage association;
12	(h) small business administration; and
13	(i) federal housing administration (not including
14	insured mortgages);
15	(4) general obligation bonds of the state or of any
16	county, city, school district, or other political
17	subdivision of the state;
13	(5) interest bearing warrants of the state or of any
19	county, city, school district, or other political
20	subdivision of the state, issued in evidence of claims in an
21	amount which, with all other claims on the same fund, do not
22	exceed the amount validly appropriated in the current budget
23	for expenditure from the fund in the year in which they are
24	issued;

25 (6) obligations of housing authorities of the state,

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secured by a pledge of annual contributions or by a loan
 agreement, made by the United States or any agency thereof,
 providing for contributions or a loan sufficient, with other
 funds pledged, to pay the principal of and interest on the
 obligations when due; and

6 (7) general obligation bonds of other states and of 7 municipalities and counties of other states.

8 (8) bonds of surety companies authorized to do

9 business in the state."

-End-

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Approved by Committee on Business and Industry

1	SENATE BILL NO. 69
2	INTRODUCED BY GALT, GOODOVER, DEVINE, KOLSTAD
3	
4	A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTIONS
5	16-2618 AND 79-307, R.C.M. 1947, RELATING TO SECURITY
6	REQUIREMENTS FOR THE DEPOSIT OF PUBLIC FUNDS."
7	
8	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
9	Section 1. Section 16-2618, R.C.M. 1947, is amended to
10	read as follows:
11	*16-2618. Deposit of public funds by county, city and
12	town treasurers. (1) It shall be the duty of all county,
13	city and town treasurers to deposit all public moneys in
14	their possession and under their control in any solvent
15	banks, building and loan associations or savings and loan
16	associations located in the county, city or town of which
17	such treasurer is an officer, subject to national
18	supervision or state examination as the board of county
19	commissioners in the case of a county, or of the council in
20	the case of a city or town, may designate, and no other. The
21	treasurer shall take from such bank, building and loan
22	association or savings and loan association such security as
23	the board of county conmissioners, in the case of a county,
24	or the council in the case of a city or town, may prescribe,
25	approve and deem fully sufficient and necessary to insure

1 the safety and prompt payment of all such deposits, together with the interest on any time or savings deposits. provided 2 that said board of county commissioners or city or town 3 council is hereby authorized to deposit such public moneys 4 5 not necessary for immediate use by such county, city or town with any bank, building and loan association or savings and 6 loan association authorized herein above in a savings or 7 8 time deposit; provided that the bank or banks or building 9 and loan association or savings and loan association in 10 which the money is deposited shall pay on the moneys no less 11 than the rate of interest as is paid on money from private 12 sources on the same terms. Refusal of any bank, building and 13 loan association or savings and loan association to pay said 14 interest rate shall constitute a waiver of that 15 institution's right to participate in the ratable 16 distribution of said moneys as set forth in subsection (4) 17 of this act, and provided that said board of county 18 commissioners, or city or town council is hereby authorized 19 to invest such public moneys not necessary for immediate use by such county, city or town, in direct obligations of the 20 21 United States government, payable within not to exceed one 22 hundred eighty (180) days from the time of such investment. 23 (2) Said board of county commissioners, city or town council may require security for only such portion of 24 25 deposits as is not guaranteed or insured according to law. -2-

SECOND REALING

1	Such security shall consist of those enumerated in section
2	79-307. coshier's-check-orchecksissuedbytheFederal
3	Reserve-Banky-bonds-of-the-United-States-government-and-its
4	dependents,-bonds-guaranteed-by-the-United-States-government
5	or-its-dependents,bendsandwarrantsofthestateof
6	Montanay bendsandwarrants-of-any-county-of-the-state-of
7	Montanay-and-bonds-of-any-eityy-town-or-schooldistrictof
8	the-state-of-Montanay-which-are-a-general-obligation-of-such
9	county7city7-town-or-school-district7-bonds-of-the-Pederal
10	band-Banksy-PederalIntermediateEreditBankdebenturesy
11	FederalHomeBoanBanknotesandbondsyBankfor
12	Co-operatives ¹ debenturesyFederalNationalMortgage
13	Associationnotes,bondsandguaranteedcertificates-of
14	participation,-obligations-of-or-fullyguaranteedbythe
15	GovernmentNationalMortgageAssociation7Farmers1Home
16	Administration-insured-notes-fully-guaranteedasto
17	principal-and-interest-by-the-Small-Business-Administration,
18	FederalHousingAdministrationdebentures,general
19	obligation-bonds-ofotherstatesandcountiesofother
20	statesandbondsissuedin-the-United-States-of-America;
21	which-are-quoted-on-theNewYorkmarketwhichshallbe
22	acceptableat-not-to-exceed-ninety-per-centum-(90%)-of-such
23	market-quotation.
24	(3) When negotiable securities are furnished, such

24 (3) When negotiable securities are furnished, such
 25 securities may be placed in trust and the trustee's receipt
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may be accepted in lieu of the actual securities when such 1 2 receipt is in favor of the treasurer, his successors and the state of Montana, and the form of receipt and the trustee 3 have been approved by the department of intergovernmental 4 relations. All warrants or other negotiable securities must 5 be properly assigned or endorsed in blank. It shall be the 6 duty of the board of county commissioners in the case of 7 8 county funds, or the council in the case of funds of a city 9 or town, upon the acceptance and approval of any of the above-mentioned bonds or securities, to make a complete 10 11 minute entry of such acceptance and approval upon the record of their proceedings, and such bonds and securities shall be 12 reapproved at least quarter annually thereafter. 13

14 (4) (a) Demand deposits shall be placed only in banks. 15 When more than one bank is available in any county, for the 16 deposit of such county funds, or in any city or town for the 17 deposit of such city or town funds, such demand deposits shall be distributed ratably among all of such banks 18 19 qualifying therefor, substantially in proportion to paid-in capital and surplus of each such bank willing to receive 20 21 such demand deposits under the terms of this act, and it shall be the duty of said county, city or town treasurer to 22 prorate all such demand deposits among all of the banks 23 cualified to receive the same as in this act provided, to 24 the end that an equitable distribution of such demand 25

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deposits shall be maintained. 1

2 (b) Such public moneys not necessary for immediate use by such county, city or town which are not invested in 3 4 direct obligations of the United States government as authorized herein shall be placed in time or savings 5 deposits with any bank, building and loan association or 6 savings and loan association in the county, city or town. 7 8 When more than one bank, building and loan association or savings and loan association is available in any county, for 9 10 the deposit of such county funds, or in any city or town for the deposit of such city or to m funds, such funds shall be 11 12 distributed ratably among all of such banks, building and 13 loan associations and savings and loan associations 14 gualifying therefor, substantially in proportion to the 15 total property taxes paid in such county or the county in which such city or town is located during the preceding 16 year, including taxes on shares of bank stock, by each such 17 bank, building and loan association or savings and loan 18 19 association willing to receive such time or savings deposits 20 under the terms of this act, and it shall be the duty of 21 said county, city or town treasurer to prorate all such time 22 or savings deposits among all of the banks, building and 23 loan associations and savings and loan associations 24 qualified to receive the same as in this act provided, to 25 the end that an equitable distribution of such time or 69

1 savings deposits shall be maintained.

(5) Whenever it shall come to the attention of the 2 3 department of intergovernmental relations that the funds of any county, city or town are not properly distributed as 4 provided in this act, the department of intergovernmental 5 relations shall order the treasurer of such county, city or 6 7 town to distribute said funds in accordance herewith, and if 8 such treasurer shall refuse or neglect to comply with such 9 order, it shall be the duty of the department of intergovernmental relations to institute proceedings against 10 such treasurer at the cost of the county, city or town of 11 12 which such treasurer is an officer, on the official bond of 13 such treasurer. If no such bank, building and loan 14 associations or savings and loan associations exists in the 15 county, city or town, or if any banks, building and loan 16 associations or savings and loan associations existing therein fails or refuses to qualify under the terms of this 17 18 act to receive such deposits, then and in such case, or in 19 either of such cases, such moneys as have not been accepted 20 by any banks, building and loan associations or savings and 21 loan associations within said county, city or town, shall be 22 deposited under the terms of this act, in the banks, building and loan associations or savings and loan 23 associations most convenient to such county, city or town, 24 willing to accept such deposits under the terms of this act, 25

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1 and qualified as above provided. Any banks, building and 2 loan associations or savings and loan associations receiving such deposits, shall, through its president and cashier or 3 4 secretary, make a statement quarter annually of account, 5 under oath, showing all such moneys that have been deposited with such bank, building and loan association or savings and 6 7 loan association during the guarter, the amount of daily 8 balance in dollars, and the amount of interest by such 9 banks, building and loan associations or savings and loan 10 associations credited or paid therefor, and showing that 11 neither such bank, building and loan association or savings 12 and loan association nor any officer thereof, nor any person 13 for it, has paid or given any consideration or emolument 14 whatsoever to the treasurer or to any other person other 15 than the interest provided for herein, for or on account of 16 the making of such deposits, with any such bank, building 17 and loan association or savings and loan association. All 18 such deposits shall be subject to withdrawal by the 19 treasurer in such amounts as may be necessary from time to 20 time, and no deposit of funds shall be made, or permitted to 21 remain in any bank, building and loan association or savings 22 and loan association, until the security for such deposits ·23 shall have been first approved by the board of county 24 commissioners in the case of county funds, or by the council 25 in the case of city or town funds, and delivered to the -7-SB 69

1 treasurer.

(6) Except as provided in subsection (8) of this 2 section, all interest paid and collected on such deposits or 3 investments shall be credited to the general fund of the 4 county, city or town to whose credit such funds are 5 deposited. Where moneys shall have been deposited in 6 accordance with the provisions of this act, the treasurer 7 8 shall not be liable for loss on account of any such deposit that may occur through damage by the elements or for any 9 other cause or reason occasioned through means other than 10 his own neglect, fraud, or dishonorable conduct. 11

(7) Any bank, building and loan association or savings 12 and loan association pledging securities as provided in this 13 14 act at any time it deems advisable or desirable may 15 substitute like securities for all or any part of the securities pledged. The collateral so substituted shall be 16 17 approved by the governing body of the county, city or town at its next official meeting. Such securities so substituted 18 19 shall at the time of substitution be at least equal in principal amount to the securities for which substitution is 20 21 made. In the event that the securities so substituted are held in trust, the trustee shall, on the same day the 22 substitution is made, forward by registered or certified 23 24 mail to the county, city or town and to the depository bank, building and loan association or savings and loan 25

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association, a receipt specifically describing and
 identifying both the securities so substituted and those
 released and returned to the depository bank, building and
 loan association or savings and loan association.

5 (8) Whenever in the judgment of the trustees of any 6 common school district, high school district, or county high 7 school it would be advantageous to invest any money of such school or school district in savings or time deposits in a 8 9 state or national bank, building and loan association or savings and loan association insured by the F.D.I.C. or the 10 F.S.L.I.C., or in direct obligations of the United States 11 12 government, payable within one hundred eighty (180) days from the time of investment, such governing body may in its 13 discretion direct the county treasurer to make such 14 investments. All interest collected on such deposits or 15 16 investments shall be credited to the fund from which the money was withdrawn, provided that nothing in this act shall 17 18 be interpreted to conflict with section 16-2050."

19 Section 2. Section 79-307, R.C.M. 1947, is amended to 20 read as follows:

21 "79-307. Security for deposits of public funds. The
22 following kinds of securities may be pledged <u>OR GUARANTEES</u>
23 <u>MAY BE ISSUED</u> to secure deposits of public funds:
24 (1) direct obligations of the United States;

25 (2) securities as to which the payment of principal and

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2 (3) securities issued or fully guaranteed by the 3 following agencies of the United States, whether or not 4 guaranteed by the United States:

interest is guaranteed by the United States;

5 (a) commodity credit corporation;

(b) federal intermediate credit banks;

7 (c) federal land bank;

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8 (d) bank for cooperatives;

9 (e) federal home loan banks;

(f) federal national mortgage association;

11 (g) government national mortgage association;

12 (h) small business administration; and

13 (i) federal housing administration (not including 14 insured mortgages);

15 (4) general obligation bonds of the state or of any 16 county, city, school district, or other political⁴ 17 subdivision of the state;

18 (5) interest bearing warrants of the state or of any 19 county, city, school district, or other political 20 subdivision of the state, issued in evidence of claims in an 21 amount which, with all other claims on the same fund, do not 22 exceed the amount validly appropriated in the current budget 23 for expenditure from the fund in the year in which they are 24 issued;

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secured by a pledge of annual contributions or by a loan
 agreement, made by the United States or any agency thereof,
 providing for contributions or a loan sufficient, with other
 funds pledged, to pay the principal of and interest on the
 obligations when due; and

6 (7) general obligation bonds of other states and of 7 municipalities and counties of other states.

 8
 (8) bonds---of---surety--companies
 UNDERTAKING
 OR

 9
 GUARANTEES ISSUED BY A SURETY COMPANY authorized to do

10 business in the state."

-End-

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1	SENATE BILL NO. 69	1	the safety and prompt payment of all such deposits, together
2	INTRODUCED BY GALT, GOODOVER, DEVINE, KOLSTAD	2	with the interest on any time or savings deposits, provided
3		3	that said board of county commissioners or city or town
4	A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTIONS	4	council is hereby authorized to deposit such rublic moneys
5	16-2618 AND 79-307, R.C.M. 1947, RELATING TO SECURITY	5	not necessary for immediate use by such county, city or town
6	REQUIPEMENTS FOR THE DEPOSIT OF PUBLIC FUNDS."	6	with any bank, building and loan association or savings and
7		7	loan association authorized herein above in a savings or
8	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:	8	time deposit; provided that the bank or banks or building
9	Section 1. Section 16-2618, R.C.M. 1947, is amended to	9	and loan association or savings and loan association in
10	read as follows:	10	which the money is deposited shall pay on the moneys no less
11	*16-2618. Deposit of public funds by county, city and	11	than the rate of interest as is paid on money from private
12	town treasurers. (1) It shall be the duty of all county,	12	sources on the same terms. Refusal of any bank, building and
13	city and town treasurers to deposit all public moneys in	13	loan association or savings and loan association to pay said
14	their possession and under their control in any solvent	14	interest rate shall constitute a waiver of that
15	banks, building and loan associations or savings and loan	15	institution's right to participate in the ratable
16	associations located in the county, city or town of which	16	distribution of said moneys as set forth in subsection (4)
17	such treasurer is an officer, subject to national	17	of this act, and provided that said board of county
18	supervision or state examination as the board of county	18	commissioners, or city or town council is hereby authorized
19	commissioners in the case of a county, or of the council in	19	to invest such public moneys not necessary for immediate use
20	the case of a city or town, may designate, and no other. The	20	by such county, city or town, in direct obligations of the
21	treasurer shall take from such bank, building and loan	21	United States government, payable within not to exceed one
22	association or savings and loan association such security as	22	hundred eighty (180) days from the time of such investment.
23	the board of county commissioners, in the case of a county,	23	(2) Said board of county commissioners, city or town
24	or the council in the case of a city or town, may prescribe,	24	council may require security for only such portion of
25	approve and deem fully sufficient and necessary to insure	25	deposits as is not guaranteed or insured according to law.
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1	Such security shall consist of those enumerated in section
2	79-307. cashier's-check-orchecksissuedbytheFederal
3	ReserveBanky-bonds-of-the-United-States-government-and-its
4	dependentsy-bonds-guaranteed-by-the-United-States-government
5	or-its-dependents;bondsandwarrantsofthestateof
6	Montanaybondsandwarrants-of-any-county-of-the-state-of
7	Montanay-and-bends-of-any-cityy-town-or-schooldistrictof
8	the-state-of-Montanay-which-are-a-general-obligation-of-such
9	county,eity,-town-or-schoel-district,-bonds-of-the-Federal
10	band-Banksy-FederalIntermediateCreditBankdebenturesy
11	PederalHomebeanBanknotesandbends7Bankfor
12	Co-operatives¹debentures7FederalNationalMor tgage
13	Associationnotesybondsandguaranteedcertificates-of
14	participation,-obligations-of-orfullyguaranteedbythe
15	GovernmentNationalMortgageAssociation7Farmers1Home
16	Administration-insured-notes-notes-fully-guaranteedasto
17	principal-and-interest-by-the-Small-Business-Administration7
18	FederalHousingAdministrationdebenturesygeneral
19	obligation-bonds-ofotherstatesandcountiesofother
20	statesandbondsissuedin-the-United-States-of-America7
21	which-are-guoted-on-theNewYorkmarketwhichshallbe
22	acceptableat-not-to-exceed-ninety-per-centum-(90%)-of-such
23	market-guotation;
24	(3) When negotiable securities are furnished, such

24 (5) when heyotrapic securities are furnished, such
 25 securities may be placed in trust and the trustee's receipt
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may be accepted in lieu of the actual securities when such 1 2 receipt is in favor of the treasurer, his successors and the state of Montana. and the form of receipt and the trustee 3 have been approved by the department of intergovernmental 4 relations. All warrants or other negotiable securities must 5 6 be properly assigned or endorsed in blank. It shall be the duty of the board of county commissioners in the case of 7 8 county funds, or the council in the case of funds of a city or town, upon the acceptance and approval of any of the 9 above-mentioned bonds or securities, to make a complete 10 minute entry of such acceptance and approval upon the record 11 12 of their proceedings, and such bonds and securities shall be 13 reapproved at least guarter annually thereafter.

14 (4) (a) Demand deposits shall be placed only in banks. 15 When more than one bank is available in any county, for the deposit of such county funds, or in any city or town for the 16 17 deposit of such city or town funds, such demand deposits 18 shall be distributed ratably among all of such banks 19 qualifying therefor, substantially in proportion to paid-in capital and surplus of each such bank willing to receive 20 21 such demand deposits under the terms of this act, and it 22 shall be the duty of said county, city or town treasurer to prorate all such demand deposits among all of the banks 23 qualified to receive the same as in this act provided, to 24 25 the end that an equitable distribution of such demand

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1 deposits shall be maintained.

2 (b) Such public moneys not necessary for immediate use 3 by such county, city or town which are not invested in direct obligations of the United States government as 4 authorized herein shall be placed in time or savings 5 deposits with any bank, building and loan association or 6 7 savings and loan association in the county, city or town. 8 When more than one bank, building and loan association or 9 savings and loan association is available in any county, for the deposit of such county funds, or in any city or town for 10 11 the deposit of such city or town funds, such funds shall be 12 distributed ratably among all of such banks, building and 13 loan associations and savings and loan associations 14 qualifying therefor, substantially in proportion to the 15 total property taxes paid in such county or the county in which such city or town is located during the preceding 16 year, including taxes on shares of bank stock, by each such 17 bank, building and loan association or savings and loan 18 19 association willing to receive such time or savings deposits 20 under the terms of this act, and it shall be the duty of 21 said county, city or town treasurer to prorate all such time or savings deposits among all of the banks, building and 22 loan associations and savings and loan associations 23 qualified to receive the same as in this act provided, to 24 25 the end that an equitable distribution of such time or

1 savings deposits shall be maintained.

2 (5) Whenever it shall come to the attention of the department of intergovernmental relations that the funds of 3 4 any county, city or town are not properly distributed as 5 provided in this act, the department of intergovernmental relations shall order the treasurer of such county, city or 6 7 town to distribute said funds in accordance herewith, and if 8 such treasurer shall refuse or neglect to comply with such order, it shall be the duty of the department of 9 intergovernmental relations to institute proceedings against 10 11 such treasurer at the cost of the county, city or town of 12 which such treasurer is an officer, on the official bond of 13 such treasurer. If no such bank, building and loan 14 associations or savings and loan associations exists in the county, city or town, or if any banks, building and loan 15 16 associations or savings and loan associations existing therein fails or refuses to qualify under the terms of this 17 18 act to receive such deposits, then and in such case, or in 19 either of such cases, such moneys as have not been accepted by any banks, building and loan associations or savings and 20 21 loan associations within said county, city or town, shall be 22 deposited under the terms of this act, in the banks, building and loan associations or savings and 23 loan 24 associations most convenient to such county, city or town, willing to accept such deposits under the terms of this act, 25

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1 and qualified as above provided. Any banks, building and 2 loan associations or savings and loan associations receiving such deposits, shall, through its president and cashier or 3 secretary, make a statement cuarter annually of account, 4 5 under oath, showing all such moneys that have been deposited 6 with such bank, building and loan association or savings and 7 loan association during the quarter, the amount of daily balance in dollars, and the amount of interest by such 8 9 banks, building and loan associations or savings and loan 10 associations credited or paid therefor, and showing that neither such bank, building and loan association or savings 11 12 and loan association nor any officer thereof, nor any person 13 for it, has paid or given any consideration or emolument 14 whatsoever to the treasurer or to any other person other 15 than the interest provided for herein, for or on account of 16 the making of such deposits, with any such bank, building 17 and loan association or savings and loan association. All such deposits shall be subject to withdrawal by the 18 19 treasurer in such amounts as may be necessary from time to 20 time, and no deposit of funds shall be made, or permitted to remain in any bank, building and loan association or savings 21 22 and loan association, until the security for such deposits shall have been first approved by the board of county ·23 24 commissioners in the case of county funds, or by the council 25 in the case of city or town funds, and delivered to the -7-SB 69

2

1 treasurer.

(6) Except as provided in subsection (8) of this 2 section, all interest paid and collected on such deposits or 3 investments shall be credited to the general fund of the 4 county, city or town to whose credit such funds are 5 6 deposited. Where moneys shall have been deposited in 7 accordance with the provisions of this act, the treasurer shall not be liable for loss on account of any such deposit 8 9 that may occur through damage by the elements or for any other cause or reason occasioned through means other than 10 11 his own neglect, fraud, or dishonorable conduct.

(7) Any bank, building and loan association or savings 12 13 and loan association pledging securities as provided in this act at any time it deems advisable or desirable may 14 15 substitute like securities for all or any part of the securities pledged. The collateral so substituted shall be 16 approved by the governing body of the county, city or town 17 at its next official meeting. Such securities so substituted 18 19 shall at the time of substitution be at least equal in 20 principal amount to the securities for which substitution is 21 made. In the event that the securities so substituted are 22 held in trust, the trustee shall, on the same day the 23 substitution is made, forward by registered or certified mail to the county, city or town and to the depository bank, 24 25 building and loan association or savings and loan -8-SB 69

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association, a receipt specifically describing and
 identifying both the securities so substituted and those
 released and returned to the depository bank, building and
 loan association or savings and loan association.

(8) Whenever in the judgment of the trustees of any 5 common school district, high school district, or county high 6 7 school it would be advantageous to invest any money of such school or school district in savings or time deposits in a 8 9 state or national bank, building and loan association or savings and loan association insured by the F.D.I.C. or the 10 F.S.L.I.C., or in direct obligations of the United States 11 government, payable within one hundred eighty (180) days 12 from the time of investment, such governing body may in its. 13 14 discretion direct the county treasurer to make such investments. All interest collected on such deposits or 15 16 investments shall be credited to the fund from which the 17 money was withdrawn, provided that nothing in this act shall 18 be interpreted to conflict with section 16-2050."

19 Section 2. Section 79-307, R.C.M. 1947, is amended to 20 read as follows:

21 "79-307. Security for deposits of public funds. The
22 following kinds of securities may be pledged <u>OR GUARANTEES</u>
23 MAY BE ISSUED to secure deposits of public funds:

24 (1) direct obligations of the United States;

25 (2) securities as to which the payment of principal and

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interest is guaranteed by the United States;

2 (3) securities issued or fully guaranteed by the
3 following agencies of the United States, whether or not
4 guaranteed by the United States:

(a) commodity credit corporation;

(b) federal intermediate credit banks;

7 (c) federal land bank;

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8 (d) bank for cooperatives;

(e) federal home loan banks;

(f) federal national mortgage association;

(g) government national mortgage association;

(h) small business administration; and

13 (i) federal housing administration (not including 14 insured mortgages);

15 (4) general obligation bonds of the state or of any 16 county, city, school district, or other political 17 subdivision of the state;

18 (5) interest bearing warrants of the state or of any 19 county, city, school district, or other political 20 subdivision of the state, issued in evidence of claims in an 21 amount which, with all other claims on the same fund, do not 22 exceed the amount validly appropriated in the current budget 23 for expenditure from the fund in the year in which they are 24 issued;

25 (6) obligations of housing authorities of the state,

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secured by a pledge of annual contributions or by a loan
 agreement, made by the United States or any agency thereof,
 providing for contributions or a loan sufficient, with other
 funds pledged, to pay the principal of and interest on the
 obligations when due; and

6 (7) general obligation bonds of other states and of 7 municipalities and counties of other states.

3 (8) bonds---of---surety---companies UNDERTAKING OR
 9 GUARANTEES ISSUED BY A SURETY COMPANY authorized to do
 10 business in the state."

-End-

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1	SENATE BILL NO. 69
2	INTRODUCED BY GALT, GOODOVER, DEVINE, KOLSTAD
3	
4	A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTIONS
5	16-2613 AND 79-307, R.C.M. 1947, RELATING TO SECURITY
6	REQUIREMENTS FOR THE DEPOSIT OF PUBLIC FUNDS."
7	
8	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
9	Section 1. Section 16-2613, R.C.M. 1947, is amended to
10	read as follows:
11	"16-2618. Deposit of public funds by county, city and
12	town treasurers. (1) It shall be the duty of all county,
13	city and town treasurers to deposit all public moneys in
14	their possession and under their control in any solvent
15	banks, building and loan associations or savings and loan
16	associations located in the county, city or town of which
17	such treasurer is an officer, subject to national
13	supervision or state examination as the board of county
19	commissioners in the case of a county, or of the council in
20	the case of a city or town, may designate, and no other. The
21	treasurer shall take from such bank, building and loan
22	association or savings and loan association such security as
23	the board of county commissioners, in the case of a county,
24	or the council in the case of a city or town, may prescribe,
25	approve and deem fully sufficient and necessary to insure

1 the safety and prompt payment of all such deposits, together 2 with the interest on any time or savings deposits, provided 3 that said board of county commissioners or city or town 4 council is hereby authorized to deposit such public moneys 5 not necessary for immediate use by such county, city or town б with any bank, building and loan association or savings and 7 loan association authorized herein above in a savings or 8 time deposit; provided that the bank or banks or building 9 and loan association or savings and loan association in 10 which the money is deposited shall pay on the moneys no less 11 than the rate of interest as is paid on money from private 12 sources on the same terms. Refusal of any bank, building and 13 loan association or savings and loan association to pay said 14 interest rate shall constitute a waiver of that 15 institution's right to participate in the ratable 16 distribution of said moneys as set forth in subsection (4) 17 of this act, and provided that said board of county 13 commissioners, or city or town council is hereby authorized 19 to invest such public moneys not necessary for immediate use 20 by such county, city or town, in direct obligations of the 21 United States government, payable within not to exceed one 22 hundred eighty (180) days from the time of such investment. 23 (2) Said board of county commissioners, city or town 24 council may require security for only such portion of 25 deposits as is not guaranteed or insured according to law.

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REFERENCE BILL

1	Such security shall consist of those enumerated in section
2	79-307. cashier's-check-orchecksissuedbytheFederal
3	ReserveBanky-bonds-of-the-United-States-government-and-its
4	dependents;-bonds-guaranteed-by-the-United-States-government
5	or-its-dependents;bondsandwarrantsofthestateof
6	Montana;bondsandwarrants-of-any-county-of-the-state-of
7	Montana7-and-bonds-of-any-city7-town-or-schooldistrictof
8	the-state-of-Montanay-which-are-a-general-obligation-of-such
9	county7city7-town-or-school-district7-bonds-of-the-Federal
10	hand-Banks7-PederalIntermediateCreditBankdebentures7
11	FederalHomeboanBanknotesandbonds7Bankfor
12	Co-operatives1debentures7FederalNationalMortgage
13	Associationnotesbondsandguaranteedcertificates-of
14	participation7-obligations-of-orfullyguaranteedbythe
15	GovernmentNationalMortgageAssociation7Farmers1Home
16	Administration-insured-notes-fully-guaranteed-asto
17	principal-and-interest-by-the-Small-Business-Administration;
18	FederalHousingAdministrationdebentures,general
19	obligation-bonds-ofotherstatesandcountiesofother
20	statesandbondsissuedin-the-United-States-of-America,
21	which-arc-quoted-on-theNewYorkmarketwhichshallbe
22	acceptableat-not-to-exceed-ninety-per-centum-(90%)-of-such
23	market-quotation.
24	(3) When negotiable securities are furnished, such

(5) when negotiable securities are rurhished, such
 securities may be placed in trust and the trustee's receipt
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may be accepted in lieu of the actual securities when such 1 receipt is in favor of the treasurer. his successors and the 2 state of Montana, and the form of receipt and the trustee 3 4 have been approved by the department of intergovernmental 5 relations. All warrants or other negotiable securities must be properly assigned or endorsed in blank. It shall be the 6 7 duty of the board of county commissioners in the case of county funds, or the council in the case of funds of a city 8 or town, upon the acceptance and approval of any of the 9 above-mentioned bonds or securities, to make a complete 10 minute entry of such acceptance and approval upon the record 11 12 of their proceedings, and such bonds and securities shall be 13 reapproved at least quarter annually thereafter.

(4) (a) Demand deposits shall be placed only in banks. 14 15 When more than one bank is available in any county, for the 16 deposit of such county funds, or in any city or town for the 17 deposit of such city or town funds, such demand deposits shall be distributed ratably among all of such banks 18 19 qualifying therefor, substantially in proportion to paid-in capital and surplus of each such bank willing to receive 20 21 such demand deposits under the terms of this act, and it 22 shall be the duty of said county, city or town treasurer to 23 prorate all such demand deposits among all of the banks 24 qualified to receive the same as in this act provided, to the end that an equitable distribution of such demand 25

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1 deposits shall be maintained.

2 (b) Such public moneys not necessary for immediate use by such county, city or town which are not invested in 3 4 direct obligations of the United States government as authorized herein shall be placed in time or savings 5 6 deposits with any bank, building and loan association or 7 savings and loan association in the county, city or town. 8 When more than one bank, building and loan association or 9 savings and loan association is available in any county, for 10 the deposit of such county funds, or in any city or town for 11 the deposit of such city or town funds, such funds shall be 12 distributed ratably among all of such banks, building and 13 loan associations and savings and loan associations 14 qualifying therefor. substantially in proportion to the 15 total property taxes paid in such county or the county in 16 which such city or town is located during the preceding 17 year, including taxes on shares of bank stock, by each such 18 bank, building and loan association or savings and loan 19 association willing to receive such time or savings deposits 20 under the terms of this act, and it shall be the duty of said county, city or town treasurer to prorate all such time 21 22 or savings deposits among all of the banks, building and loan associations and savings and loan associations 23 qualified to receive the same as in this act provided, to 24 the end that an equitable distribution of such time or 25

1 savings deposits shall be maintained.

2 (5) Whenever it shall come to the attention of the 3 department of intergovernmental relations that the funds of 4 any county, city or town are not properly distributed as 5 provided in this act, the department of intergovernmental 6 relations shall order the treasurer of such county, city or 7 town to distribute said funds in accordance herewith, and if such treasurer shall refuse or neglect to comply with such 8 order, it shall be the duty of the department 9 of intergovernmental relations to institute proceedings against 10 such treasurer at the cost of the county, city or town of 11 12 which such treasurer is an officer, on the official bond of treasurer. If no such bank, building and loan 13 such associations or savings and loan associations exists in the 14 county, city or town, or if any banks, building and loan 15 16 associations or savings and loan associations existing 17 therein fails or refuses to qualify under the terms of this act to receive such deposits, then and in such case, or in 13 19 either of such cases, such moneys as have not been accepted by any banks, building and loan associations or savings and 20 loan associations within said county, city or town, shall be 21 22 deposited under the terms of this act, in the banks, building and loan associations or savings 23 and loan 24 associations most convenient to such county, city or town, willing to accept such deposits under the terms of this act, 25

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1 and qualified as above provided. Any banks, builling and 2 loan associations or savings and loan associations receiving 3 such deposits, shall, through its president and cashier or secretary, make a statement guarter annually of account, 4 5 under oath, showing all such moneys that have been deposited 6 with such bank, building and loan association or savings and 7 loan association during the guarter, the amount of daily 8 balance in dollars, and the amount of interest by such 9 banks, building and loan associations or savings and loan 10 associations credited or paid therefor, and showing that 11 neither such bank, building and loan association or savings 12 and loan association nor any officer thereof, nor any person 13 for it, has paid or given any consideration or emolument 14 whatsoever to the treasurer or to any other person other 15 than the interest provided for herein, for or on account of 16 the making of such deposits, with any such bank, building 17 and loan association or savings and loan association. All 18 such deposits shall be subject to withdrawal by the 19 treasurer in such amounts as may be necessary from time to 20 time, and no deposit of funds shall be made, or permitted to 21 remain in any bank, building and loan association or savings 22 and loan association, until the security for such deposits 23 shall have been first approved by the board of county 24 commissioners in the case of county funds, or by the council 25 in the case of city or town funds, and delivered to the -7-SB 69

1 treasurer.

2 (6) Except as provided in subsection (8) of this section, all interest paid and collected on such deposits or 3 4 investments shall be credited to the general fund of the county, city or town to whose credit such funds are 5 deposited. Where moneys shall have been deposited in 6 accordance with the provisions of this act, the treasurer 7 8 shall not be liable for loss on account of any such deposit that may occur through damage by the elements or for any 9 other cause or reason occasioned through means other than 10 11 his own neglect, fraud, or dishonorable conduct.

(7) Any bank, building and loan association or savings 12 and loan association pledging securities as provided in this 13 14 act at any time it deems advisable or desirable may substitute like securities for all or any part of the 15 securities pledged. The collateral so substituted shall be 16 approved by the governing body of the county, city or town 17 at its next official meeting. Such securities so substituted 18 shall at the time of substitution be at least equal in 19 principal amount to the securities for which substitution is 20 made. In the event that the securities so substituted are 21 22 held in trust, the trustee shall, on the same day the substitution is made, forward by registered or certified 23 24 mail to the county, city or town and to the depository bank, building and loan association or savings and loan 25

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association, a receipt specifically describing and
 identifying both the securities so substituted and those
 released and returned to the depository bank, building and
 loan association or savings and loan association.

5 (8) Whenever in the judgment of the trustees of any common school district, high school district, or county high б 7 school it would be advantageous to invest any money of such 8 school or school district in savings or time deposits in a 9 state or national bank, building and loan association or 10 savings and loan association insured by the F.D.I.C. or the 11 F.S.L.I.C., or in direct obligations of the United States 12 government, payable within one hundred eighty (130) days 13 from the time of investment, such governing body may in its 14 discretion direct the county treasurer to make such 15 investments. All interest collected on such deposits or 16 investments shall be credited to the fund from which the 17 money was withdrawn, provided that nothing in this act shall 18 be interpreted to conflict with section 16-2050."

19 Section 2. Section 79-307, R.C.M. 1947, is amended to 20 read as follows:

"79-307. Security for deposits of public funds. The
 following kinds of securities may be pledged <u>OR GUARANTEES</u>
 <u>MAY BE ISSUED</u> to secure deposits of public funds:

24 (1) direct obligations of the United States;

25 (2) securities as to which the payment of principal and

1 interest is guaranteed by the United States: 2 (3) securities issued or fully guaranteed by the 3 following agencies of the United States, whether or not 4 quaranteed by the United States: 5 (a) commodity credit corporation: 6 (b) federal intermediate credit banks: (c) federal land bank: 7 я (d) bank for cooperatives; 9 (e) federal home loan banks; (f) federal national mortgage association; 10 11 (g) government national mortgage association; 12 (h) small business administration: and 13 (i) federal housing administration (not including 14 insured mortgages); 15 (4) general obligation bonds of the state or of any 16 county. city. school district, or other political subdivision of the state; 17 18 (5) interest bearing warrants of the state or of any 19 county, city, school district, or other political 20 subdivision of the state, issued in evidence of claims in an 21 amount which, with all other claims on the same fund, do not 22 exceed the amount validly appropriated in the current budget 23 for expanditure from the fund in the year in which they are 24 issued;

25 (6) obligations of housing authorities of the state,

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secured by a pledge of annual contributions or by a loan
 agreement, made by the United States or any agency thereof,
 providing for contributions or a loan sufficient, with other
 funds pledged, to pay the principal of and interest on the
 obligations when due; and

. 6 (7) general obligation bonds of other states and of
7 municipalities and counties of other states.

3 (3) bonds---of---surety---companies UNDERTAKING OR

9 GUARANTEES ISSUED BY A SURETY COMPANY authorized to do

10 business in the state."

-End-

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