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LC 0113

INTRODUCED BY Dream Flynn Watt 1 2 з A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTION 4 16-2618, R.C.M. 1947, TO ALLOW A LOCAL GOVERNING BODY TO 5

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:

SOLICIT BIDS FOR THE INVESTMENT OF PUBLIC FUNDS."

11 "16-2618. Deposit of public funds by county, city and 12 town treasurers. (1) It shall be the duty of all county, city and town treasurers to deposit all public moneys in 13 their possession and under their control in any solvent 14 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 beard-of-county 19 commissioners-in-the-case-of-a-county-or-of-the-council--in 20 the--case--ef--a--eity--or--towny local governing body may 21 designate, and no other. The treasurer shall take from such 22 bank, building and loan association or savings and loan 23 association such security as the beard--of--county commissioners,-in-the-case-of-a-county,-or--the--council--in 24 25 the -- case -- of -- a -- eity -- or -- towny local governing body may

prescribe, approve and deem fully sufficient and necessary 1 2 to insure the safety and prompt payment of all such deposits, together with the interest on any time or savings 3 4 deposits, provided that said beard-of-county-commissioners 5 er-eity-er-tewn--eeuneil local governing body is hereby authorized to deposit such public moneys not necessary for 6 immediate use by such county, city or town with any bank, 7 8 building and loan association or savings and loan 9 association authorized herein above in a savings or time 10 deposit; provided that the bank or banks or building and 11 loan association or savings and loan association in which 12 the money is deposited shall pay on the moneys no less than the rate of interest as is paid on money from private 13 14 sources on the same terms. Refusal of any bank, building 15 and loan association or savings and loan association to pav 16 said interest rate shall constitute a waiver of that 17 institution's right to participate in the retable 18 distribution--of--said-moneys deposit of public funds as set 19 forth in subsection-{4}-of this act, and provided that said 20 beard-of-county-commissioners,-or-city-or-town-council local 21 governing body is hereby authorized to invest such public moneys not necessary for immediate use by such county, city 22 23 town, in direct obligations of the United States or 24 government, payable within not to exceed one hundred eighty 25 (180) days from the time of such investment.

INTRODUCED BILL

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1 (2) Said board-of-county-commissioners--city-or-town 2 **council** local governing body may require security for only any such portion of deposits as is not quaranteed or insured 3 4 according to law. Such security shall consist of cashier's 5 check or checks issued by the Federal Reserve Bank, bonds of 6 the United States government and its dependents, bonds 7 guaranteed by the United States government or its dependents, bonds and warrants of the state of Montana, 8 9 bonds and warrants of any county of the state of Montana, and bonds of any city, town or school district of the state 10 11 of Montana, which are a general obligation of such county, city, town or school district, bonds of the Federal Land 12 13 Banks, Federal Intermediate Credit Bank debentures, Federal Home Loan Bank notes and bonds, Bank for Co-operatives' 14 15 debentures, Federal National Mortgage Association notes, bonds and guaranteed certificates of participation, 16 obligations of or fully guaranteed by the Government 17 National Mortgage Association, Farmers' Home Administration 18 19 insured notes, notes fully guaranteed as to principal and interest by the Small Business Administration, Federal 20 21 Housing Administration debentures, general obligation bonds of other states and counties of other states and bonds 22 23 issued in the United States of America, which are quoted on 24 the New York market which shall be acceptable at not to 25 exceed ninety per centum (90%) of such market guotation.

1 (3) When negotiable securities are furnished, such 2 securities may be placed in trust and the trustee's receipt 3 may be accepted in lieu of the actual securities when such receipt is in favor of the treasurer, his successors and the 4 5 state of Montana, and the form of receipt and the trustee have been approved by the department of intergovernmental. 6 7 relations. All warrants or other negotiable securities must be properly assigned or endorsed in blank. It shall be the 8 duty of the beard--ef-county-commissioners-in-the-case-of 9 10 county-fundsy-or-the-council-in-the-case-of-funds-of-a--city or--towny appropriate governing body upon the acceptance and 11 approval of any of the above-mentioned bonds or securities, 12 13 to make a complete minute entry of such acceptance and approval upon the record of their proceedings, and such 14 bonds and securities shall be reapproved at least quarter 15 annually thereafter. 16

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

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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
 deposits shall be maintained.

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

1 loan---associations---and---savings--and--loan--associations 2 qualified-to-receive-the-same-as-in-this--act--providedy--to the--end--that--an--equitable--distribution--of-such-time-or 3 savings-deposits-shall-be-maintained. 4 5 (c) In lieu of a ratable distribution among banks, б building and loan associations, and savings and loan 7 associations within the county, city or town, the local 8 governing body may solicit bids without advertising from any 9 bank, building and loan association, or savings and loan 10 association in the state that has filed a request in writing 11 that it be listed for solicitation on bids for public moneys 12 not necessary for immediate use by the unit of local 13 government. The governing body may solicit bids by notice 14 sent by mail to the investment institutions whose names are 15 listed as provided herein. The provisions of this section 16 shall be considered as meeting the requirements of section 17 16-2618 (4)(b). (5) Whenever it shall come to the attention of the 18 department of intergovernmental relations that the funds of 19 20 any county, city or town are not properly distributed 21 deposited as provided in this act, the department of intergovernmental relations shall order the treasurer of 22 23 such county, city or town to distribute deposit said funds 24 in accordance herewith, and if such treasurer shall refuse or neglect to comply with such order, it shall be the duty 25

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1 of the department of intergovernmental relations to 2 institute proceedings against such treasurer at the cost of 3 the county, city or town of which such treasurer is an 4 officer, on the official bond of such treasurer. If-no-such 5 banky--building--and--loan--associations-or-savings-and-loan 6 associations-exists-in-the-county-city-er-town--or--if--any banksy--building--and--lean-associations-or-savings-and-lean 7 8 associations-existing-therein-fails-or--refuses--to--gualify 9 under--the--terms-of-this-act-to-receive-such-deposits--then 10 and-in-such-case--or-in-either-of-such-cases--such-moneys-as 11 have-not-been-accepted--by--any--banksy--building--and--lean associations--or--sevings--and-lean-associations-within-said 12 13 county,-city-or-town,-shall-be-deposited-under-the-terms--of 14 this--acty--in--the-banksy-building-and-loan-associations-or 15 savings--and--loan--associations--most--convenient--to--such 16 county,--city-or-town,-willing-to-accept-such-deposits-under 17 the-terms-of-this-act, and-sualified-as-above-provided. Any 18 banks, building and loan associations or savings and loan 19 associations receiving such deposits, shall, through its 20 president and cashier or secretary, make a statement quarter 21 annually of account, under oath, showing all such moneys 22 that have been deposited with such bank, building and loan 23 association or savings and loan association during the 24 quarter, the amount of daily balance in dollars, and the 25 amount of interest by such banks, building and loan

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associations or savings and loan associations credited or 1 paid therefor, and showing that neither such bank, building 2 з and loan association or savings and loan association nor any officer thereof, nor any person for it, has paid or given 4 5 any consideration or emolument whatsoever to the treasurer or to any other person other than the interest provided for б 7 herein, for or on account of the making of such deposits, 8 with any such bank, building and loan association or savings and loan association. All such deposits shall be subject to 9 10 withdrawal by the treasurer in such amounts as may be 11 necessary from time to time, and no deposit of funds shall 12 be made, or permitted to remain in any bank, building and 13 loan association or savings and loan association, until the 14 security for such deposits shall have been first approved by the board--of--county--commissioners--in-the-case-of-county 15 fundsy-or-by-the-council-in-the-case-of-city-or-town--fundsy 16 17 local governing body and delivered to the treasurer. 18 (6) Except as provided in subsection (8) of this

19 section, all interest paid and collected on such deposits or 20 investments shall be credited to the general fund of the 21 county, city or town to whose credit such funds are 22 deposited. Where moneys shall have been deposited in 23 accordance with the provisions of this act, the treasurer 24 shall not be liable for loss on account of any such deposit 25 that may occur through damage by the elements or for any

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other cause or reason occasioned through means other than
 his own neglect, fraud, or dishonorable conduct.

3 (7) Any bank, building and loan association or savings and loan association pledging securities as provided in this 4 5 act at any time it deems advisable or desirable may substitute like securities for all or any part of the 6 7 securities pledged. The collateral so substituted shall be 8 approved by the governing body of the county, city or town 9 its next official meeting. Such securities so at 10 substituted shall at the time of substitution be at least 11 equal in principal amount to the securities for which substitution is made. In the event that the securities so 12 substituted are held in trust, the trustee shall, on the 13 same day the substitution is made, forward by registered or 14 certified mail to the county, city or town and to the 15 depository bank, building and loan association or savings 16 and loan association, a receipt specifically describing and 17 identifying both the securities so substituted and those 18 released and returned to the depository bank, building and 19 loan association or savings and loan association. 20

(8) Whenever in the judgment of the trustees of any
common school district, high school district, or county high
school it would be advantageous to invest any money of such
school or school district in savings or time deposits in a
state or national bank, building and loan association or

1 savings and loan association insured by the F.D.I.C. or the 2 F.S.L.I.C., or in direct obligations of the United States 3 government, payable within one hundred eighty (180) days Δ from the time of investment, such governing body may in its discretion direct the county treasurer to make such 5 6 investments. All interest collected on such deposits or 7 investments shall be credited to the fund from which the 8 money was withdrawn, provided that nothing in this act shall 9. be interpreted to conflict with section 16-2050."

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Approved by Comm. on Local Government te BILL NO. 116 1 Flym Wat 2 INTRODUCED BY JAGO 3 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTION 5 16-2618, R.C.M. 1947, TO ALLOW A LOCAL GOVERNING BODY TO 6 SOLICIT BIDS FOR THE INVESTMENT OF PUBLIC FUNDS." 7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: 8 Section 1. Section 16-2618, R.C.M. 1947, is amended to 9 10 read as follows: "16-2618. Deposit of public funds by county, city and 11 town treasurers. (1) It shall be the duty of all county, 12 city and town treasurers to deposit all public moneys in 13 their possession and under their control in any solvent 14 banks, building and loan associations or savings and loan 15 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 beard-of-county commissioners-in-the-case-of-a-county;-or-of-the-council--in 19 20 the--case--of--a--city--or--town, local governing body 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 beard--of--county commissionersy-in-the-case-of-a-countyy-or--the--council--in the -- case -- of -- a -- city -- or -- towny local governing body may

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

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SECOND READING

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1 (2) Said board--of-county-commissionersy-city-or-town 2 council local governing body may require security for only 3 any such portion of deposits as is not quaranteed or insured 4 according to law. Such security shall consist of cashier's 5 check or checks issued by the Federal Reserve Bank, bonds of 6 the United States government and its dependents, bonds 7 guaranteed by the United States government or its 8 dependents, bonds and warrants of the state of Montana, 9 bonds and warrants of any county of the state of Montana, 10 and bonds of any city, town or school district of the state 11 of Montana, which are a general obligation of such county, 12 city, town or school district, bonds of the Federal Land 13 Banks, Federal Intermediate Credit Bank debentures, Federal 14 Home Loan Bank notes and bonds, Bank for Co-operatives' 15 debentures, Federal National Mortgage Association notes, bonds and guaranteed certificates of participation. 16 17 obligations of or fully guaranteed by the Government 18 National Mortgage Association, Farmers' Home Administration 19 insured notes, notes fully guaranteed as to principal and interest by the Small Business Administration, Federal 20 21 Housing Administration debentures, general obligation bonds 22 of other states and counties of other states and bonds 23 issued in the United States of America, which are quoted on 24 the New York market which shall be acceptable at not to 25 exceed ninety per centum (90%) of such market guotation.

(3) When negotiable securities are furnished, such 1 securities may be placed in trust and the trustee's receipt 2 3 may be accepted in lieu of the actual securities when such 4 receipt is in favor of the treasurer, his successors and the 5 state of Montana, and the form of receipt and the trustee have been approved by the department of intergovernmental 6 relations. All warrants or other negotiable securities must 7 8 be properly assigned or endorsed in blank. It shall be the 9 duty of the board--of-county-commissioners-in-the-case-of 10 county-funds,-or-the-council-in-the-case-of-funds-of-a--city 11 er-tewny appropriate governing body upon the acceptance and 12 approval of any of the above-mentioned bonds or securities, to make a complete minute entry of such acceptance and 13 14 approval upon the record of their proceedings, and such bonds and securities shall be reapproved at least guarter 15 annually thereafter. 16

(4) (a) Demand deposits shall be placed only in banks. 17 when more than one bank is available in any county, for the 18 19 deposit of such county funds, or in any city or town for the 20 deposit of such city or town funds, such demand deposits shall be distributed ratably among all of such banks 21 gualifying therefor, substantially in proportion to paid-in 22 23 capital and surplus of each such bank willing to receive 24 such demand deposits under the terms of this act, and it shall be the duty of said county, city or town treasurer to 25

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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
 deposits shall be maintained.

Such public moneys not necessary for immediate use 5 (b) by such county, city or town which are not invested in 6 direct obligations of the United States government as 7 authorized herein shall may be placed in time or savings 8 deposits with any bank, building and loan association or 9 10 savings and loan association in the county, city or town. When more than one bank, building and loan association or 11 savings and loan association is available in any county, for 12 13 the deposit of such county funds, or in any city or town for 14 the deposit of such city or town funds, such funds shall may 15 be distributed ratably among all of such banks, building and 16 loan associations and savings and loan associations 17 qualifying therefor, substantially in proportion to the 18 total property taxes paid in such county or the county in 19 which such city or town is located during the preceding year, including taxes on shares of bank stock, by each such 20 21 bank, building and loan association or savings and loan 22 association willing to receive such time or savings deposits 23 under the terms of this act.7-and-it-shall-be-the-duty-of 24 said-countyy-city-or-town-treasurer-to-prorate-all-such-time 25 or-savings-deposits-among-all-of--the--banks7--building--and

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1	leanassociationsandsavingsandleanassociations			
2	qualified-to-receive-the-same-as-in-thisactprovidedyto			
3	theendthatanequitabledistributionof-such-time-or			
4	savings-deposits-shall-be-maintained.			
5	(c) In lieu of a ratable distribution among banks,			
6	building and loan associations, and savings and loan			
7	associations within the county, city or town, the local			
8	governing body may solicit bids without advertising from any			
9	bank, building and loan association, or savings and loan			
10	association in the state that has filed a request in writing			
11	that it be listed for solicitation on bids for public moneys			
12	not necessary for immediate use by the unit of local			
13	government. The governing body may solicit bids by notice			
14	sent by mail to the investment institutions whose names are			
15	listed as provided herein. The provisions of this section			
16	shall be considered as meeting the requirements of section			
17	16-2618 (4)(b).			
18	(5) Whenever it shall come to the attention of the			
19	department of intergovernmental relations that the funds of			
20	any county, city or town are not properly distributed			
21	deposited as provided in this act, the department of			
22	intergovernmental relations shall order the treasurer of			
23	such county, city or town to distribute deposit said funds			
24	in accordance herewith, and if such treasurer shall refuse			
25	or neglect to comply with such order, it shall be the duty			

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1 of the department of intergovernmental relations to 2 institute proceedings against such treasurer at the cost of 3 the county, city or town of which such treasurer is an 4 officer, on the official bond of such treasurer. If-ne-such 5 Banky--building--and--loan--associations-or-sevings-and-loan 6 associations-exists-in-the-county-city-or-town--or--if--any 7 banksy--building--and--loan-associations-or-savings-and-loan 8 associations-existing-therein-fails-or--refuses--to--sualify 9 under--the--terms-of-this-act-to-receive-such-depositsy-then 10 and-in-such-case;-or-in-either-of-such-cases;-such-moneys-as 11 have-not-been-accepted--by--any--banks7--building--and--loan 12 associations--or--sevings--and-loan-associations-within-said 13 county-city-or-town--shall-be-deposited-under-the-terms--of 14 this--acty--in--the-banksy-building-and-loan-associations-or savings--and--loan--associations--most--convenient--to--such 15 16 county7--city-or-town7-willing-to-accept-such-deposits-under 17 the-terms-of-this-act,-and-qualified-as-above-provided. Any 18 banks, building and loan associations or savings and loan 19 associations receiving such deposits, shall, through its 20 president and cashier or secretary, make a statement quarter 21 annually of account, under oath, showing all such moneys 22 that have been deposited with such bank, building and loan association or savings and loan association during the 23 quarter, the amount of daily balance in dollars, and the 24 amount of interest by such banks, building and loan 25

associations or savings and loan associations credited or 1 paid therefor, and showing that neither such bank, building 2 3 and loan association or savings and loan association nor any 4 officer thereof, nor any person for it, has paid or given 5 any consideration or emolument whatsoever to the treasurer 6 or to any other person other than the interest provided for 7 herein, for or on account of the making of such deposits, 8 with any such bank, building and loan association or savings 9 and loan association. All such deposits shall be subject to 10 withdrawal by the treasurer in such amounts as may be 11 necessary from time to time, and no deposit of funds shall 12 be made, or permitted to remain in any bank, building and 13 loan association or savings and loan association, until the 14 security for such deposits shall have been first approved by 15 the board--of--county--commissioners--in-the-case-of-county 16 funds-or-by-the-council-in-the-case-of-city-or-town-funds-17 local governing body and delivered to the treasurer. 1.8 (6) Except as provided in subsection (8) of this

18 (6) Except as provided in subsection (8) of this 19 section, all interest paid and collected on such deposits or 20 investments shall be credited to the general fund of the 21 cpunty, city or town to whose credit such funds are 22 deposited. Where moneys shall have been deposited in 23 accordance with the provisions of this act, the treasurer 24 shall not be liable for loss on account of any such deposit 25 that may occur through damage by the elements or for any

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other cause or reason occasioned through means other than
 his own neglect, fraud, or dishonorable conduct.

3 (7) Any bank, building and loan association or savings 4 and loan association pledging securities as provided in this 5 act at any time it deems advisable or desirable may substitute like securities for all or any part of the 6 securities pledged. The collateral so substituted shall be 7 8 approved by the governing body of the county, city or town 9 at its next official meeting. Such securities so 10 substituted shall at the time of substitution be at least 11 equal in principal amount to the securities for which 12 substitution is made. In the event that the securities so 13 substituted are held in trust, the trustee shall, on the same day the substitution is made, forward by registered or 14 certified mail to the county, city or town and to the 15 depository bank, building and loan association or savings 16 and loan association, a receipt specifically describing and 17 identifying both the securities so substituted and those 18 19 released and returned to the depository bank, building and 20 loan association or savings and loan association.

(8) Whenever in the judgment of the trustees of any
common school district, high school district, or county high
school it would be advantageous to invest any money of such
school or school district in savings or time deposits in a
state or national bank, building and loan association or

1 savings and loan association insured by the F.D.I.C. or the 2 F.S.L.I.C., or in direct obligations of the United States government, payable within one hundred eighty (180) days 3 4 from the time of investment, such governing body may in its 5 discretion direct the county treasurer to make such 6 investments. All interest collected on such deposits or 7 investments shall be credited to the fund from which the 8 money was withdrawn, provided that nothing in this act shall 9 be interpreted to conflict with section 16-2050."

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SB 116

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1	SENATE BILL NO. 116	1	prescribe, approve and
2	INTRODUCED BY GREELY, DRAKE, FLYNN, WATT	2	to insure the safet
3		3	deposits, together wit
4	A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTION	4	deposits, provided t
5	16-2618, R.C.M. 1947, TO ALLOW A LOCAL GOVERNING BODY TO	5	or-city-or-towncounc
6	SOLICIT BIDS FOR THE INVESTMENT OF PUBLIC FUNDS."	6	authorized to deposi
7		7	immediate use by such
8	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:	8	building and loan
9	Section 1. Section 16-2618, R.C.M. 1947, is amended to	9	association authorized
L0	read as follows:	10	deposit; provided th
1	"16-2618. Deposit of public funds by county, city and	11	loan association or sa
12	town treasurers. (1) It shall be the duty of all county,	12	the money is deposite
13	city and town treasurers to deposit all public moneys in	13	the rate of interest
.4	their possession and under their control in any solvent	14	sources on the same
5.	banks, building and loan associations or savings and loan	15	and loan association o
6	associations located in the county, city or town of which	16	said interest rate
.7 ¯	such treasurer is an officer, subject to national	17	institution's right
6	supervision or state examination as the beard-of-county	18	distributionofsaid
19	commissioners-in-the-case-of-a-county;-or-of-the-councilin	19	forth in subsection-(4
20	thecaseofacityortown7 local governing body may	20	board-of-county-commis
1	designate, and no other. The treasurer shall take from such	21	governing body is h
22	bank, building and loan association or savings and loan	22	moneys not necessary f
23	association such security as the beardofcounty	23	or town, in direct
24	commissioners7-in-the-case-of-a-county7-orthecouncilin	24	government, payable wi
25	thecaseofacityortown7 local governing body may	25	(180) days from the ti
	THIRD READING		

deem fully sufficient and necessary y and prompt payment of all such h the interest on any time or savings hat said beard-of-county-commissioners it local governing body is hereby t such public moneys not necessary for county, city or town with any bank, association or savings and loan herein above in a savings or time at the bank or banks or building and vings and loan association in which ed shall pay on the moneys no less than as is paid on money from private terms. Refusal of any bank, building or savings and loan association to pay shall constitute a waiver of that to participate in the ratable -moneys deposit of public funds as set --of this act, and provided that said sionersy-or-eity-or-town-council local ereby authorized to invest such public for immediate use by such county, city obligations of the United States thin not to exceed one hundred eighty me of such investment. -2-

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SB 116

(2) Said board--of-county-commissionersy-city-or-town 1 2 council local governing body may require security for only 3 any such portion of deposits as is not guaranteed or insured 4 according to law. Such security shall consist of cashier's 5 check or checks issued by the Federal Reserve Bank, bonds of 6 the United States government and its dependents, bonds 7 quaranteed by the United States government or its 8 dependents, bonds and warrants of the state of Montana, 9 bonds and warrants of any county of the state of Montana, 10 and bonds of any city, town or school district of the state 11 of Montana, which are a general obligation of such county, 12 city, town or school district, bonds of the Federal Land 13 Banks, Federal Intermediate Credit Bank debentures, Federal 14 Home Loan Bank notes and bonds, Bank for Co-operatives' 15 debentures, Federal National Mortgage Association notes, 16 bonds and guaranteed certificates of participation, 17 obligations of or fully guaranteed by the Government 18 National Mortgage Association, Farmers' Home Administration 19 insured notes, notes fully guaranteed as to principal and 20 interest by the Small Business Administration, Federal 21 Housing Administration debentures, general obligation bonds 22 of other states and counties of other states and bonds 23 issued in the United States of America, which are quoted on 24 the New York market which shall be acceptable at not to 25 exceed ninety per centum (90%) of such market quotation. -3-SB 116

(3) When negotiable securities are furnished, such 1 2 securities may be placed in trust and the trustee's receipt may be accepted in lieu of the actual securities when such 3 receipt is in favor of the treasurer, his successors and the 4 5 state of Montana, and the form of receipt and the trustee 6 have been approved by the department of intergovernmental 7. relations. All warrants or other negotiable securities must 8 be properly assigned or endorsed in blank. It shall be the duty of the board--of-county-commissioners-in-the-case-of 9 county-funday-og-the-council-in-the-case-of-funda-of-a--city 10 11 er--tewny appropriate governing body upon the acceptance and 12 approval of any of the above-mentioned bonds or securities, 13 to make a complete minute entry of such acceptance and approval upon the record of their proceedings, and such 14 15 bonds and securities shall be reapproved at least guarter 16 annually thereafter.

17 (4) (a) Demand deposits shall be placed only in banks. 18 When more than one bank is available in any county, for the 19 deposit of such county funds, or in any city or town for the 20 deposit of such city or town funds, such demand deposits shall be distributed ratably among all of such banks 21 qualifying therefor, substantially in proportion to paid-in 22 capital and surplus of each such bank willing to receive 23 such demand deposits under the terms of this act, and it 24 25 shall be the duty of said county, city or town treasurer to -4-S3 116

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
 deposits shall be maintained.

(b) Such public moneys not necessary for immediate use 5 by such county, city or town which are not invested in 6 direct obligations of the United States government as 7 authorized herein shall may be placed in time or savings 8 deposits with any bank, building and loan association or 9 savings and loan association in the county, city or town. 10 When more than one bank, building and loan association or 11 savings and loan association is available in any county, for 12 the deposit of such county funds, or in any city or town for 13 the deposit of such city or town funds, such funds shall may 14 be distributed ratably among all of such banks, building and 15 loan associations and savings and loan associations 16 qualifying therefor, substantially in proportion to the 17 total property taxes paid in such county or the county in 18 which such city or town is located during the preceding 19 year, including taxes on shares of bank stock, by each such 20 21 bank, building and loan association or savings and loan 22 association willing to receive such time or savings deposits 23 under the terms of this act.7-and-it-shall-be-the-duty-of 24 said-countyy-city-or-town-treasurer-to-prorate-all-such-time or-savings-deposits-among-all-of--the--banks7--building--and 25 -5-SB 116

1 loan--associations--and--savings---and---lean---associations 2 qualified--to--receive--the-same-as-in-this-act-providedy-to 3 the-end-that-an--equitable--distribution--of--such--time--or 4 savings-deposits-shall-be-maintained.

(c) In lieu of a ratable distribution among banks, 5 building and loan associations, and savings and loan 6 associations within the county, city or town, the local 7 governing body may solicit bids without advertising from any 8 bank, building and loan association, or savings and loan 9 10 association in the state COUNTY, CITY, OR TOWN AS SET FORTH 11 IN SECTION 16-2618(1) that has filed a request in writing 12 that it be listed for solicitation on bids for public moneys 13 not necessary for immediate use by the unit of local 14 government. The governing body may solicit bids by notice 15 sent by mail to the investment institutions whose names are 16 listed as provided herein. The provisions of this section 17 shall be considered as meeting the requirements of section 18 16-2618 (4)(b). 19 ~ (5) Whenever it shall come to the attention of the 20 department of intergovernmental relations that the funds of 21 any county, city or town are not properly distributed 22 deposited as provided in this act, the department of 23 intergovernmental relations shall order the treasurer of 24 such county, city or town to distribute deposit said funds 25 in accordance herewith, and if such treasurer shall refuse -6-SB 116

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1 or neglect to comply with such order, it shall be the duty 2 the department of intergovernmental relations to of 3 institute proceedings against such treasurer at the cost of 4 the county, city or town of which such treasurer is an 5 officer, on the official bond of such treasurer. If-no-such 6 banky-building-and-loan-associations--or--savings--and--loan 7 associations--exists--in-the-county--city-or-town--or-if-ony 8 banksy-building-and-loan-associations-or--savings--and--loan 9 associations--existing--therein--fails-or-refuses-to-gualify 10 under-the-terms-of-this-act-to-receive-such--deposits--then 11 and-in-such-casey-or-in-either-of-such-casesy-such-moneys-as 12 have--not--been--accepted--by--any--banksy-building-and-loan 13 associations-or-savings-and-loan--associations--within--said 14 county,--eity-or-town,-shall-be-deposited-under-the-terms-of 15 this-acty-in-the-banksy-building-and--loan--associations--or savings--and--loan--associations--most--convenient--to--such 16 17 county,-city-or-town,-willing-to-accept-such-deposits--under 18 the-terms-of-this-acty-and-qualified-as-above-provided. Any 19 banks, building and loan associations or savings and loan 20 associations receiving such deposits, shall, through its 21 president and cashier or secretary, make a statement quarter 22 annually of account, under oath, showing all such moneys 23 that have been deposited with such bank, building and loan 24 **Cassociation** or savings and loan association during the 25 quarter, the amount of daily balance in dollars, and the -7-S3 116

1 amount of interest by such banks, building and loan 2 associations or savings and loan associations credited or 3 paid therefor, and showing that neither such bank, building 4 and loan association or savings and loan association nor any 5 officer thereof, nor any person for it, has paid or given any consideration or emolument whatsoever to the treasurer 6 7 or to any other person other than the interest provided for 8 herein, for or on account of the making of such deposits, with any such bank, building and loan association or savings 9 and loan association. All such deposits shall be subject to 10 withdrawal by the treasurer in such amounts as may be 11 necessary from time to time, and no deposit of funds shall 12 13 be made, or permitted to remain in any bank, building and loan association or savings and loan association, until the 14 15 security for such deposits shall have been first approved by 16 the board-of-county-commissioners--in--the--case--of--county 17 funds7-or-by-the-council-in-the-case-of-city-or-town-funds7 18 local governing body and delivered to the treasurer.

19 (6) Except as provided in subsection (8) of this 20 section, all interest paid and collected on such deposits or 21 investments shall be credited to the general fund of the 22 county, city or town to whose credit such funds are 23 Where moneys shall have been deposited in deposited. accordance with the provisions of this act, the treasurer 24 shall not be liable for loss on account of any such deposit 25 -8-S3 116

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that may occur through damage by the elements or for any
 other cause or reason occasioned through means other than
 his own neglect, fraud, or dishonorable conduct.

(7) Any bank, building and loan association or savings 4 and loan association pledging securities as provided in this 5 act at any time it deems advisable or desirable may 6 substitute like securities for all or any part of the 7 securities pledged. The collateral so substituted shall be 8 9 approved by the governing body of the county, city or town 10 at its next official meeting. Such securities so 11 substituted shall at the time of substitution be at least 12 equal in principal amount to the securities for which 13 substitution is made. In the event that the securities so 14 substituted are held in trust, the trustee shall, on the 15 same day the substitution is made, forward by registered or certified mail to the county, city or town and to the 16 17 depository bank, building and loan association or savings 18 and loan association, a receipt specifically describing and 19 identifying both the securities so substituted and those 20 released and returned to the depository bank, building and 21 loan association or savings and loan association.

(8) Whenever in the judgment of the trustees of any
common school district, high school district, or county high
school it would be advantageous to invest any money of such
school or school district in savings or time deposits in a

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1 state or national bank, building and loan association or 2 savings and loan association insured by the F.D.I.C. or the 3 F.S.L.I.C., or in direct obligations of the United States 4 government, payable within one hundred eighty (180) days 5 from the time of investment, such governing body may in its 6 discretion direct the county treasurer to make such 7 investments. All interest collected on such deposits or 8 investments shall be credited to the fund from which the money was withdrawn, provided that nothing in this act shall 9 be interpreted to conflict with section 16-2050." 10

-End-

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HOUSE OF REPRESENTATIVES

March 7, 1975

Committee of the Whole Amendment to SENATE BILL NO. 116

reference copy, as follows:

1. Amend page 6, Section 1, subsection (4) (c), lines 10 and 11.

Following: "in the"

Reinstate: "state COUNTY, CITY, OR TOWN AS SET FORTH IN SECTION 16-2618(1)"

SENATE BILL NO. 116 1 INTRODUCED BY GREELY, DRAKE, FLYNN, WATT 2 3 A BILL FOR AN ACT ENTITLED: 4 "AN ACT TO AMEND SECTION 5 16-2618, R.C.M. 1947, TO ALLOW A LOCAL GOVERNING BODY TO SOLICIT BIDS FOR THE INVESTMENT OF PUBLIC FUNDS." 6 7 8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: Section 1. Section 16-2618, R.C.M. 1947, is amended to 9 read as follows: 10 *16-2618. Deposit of public funds by county, city and 11 town treasurers. (1) It shall be the duty of all county, 12 city and town treasurers to deposit all public moneys in 13 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 18 supervision or state examination as the beard-of-county 19 commissioners-in-the-case-of-a-countyr-or-of-the-council--in 20 the--case--ef--a--eity--er--towny local governing body may 21 designate, and no other. The treasurer shall take from such 22 bank, building and loan association or savings and loan association such security as the beard--ef--county 23 commissionersy-in-the-case-of-a-countyy-or--the--council--in 24 the--case--of--a--city--or--towny local governing body may 25

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

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REFERENCE BILL Third Printing- Conference Report Included

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1 (2) Said board--of-county-commissionersy-city-or-town 2 council local governing body may require security for only any such portion of deposits as is not quaranteed or insured 3 according to law. Such security shall consist of cashier's 4 5 check or checks issued by the Federal Reserve Bank, bonds of 6 the United States government and its dependents, bonds guaranteed by the United States government or its 7 8 dependents, bonds and warrants of the state of Montana, 9 bonds and warrants of any county of the state of Montana. and bonds of any city, town or school district of the state 10 11 of Montana, which are a general obligation of such county. city, town or school district, bonds of the Federal Land 12 13 Banks, Federal Intermediate Credit Bank debentures, Federal 14 Home Loan Bank notes and bonds, Bank for Co-operatives' debentures, Federal National Mortgage Association notes, 15 bonds and guaranteed certificates of 16 participation. 17 obligations of or fully guaranteed by the Government 18 National Mortgage Association, Farmers' Home Administration 19 insured notes, notes fully guaranteed as to principal and 20 interest by the Small Business Administration. Federal 21 Housing Administration debentures, general obligation bonds 22 of other states and counties of other states and bonds 23 issued in the United States of America, which are guoted on 24 the New York market which shall be acceptable at not to 25 exceed ninety per centum (90%) of such market quotation.

1 (3) When negotiable securities are furnished, such 2 securities may be placed in trust and the trustee's receipt may be accepted in lieu of the actual securities when such 3 receipt is in favor of the treasurer, his successors and the 4 state of Montana, and the form of receipt and the trustee 5 · 6 have been approved by the department of intergovernmental 7 relations. All warrants or other negotiable securities must be properly assigned or endorsed in blank. It shall be the R duty of the board--of-county-commissioners-in-the-case-of 9 county-funds, or-the-council-in-the-case-of-funds-of-a--city 10 11 er--tewny appropriate governing body upon the acceptance and 12 approval of any of the above-mentioned bonds or securities, 13 to make a complete minute entry of such acceptance and 14 approval upon the record of their proceedings, and such 15 bonds and securities shall be reapproved at least quarter 16 annually thereafter.

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

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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
 deposits shall be maintained.

(b) Such public moneys not necessary for immediate use 5 by such county, city or town which are not invested in 6 direct obligations of the United States government as 7 authorized herein shall may be placed in time or savings 8 deposits with any bank, building and loan association or 9 savings and loan association in the county, city or town. 10 When more than one bank, building and loan association or 11 savings and loan association is available in any county, for 12 the deposit of such county funds, or in any city or town for 13 the deposit of such city or town funds, such funds shall may 14 be distributed ratably among all of such banks, building and 15 loan associations and savings and loan associations 16 qualifying therefor, substantially in proportion to the 17 total property taxes paid in such county or the county in 18 which such city or town is located during the preceding 19 year, including taxes on shares of bank stock, by each such 20 bank, building and loan association or savings and loan 21 association willing to receive such time or savings deposits 22 under the terms of this act.y-and-it-shall-be-the-duty-of 23 said-countyy-city-or-town-treasurer-to-prorate-all-such-time 24 or-savings-deposits-among-all-of--the--banksy--building--and 25 SB 116 -5-

teen--associations--and--savings---and---tean---associations 1 gualified--to--receive--the-same-as-in-this-act-providedy-to 2 the-end-that-an--equitable--distribution--of--such--time--or 3 4 savings-deposits-shall-be-maintainedr (c) In lieu of a ratable distribution among banks, 5 building and loan associations, and savings and loan 6 associations within the county, city or town, the local 7 governing body may solicit bids without advertising from any 8 bank, building and loan association, or savings and loan 9 10 association in the-state COUNTY7-CIPY7-CR-TOWN-AB-SET-FORTH 11 IN-BEGTION-16-2618(1) STATE, state; COUNTY,-CITY,-OR-TOWN-AS 629-PORTH-IN-SECTION-16-2618-41} COUNTY-CITY--OR--TOWN--AS 12 SET--FORTH--IN-SECTION-16-2618(1) that-has-filed-a-request A 13 COUNTY HAVING AT LEAST TWO SUCH FINANCIAL INSTITUTIONS. 14 SUCH INSTITUTIONS MAY REQUEST in writing that it THEY be 15 listed for solicitation on bids for public moneys not 16 necessary for immediate use by the unit of local government. 17 IN COUNTIES HAVING LESS THAN TWO SUCH INSTITUTIONS, THE 18 LOCAL GOVERNING BODY MAY SOLICIT BIDS FROM, AND DEPOSIT 19 PUBLIC MONEYS IN, SUCH INSTITUTIONS IN NEIGHBORING COUNTIES 20 UNLESS THE LOCAL FINANCIAL INSTITUTION AGREES TO PAY THE 21 SAME RATE OF INTEREST BID BY THE NEIGHBORING FINANCIAL 22 INSTITUTIONS. The governing body may solicit bids by notice 23 sent by mail to the investment institutions whose names are 24 listed as provided herein. The provisions of this section 25 -6-SB 116

shall be considered as meeting the requirements of section 16-2618 (4) (b).

(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 5 deposited as provided in this act, the department of б intergovernmental relations shall order the treasurer of 7 8 such county, city or town to distribute deposit said funds 9 in accordance herewith, and if such treasurer shall refuse 10 or neglect to comply with such order, it shall be the duty 11 of the department of intergovernmental relations to 12 institute proceedings against such treasurer at the cost of the county, city or town of which such treasurer is an 13 14 officer, on the official bond of such treasurer. If-ne-such 15 banky--building--and--toan--associations-or-savings-and-toan 16 associations-exists-in-the-county,-city-or-town,-or--if--any banks7--building--and--loan-associations-or-savings-and-loan 17 18 associations-existing-therein-fails-or--refuses--to--qualify 19 under--the--terms-of-this-act-to-receive-such-deposits;-then and-in-such-case;-or-in-either-of-such-cases;-such-moneys-as 20 21 have-not-been-accepted--by--any--banksy--building--and--loan 22 associations--or--savings--and-lean-associations-within-said 23 countyr-city-or-townr-shall-be-deposited-under-the-terms--of this--acty--in--the-banksy-building-and-loan-associations-or 24 25 savings--and--lean--associations--mest--convenient--to--such -7-SB 116

countyy--city-or-towny-willing-to-accept-such-deposito-under 1 +he-terms-of-this-acty-and-qualified-as-above-providedr Any 2 banks, building and loan associations or savings and loan 3 associations receiving such deposits, shall, through its Δ president and cashier or secretary, make a statement quarter 5 . 6 annually of account, under oath, showing all such moneys that have been deposited with such bank, building and loan 7 association or savings and loan association during the Q guarter, the amount of daily balance in dollars, and the 9 10 amount of interest by such banks, building and loan associations or savings and loan associations credited or 11 paid therefor, and showing that neither such bank, building 12 and loan association or savings and loan association nor any 13 officer thereof, nor any person for it, has paid or given 14 any consideration or emolument whatsoever to the treasurer 15 or to any other person other than the interest provided for 16 17 herein, for or on account of the making of such deposits, with any such bank, building and loan association or savings 18 19 and loan association. All such deposits shall be subject to withdrawal by the treasurer in such amounts as may be 20 necessary from time to time, and no deposit of funds shall 21 22 be made, or permitted to remain in any bank, building and loan association or savings and loan association, until the 23 security for such deposits shall have been first approved by 24 25 the beard--of--county--commissioners--in-the-case-of-county -8-SB 116

fundsy-or-by-the-council-in-the-case-of-city-or-town--fundsy local governing body and delivered to the treasurer.

3 (6) Except as provided in subsection (8) of this 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 11 other cause or reason occasioned through means other than 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 16 substitute like securities for all or any part of the 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 19 20 substituted shall at the time of substitution be at least equal in principal amount to the securities for which 21 22 substitution is made. In the event that the securities so substituted are held in trust, the trustee shall, on the 23 24 same day the substitution is made, forward by registered or 25 certified mail to the county, city or town and to the -9-SB 116 depository bank, building and loan association or savings
 and loan 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 6 7 common school district, high school district, or county high 8 school it would be advantageous to invest any money of such school or school district in savings or time deposits in a 9 state or national bank, building and loan association or 10 11 savings 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 12 government, payable within one hundred eighty (180) days 13 14 from the time of investment, such governing body may in its discretion direct the county treasurer to make such 15 16 investments. All interest collected on such deposits or 17 investments shall be credited to the fund from which the 18 money was withdrawn, provided that nothing in this act shall 19 be interpreted to conflict with section 16-2050."

-End-

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