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 2 INTRODUCED BY Senate BILL NO. 116
Ernie Leah Flynn Watt
 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

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,~~ 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 ~~board--of--county~~
 24 ~~commissioners,-in-the-case-of-a-county,-or--the--council--in~~
 25 ~~the--case--of--a--city--or--town,~~ 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
 4 deposits, provided that said ~~board-of-county-commissioners~~
 5 ~~or-city-or-town--council~~ local governing body is hereby
 6 authorized to deposit such public moneys not necessary for
 7 immediate use by such county, city or town with any bank,
 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
 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 ~~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 ~~board-of-county-commissioners,-or-city-or-town-council~~ local
 21 governing body is hereby authorized to invest such public
 22 moneys not necessary for immediate use by such county, city
 23 or town, in direct obligations of the United States
 24 government, payable within not to exceed one hundred eighty
 25 (180) days from the time of such investment.

1 (2) Said ~~board--of-county-commissioners,-city-or-town~~
 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 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,
 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.

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
 4 receipt is in favor of the treasurer, his successors and the
 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
 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 ~~or--town,~~ 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
 20 deposit of such city or town funds, such demand deposits
 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
 24 such demand deposits under the terms of this act, and it
 25 shall be the duty of said county, city or town treasurer to

1 prorate all such demand deposits among all of the banks
 2 qualified to receive the same as in this act provided, to
 3 the end that an equitable distribution of such demand
 4 deposits shall be maintained.

5 (b) Such public moneys not necessary for immediate use
 6 by such county, city or town which are not invested in
 7 direct obligations of the United States government as
 8 authorized herein ~~shall~~ may be placed in time or savings
 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
 12 savings and loan association is available in any county, for
 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
 20 year, including taxes on shares of bank stock, by each such
 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-county,-city-or-town-treasurer-to-prorate-all-such-time~~
 25 ~~or-savings-deposits-among-all-of--the--banks,-building--and~~

1 ~~loan---associations---and---savings--and--loan--associations~~
 2 ~~qualified-to-receive-the-same-as-in-this--act--provided,-to~~
 3 ~~the--end--that--an--equitable--distribution--of--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 no such~~
 5 ~~bank, building and loan associations or savings and loan~~
 6 ~~associations exists in the county, city or town, or if any~~
 7 ~~banks, building and loan associations or savings and loan~~
 8 ~~associations existing therein fails or refuses to qualify~~
 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 banks, building and loan~~
 12 ~~associations or savings and loan associations within said~~
 13 ~~county, city or town, shall be deposited under the terms of~~
 14 ~~this act, in the banks, 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 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
 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

1 associations or savings and loan associations credited or
 2 paid therefor, and showing that neither such bank, building
 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.

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

1 other cause or reason occasioned through means other than
2 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
6 substitute like securities for all or any part of the
7 securities pledged. The collateral so substituted shall be
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
14 same day the substitution is made, forward by registered or
15 certified mail to the county, city or town and to the
16 depository bank, building and loan association or savings
17 and loan association, a receipt specifically describing and
18 identifying both the securities so substituted and those
19 released and returned to the depository bank, building and
20 loan association or savings and loan association.

21 (8) Whenever in the judgment of the trustees of any
22 common school district, high school district, or county high
23 school it would be advantageous to invest any money of such
24 school or school district in savings or time deposits in a
25 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
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."

-End-

Approved by Comm.
on Local Government

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SENATE BILL NO. 116
Senators: Greely, Beach, Flynn, Watt

INTRODUCED BY
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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,~~ 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 ~~board--of--county commissioners,-in-the-case-of-a-county,-or--the--council--in-the-case--of--a--city--or--town,~~ local governing body may

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prescribe, approve and deem fully sufficient and necessary to insure 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~~ local governing body 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 ~~retable distribution--of--said-moneys~~ deposit of public funds as set forth in ~~subsection (4) of~~ this act, and provided that said ~~board-of-county-commissioners,-or-city-or-town-council~~ local governing body 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.

1 (2) Said ~~board--of-county-commissioners,-city-or-town~~
 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 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,
 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.

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
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 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
 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 ~~or--town,~~ 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
 20 deposit of such city or town funds, such demand deposits
 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
 24 such demand deposits under the terms of this act, and it
 25 shall be the duty of said county, city or town treasurer to

1 prorate all such demand deposits among all of the banks
 2 qualified to receive the same as in this act provided, to
 3 the end that an equitable distribution of such demand
 4 deposits shall be maintained.

5 (b) Such public moneys not necessary for immediate use
 6 by such county, city or town which are not invested in
 7 direct obligations of the United States government as
 8 authorized herein ~~shall~~ may be placed in time or savings
 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
 12 savings and loan association is available in any county, for
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 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
 20 year, including taxes on shares of bank stock, by each such
 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, ~~and it shall be the duty of~~
 24 ~~said county, city or town treasurer to prorate all such time~~
 25 ~~or savings deposits among all of the banks, building and~~

1 ~~loan associations and savings and loan associations~~
 2 ~~qualified to receive the same as in this act provided to~~
 3 ~~the end that an equitable distribution of 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

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 ~~bank, building and loan associations or savings and loan~~
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 8 ~~associations existing therein fails or refuses to qualify~~
 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 banks, building and loan~~
 12 ~~associations or savings and loan associations within said~~
 13 ~~county, city or town, shall be deposited under the terms of~~
 14 ~~this act, in the banks, 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 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
 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

1 associations or savings and loan associations credited or
 2 paid therefor, and showing that neither such bank, building
 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.

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

1 other cause or reason occasioned through means other than
2 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
6 substitute like securities for all or any part of the
7 securities pledged. The collateral so substituted shall be
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
14 same day the substitution is made, forward by registered or
15 certified mail to the county, city or town and to the
16 depository bank, building and loan association or savings
17 and loan association, a receipt specifically describing and
18 identifying both the securities so substituted and those
19 released and returned to the depository bank, building and
20 loan association or savings and loan association.

21 (8) Whenever in the judgment of the trustees of any
22 common school district, high school district, or county high
23 school it would be advantageous to invest any money of such
24 school or school district in savings or time deposits in a
25 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
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."

-End-

1 SENATE BILL NO. 116

2 INTRODUCED BY GREELY, DRAKE, FLYNN, WATT

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1 (2) Said ~~board--of-county-commissioners,-city-or-town~~
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 9 bonds and warrants of any county of the state of Montana,
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 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.

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
 4 receipt is in favor of the treasurer, his successors and the
 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
 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 ~~or-town,~~ 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
 20 deposit of such city or town funds, such demand deposits
 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
 24 such demand deposits under the terms of this act, and it
 25 shall be the duty of said county, city or town treasurer to

1 prorate all such demand deposits among all of the banks
 2 qualified to receive the same as in this act provided, to
 3 the end that an equitable distribution of such demand
 4 deposits shall be maintained.

5 (b) Such public moneys not necessary for immediate use
 6 by such county, city or town which are not invested in
 7 direct obligations of the United States government as
 8 authorized herein ~~shall~~ may be placed in time or savings
 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
 12 savings and loan association is available in any county, for
 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
 20 year, including taxes on shares of bank stock, by each such
 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, ~~and it shall be the duty of~~
 24 ~~said county, city or town treasurer to prorate all such time~~
 25 ~~or savings deposits among all of the banks, building and~~

1 ~~loan associations and savings and loan associations~~
 2 ~~qualified to receive the same as in this act provided, to~~
 3 ~~the end that an equitable distribution of 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 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

1 or neglect to comply with such order, it shall be the duty
 2 of the department of intergovernmental relations to
 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 ~~bank, building and loan associations or savings and loan~~
 7 ~~associations exists in the county, city or town or if any~~
 8 ~~banks, building and loan associations or savings and loan~~
 9 ~~associations existing therein fails or refuses to qualify~~
 10 ~~under the terms of this act to receive such deposits, then~~
 11 ~~and in such case, or in either of such cases, such moneys as~~
 12 ~~have not been accepted by any banks, building and loan~~
 13 ~~associations or savings and loan associations within said~~
 14 ~~county, city or town, shall be deposited under the terms of~~
 15 ~~this act, in the banks, building and loan associations or~~
 16 ~~savings and loan associations most convenient to such~~
 17 ~~county, city or town, willing to accept such deposits under~~
 18 ~~the terms of this act, 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 association or savings and loan association during the
 25 quarter, the amount of daily balance in dollars, and the

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
 6 any consideration or emolument whatsoever to the treasurer
 7 or to any other person other than the interest provided for
 8 herein, for or on account of the making of such deposits,
 9 with any such bank, building and loan association or savings
 10 and loan association. All such deposits shall be subject to
 11 withdrawal by the treasurer in such amounts as may be
 12 necessary from time to time, and no deposit of funds shall
 13 be made, or permitted to remain in any bank, building and
 14 loan association or savings and loan association, until the
 15 security for such deposits shall have been first approved by
 16 the ~~board of county commissioners in the case of county~~
 17 ~~funds, or by the council in the case of city or town funds,~~
 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 deposited. Where moneys shall have been deposited in
 24 accordance with the provisions of this act, the treasurer
 25 shall not be liable for loss on account of any such deposit

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

4 (7) Any bank, building and loan association or savings
 5 and loan association pledging securities as provided in this
 6 act at any time it deems advisable or desirable may
 7 substitute like securities for all or any part of the
 8 securities pledged. The collateral so substituted shall be
 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
 16 certified mail to the county, city or town and to the
 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.

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

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
 9 money was withdrawn, provided that nothing in this act shall
 10 be interpreted to conflict with section 16-2050."

-End-

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

INTRODUCED BY GREELY, DRAKE, FLYNN, WATT

A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTION 16-2618, R.C.M. 1947, TO ALLOW A LOCAL GOVERNING BODY TO SOLICIT BIDS FOR THE INVESTMENT 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,~~ 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 ~~board--of--county commissioners,-in-the-case-of-a-county,-or--the--council--in-the--case--of--a--city--or--town,~~ local governing body may

prescribe, approve and deem fully sufficient and necessary to insure 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~~ local governing body 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~~ deposit of public funds as set forth in ~~subsection-(4)-of~~ this act, and provided that said ~~board-of-county-commissioners,-or-city-or-town-council~~ local governing body 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.

4/11/95

1 (2) Said ~~board--of-county-commissioners,-city-or-town~~
 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 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,
 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.

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
 4 receipt is in favor of the treasurer, his successors and the
 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
 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 ~~or--town,~~ 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
 20 deposit of such city or town funds, such demand deposits
 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
 24 such demand deposits under the terms of this act, and it
 25 shall be the duty of said county, city or town treasurer to

1 prorate all such demand deposits among all of the banks
2 qualified to receive the same as in this act provided, to
3 the end that an equitable distribution of such demand
4 deposits shall be maintained.

5 (b) Such public moneys not necessary for immediate use
6 by such county, city or town which are not invested in
7 direct obligations of the United States government as
8 authorized herein ~~shall~~ may be placed in time or savings
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
12 savings and loan association is available in any county, for
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
20 year, including taxes on shares of bank stock, by each such
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. ~~and it shall be the duty of~~
24 ~~said county, city or town treasurer to prorate all such time~~
25 ~~or savings deposits among all of the banks, building and~~

1 ~~loan associations and savings and loan associations~~
2 ~~qualified to receive the same as in this act provided, to~~
3 ~~the end that an equitable distribution of 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 ~~COUNTY, CITY, OR TOWN AS SET FORTH~~
11 ~~IN SECTION 16-2618(1) STATE, state, COUNTY, CITY, OR TOWN AS~~
12 ~~SET FORTH IN SECTION 16-2618(1) COUNTY, CITY, OR TOWN AS~~
13 ~~SET FORTH IN SECTION 16-2618(1) that has filed a request A~~
14 COUNTY HAVING AT LEAST TWO SUCH FINANCIAL INSTITUTIONS.
15 SUCH INSTITUTIONS MAY REQUEST in writing that ~~it~~ THEY be
16 listed for solicitation on bids for public moneys not
17 necessary for immediate use by the unit of local government.
18 IN COUNTIES HAVING LESS THAN TWO SUCH INSTITUTIONS, THE
19 LOCAL GOVERNING BODY MAY SOLICIT BIDS FROM, AND DEPOSIT
20 PUBLIC MONEYS IN, SUCH INSTITUTIONS IN NEIGHBORING COUNTIES
21 UNLESS THE LOCAL FINANCIAL INSTITUTION AGREES TO PAY THE
22 SAME RATE OF INTEREST BID BY THE NEIGHBORING FINANCIAL
23 INSTITUTIONS. The governing body may solicit bids by notice
24 sent by mail to the investment institutions whose names are
25 listed as provided herein. The provisions of this section

1 shall be considered as meeting the requirements of section
 2 16-2618 (4) (b).

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

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

1 ~~funds, or by the council in the case of city or town~~ funds,
2 local governing body and delivered to the treasurer.

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

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

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

6 (8) Whenever in the judgment of the trustees of any
7 common school district, high school district, or county high
8 school it would be advantageous to invest any money of such
9 school or school district in savings or time deposits in a
10 state or national bank, building and loan association or
11 savings and loan association insured by the F.D.I.C. or the
12 F.S.L.I.C., or in direct obligations of the United States
13 government, payable within one hundred eighty (180) days
14 from the time of investment, such governing body may in its
15 discretion direct the county treasurer to make such
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-