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Senate BILL NO. 69
Jeff Goodover Devine Halstad

INTRODUCED BY
A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTIONS 16-2618 AND 79-307, R.C.M. 1947, RELATING TO SECURITY REQUIREMENTS FOR THE DEPOSIT OF PUBLIC FUNDS."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
Section 1. Section 16-2618, R.C.M. 1947, is amended to read as follows:
"16-2618. Deposit of public funds by county, city and town treasurers. (1) It shall be the duty of all county, city and town treasurers to deposit all public moneys in their possession and under their control in any solvent banks, building and loan associations or savings and loan associations located in the county, city or town of which such treasurer is an officer, subject to national supervision or state examination as the board of county commissioners in the case of a county, or of the council in the case of a city or town, may designate, and no other. The treasurer shall take from such bank, building and loan association or savings and loan association such security as the board of county commissioners, in the case of a county, or the council in the case of a city or town, may prescribe, approve and deem fully sufficient and necessary to insure

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

1 Such security shall consist of those enumerated in section
 2 79-307, cashier's check or checks issued by the Federal
 3 Reserve Bank, 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 Montana, bonds and warrants of any county of the state of
 7 Montana and bonds of any city, town or school district of
 8 the state of Montana, which are a general obligation of such
 9 county, city, town or school district, bonds of the Federal
 10 Land Banks, Federal Intermediate Credit Bank debentures,
 11 Federal Home Loan Bank notes and bonds, Bank for
 12 Co-operatives, debentures, Federal National Mortgage
 13 Association notes, bonds and guaranteed certificates of
 14 participation, obligations of or fully guaranteed by the
 15 Government National Mortgage Association, Farmers Home
 16 Administration insured notes, notes fully guaranteed as to
 17 principal and interest by the Small Business Administration,
 18 Federal Housing Administration debentures, general
 19 obligation bonds of other states and counties of other
 20 states and bonds issued in the United States of America,
 21 which are quoted 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

1 may be accepted in lieu of the actual securities when such
 2 receipt is in favor of the treasurer, his successors and the
 3 state of Montana, and the form of receipt and the trustee
 4 have been approved by the department of intergovernmental
 5 relations. All warrants or other negotiable securities must
 6 be properly assigned or endorsed in blank. It shall be the
 7 duty of the board of county commissioners in the case of
 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
 10 above-mentioned bonds or securities, to make a complete
 11 minute entry of such acceptance and approval upon the record
 12 of their proceedings, and such bonds and securities shall be
 13 reappraised at least quarter 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
 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
 18 shall be distributed ratably among all of such banks
 19 qualifying therefor, substantially in proportion to paid-in
 20 capital and surplus of each such bank willing to receive
 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
 25 the end that an equitable distribution of such demand

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
 4 direct obligations of the United States government as
 5 authorized herein shall be placed in time or savings
 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
 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

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
 8 such treasurer shall refuse or neglect to comply with such
 9 order, it shall be the duty of the department of
 10 intergovernmental relations to institute proceedings against
 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
 15 county, city or town, or if any banks, building and loan
 16 associations or savings and loan associations existing
 17 therein fails or refuses to qualify under the terms of this
 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,
 23 building and loan associations or savings and loan
 24 associations most convenient to such county, city or town,
 25 willing to accept such deposits under the terms of this act,

1 and qualified as above provided. Any banks, building and
 2 loan associations or savings and loan associations receiving
 3 such deposits, shall, through its president and cashier or
 4 secretary, make a statement quarter annually of account,
 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
 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

1 treasurer.

2 (6) Except as provided in subsection (8) of this
 3 section, all interest paid and collected on such deposits or
 4 investments shall be credited to the general fund of the
 5 county, city or town to whose credit such funds are
 6 deposited. Where moneys shall have been deposited in
 7 accordance with the provisions of this act, the treasurer
 8 shall not be liable for loss on account of any such deposit
 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 pledging securities as provided in this
 14 act at any time it deems advisable or desirable may
 15 substitute like securities for all or any part of the
 16 securities pledged. The collateral so substituted shall be
 17 approved by the governing body of the county, city or town
 18 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
 23 substitution is made, forward by registered or certified
 24 mail to the county, city or town and to the depository bank,
 25 building and loan association or savings and loan

1 association, a receipt specifically describing and
 2 identifying both the securities so substituted and those
 3 released and returned to the depository bank, building and
 4 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
 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 (180) 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:

21 "79-307. Security for deposits of public funds. The
 22 following kinds of securities may be pledged to secure
 23 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 guaranteed by the United States:

- 5 (a) commodity credit corporation;
 6 (b) federal intermediate credit banks;
 7 (c) federal land bank;
 8 (d) bank for cooperatives;
 9 (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;

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,

1 secured by a pledge of annual contributions or by a loan
2 agreement, made by the United States or any agency thereof,
3 providing for contributions or a loan sufficient, with other
4 funds pledged, to pay the principal of and interest on the
5 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-

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 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
6 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
18 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.

Such security shall consist of those enumerated in section 79-307, cashier's check or checks issued by the Federal Reserve Bank, bonds of the United States government and its dependents, bonds guaranteed by the United States government or its dependents, bonds and warrants of the state of Montana, bonds and warrants of any county of the state of Montana, and bonds of any city, town or school district of the state of Montana, which are a general obligation of such county, city, town or school district, bonds of the Federal Land Banks, Federal Intermediate Credit Bank debentures, Federal Home Loan Bank notes and bonds, Bank for Co-operatives' debentures, Federal National Mortgage Association notes, bonds and guaranteed certificates of participation, obligations of or fully guaranteed by the Government National Mortgage Association, Farmers' Home Administration insured notes, notes fully guaranteed as to principal and interest by the Small Business Administration, Federal Housing Administration debentures, general obligation bonds of other states and counties of other states and bonds issued in the United States of America, which are quoted on the New York market which shall be acceptable at not to exceed ninety per centum (90%) of such market quotation.

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

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

(4) (a) Demand deposits shall be placed only in banks. 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 deposit of such city or town funds, such demand deposits shall be distributed ratably among all of such banks qualifying therefor, substantially in proportion to paid-in capital and surplus of each such bank willing to receive such demand deposits under the terms of this act, and it shall be the duty of said county, city or town treasurer to prorate all such demand deposits among all of the banks qualified to receive the same as in this act provided, to the end that an equitable distribution of such demand

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
 4 direct obligations of the United States government as
 5 authorized herein shall be placed in time or savings
 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
 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

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
 8 such treasurer shall refuse or neglect to comply with such
 9 order, it shall be the duty of the department of
 10 intergovernmental relations to institute proceedings against
 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
 15 county, city or town, or if any banks, building and loan
 16 associations or savings and loan associations existing
 17 therein fails or refuses to qualify under the terms of this
 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,
 23 building and loan associations or savings and loan
 24 associations most convenient to such county, city or town,
 25 willing to accept such deposits under the terms of this act,

1 and qualified as above provided. Any banks, building and
 2 loan associations or savings and loan associations receiving
 3 such deposits, shall, through its president and cashier or
 4 secretary, make a statement quarter annually of account,
 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
 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

1 treasurer.

2 (6) Except as provided in subsection (8) of this
 3 section, all interest paid and collected on such deposits or
 4 investments shall be credited to the general fund of the
 5 county, city or town to whose credit such funds are
 6 deposited. Where moneys shall have been deposited in
 7 accordance with the provisions of this act, the treasurer
 8 shall not be liable for loss on account of any such deposit
 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 pledging securities as provided in this
 14 act at any time it deems advisable or desirable may
 15 substitute like securities for all or any part of the
 16 securities pledged. The collateral so substituted shall be
 17 approved by the governing body of the county, city or town
 18 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
 23 substitution is made, forward by registered or certified
 24 mail to the county, city or town and to the depository bank,
 25 building and loan association or savings and loan

1 association, a receipt specifically describing and
2 identifying both the securities so substituted and those
3 released and returned to the depository bank, building and
4 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
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 (180) 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:

21 "79-307. Security for deposits of public funds. The
22 following kinds of securities may be pledged OR GUARANTEES
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

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 (d) bank for cooperatives;
- 9 (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;

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,

1 secured by a pledge of annual contributions or by a loan
2 agreement, made by the United States or any agency thereof,
3 providing for contributions or a loan sufficient, with other
4 funds pledged, to pay the principal of and interest on the
5 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-

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
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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 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 insure1 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
6 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
18 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.

1 Such security shall consist of those enumerated in section
 2 79-307. cashier's check or checks issued by the Federal
 3 Reserve Bank, 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 Montana, bonds and warrants of any county of the state of
 7 Montana, and bonds of any city, town or school district of
 8 the state of Montana, which are a general obligation of such
 9 county, city, town or school district, bonds of the Federal
 10 and Banks, Federal Intermediate Credit Bank debentures,
 11 Federal Home Loan Bank notes and bonds, Bank for
 12 Co-operatives, debentures, Federal National Mortgage
 13 Association notes, bonds and guaranteed certificates of
 14 participation, obligations of or fully guaranteed by the
 15 Government National Mortgage Association, Farmers Home
 16 Administration insured notes, notes fully guaranteed as to
 17 principal and interest by the Small Business Administration,
 18 Federal Housing Administration debentures, general
 19 obligation bonds of other states and counties of other
 20 states and bonds issued in the United States of America,
 21 which are quoted 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

1 may be accepted in lieu of the actual securities when such
 2 receipt is in favor of the treasurer, his successors and the
 3 state of Montana, and the form of receipt and the trustee
 4 have been approved by the department of intergovernmental
 5 relations. All warrants or other negotiable securities must
 6 be properly assigned or endorsed in blank. It shall be the
 7 duty of the board of county commissioners in the case of
 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
 10 above-mentioned bonds or securities, to make a complete
 11 minute entry of such acceptance and approval upon the record
 12 of their proceedings, and such bonds and securities shall be
 13 reapproved at least quarter 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
 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
 18 shall be distributed ratably among all of such banks
 19 qualifying therefor, substantially in proportion to paid-in
 20 capital and surplus of each such bank willing to receive
 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
 25 the end that an equitable distribution of such demand

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
4 direct obligations of the United States government as
5 authorized herein shall be placed in time or savings
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
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

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
8 such treasurer shall refuse or neglect to comply with such
9 order, it shall be the duty of the department of
10 intergovernmental relations to institute proceedings against
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
15 county, city or town, or if any banks, building and loan
16 associations or savings and loan associations existing
17 therein fails or refuses to qualify under the terms of this
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,
23 building and loan associations or savings and loan
24 associations most convenient to such county, city or town,
25 willing to accept such deposits under the terms of this act,

1 and qualified as above provided. Any banks, building and
 2 loan associations or savings and loan associations receiving
 3 such deposits, shall, through its president and cashier or
 4 secretary, make a statement quarter annually of account,
 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
 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

1 treasurer.

2 (6) Except as provided in subsection (8) of this
 3 section, all interest paid and collected on such deposits or
 4 investments shall be credited to the general fund of the
 5 county, city or town to whose credit such funds are
 6 deposited. Where moneys shall have been deposited in
 7 accordance with the provisions of this act, the treasurer
 8 shall not be liable for loss on account of any such deposit
 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 pledging securities as provided in this
 14 act at any time it deems advisable or desirable may
 15 substitute like securities for all or any part of the
 16 securities pledged. The collateral so substituted shall be
 17 approved by the governing body of the county, city or town
 18 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
 23 substitution is made, forward by registered or certified
 24 mail to the county, city or town and to the depository bank,
 25 building and loan association or savings and loan

1 association, a receipt specifically describing and
 2 identifying both the securities so substituted and those
 3 released and returned to the depository bank, building and
 4 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
 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 (180) 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:

21 "79-307. Security for deposits of public funds. The
 22 following kinds of securities may be pledged OR GUARANTEES
 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

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 (d) bank for cooperatives;
 9 (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;

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,

1 secured by a pledge of annual contributions or by a loan
2 agreement, made by the United States or any agency thereof,
3 providing for contributions or a loan sufficient, with other
4 funds pledged, to pay the principal of and interest on the
5 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-

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 "16-2613. 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 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 insure1 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
6 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
18 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.

1 Such security shall consist of those enumerated in section
 2 79-307, cashier's check or checks issued by the Federal
 3 Reserve Bank, 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 Montana, bonds and warrants of any county of the state of
 7 Montana, and bonds of any city, town or school district of
 8 the state of Montana, which are a general obligation of such
 9 county, city, town or school district, bonds of the Federal
 10 Land Banks, Federal Intermediate Credit Bank debentures,
 11 Federal Home Loan Bank notes and bonds, Bank for
 12 Co-operatives, debentures, Federal National Mortgage
 13 Association notes, bonds and guaranteed certificates of
 14 participation, obligations of or fully guaranteed by the
 15 Government National Mortgage Association, Farmers Home
 16 Administration insured notes, notes fully guaranteed as to
 17 principal and interest by the Small Business Administration,
 18 Federal Housing Administration debentures, general
 19 obligation bonds of other states and counties of other
 20 states and bonds issued in the United States of America,
 21 which are quoted 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

1 may be accepted in lieu of the actual securities when such
 2 receipt is in favor of the treasurer, his successors and the
 3 state of Montana, and the form of receipt and the trustee
 4 have been approved by the department of intergovernmental
 5 relations. All warrants or other negotiable securities must
 6 be properly assigned or endorsed in blank. It shall be the
 7 duty of the board of county commissioners in the case of
 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
 10 above-mentioned bonds or securities, to make a complete
 11 minute entry of such acceptance and approval upon the record
 12 of their proceedings, and such bonds and securities shall be
 13 reapproved at least quarter 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
 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
 18 shall be distributed ratably among all of such banks
 19 qualifying therefor, substantially in proportion to paid-in
 20 capital and surplus of each such bank willing to receive
 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
 25 the end that an equitable distribution of such demand

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
 4 direct obligations of the United States government as
 5 authorized herein shall be placed in time or savings
 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
 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

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
 8 such treasurer shall refuse or neglect to comply with such
 9 order, it shall be the duty of the department of
 10 intergovernmental relations to institute proceedings against
 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
 15 county, city or town, or if any banks, building and loan
 16 associations or savings and loan associations existing
 17 therein fails or refuses to qualify under the terms of this
 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,
 23 building and loan associations or savings and loan
 24 associations most convenient to such county, city or town,
 25 willing to accept such deposits under the terms of this act,

1 and qualified as above provided. Any banks, building and
 2 loan associations or savings and loan associations receiving
 3 such deposits, shall, through its president and cashier or
 4 secretary, make a statement quarter annually of account,
 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
 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

1 treasurer.

2 (6) Except as provided in subsection (3) of this
 3 section, all interest paid and collected on such deposits or
 4 investments shall be credited to the general fund of the
 5 county, city or town to whose credit such funds are
 6 deposited. Where moneys shall have been deposited in
 7 accordance with the provisions of this act, the treasurer
 8 shall not be liable for loss on account of any such deposit
 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 pledging securities as provided in this
 14 act at any time it deems advisable or desirable may
 15 substitute like securities for all or any part of the
 16 securities pledged. The collateral so substituted shall be
 17 approved by the governing body of the county, city or town
 18 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
 23 substitution is made, forward by registered or certified
 24 mail to the county, city or town and to the depository bank,
 25 building and loan association or savings and loan

1 association, a receipt specifically describing and
2 identifying both the securities so substituted and those
3 released and returned to the depository bank, building and
4 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
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 (180) 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:

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22 following kinds of securities may be pledged OR GUARANTEES
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

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 (d) bank for cooperatives;
- 9 (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;

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,

1 secured by a pledge of annual contributions or by a loan
2 agreement, made by the United States or any agency thereof,
3 providing for contributions or a loan sufficient, with other
4 funds pledged, to pay the principal of and interest on the
5 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-