

SENATE BILL NO. 371

INTRODUCED BY THOMAS

IN THE SENATE

February 5, 1979	Introduced and referred to Committee on Business and Industry.
February 10, 1979	Committee recommend bill do pass as amended. Report adopted.
February 12, 1979	Printed and placed on members' desks.
February 13, 1979	Second reading, do pass.
February 14, 1979	Considered correctly engrossed.
February 15, 1979	Third reading, passed. Transmitted to second house.

IN THE HOUSE

February 16, 1979	Introduced and referred to Committee on Business and Industry.
March 2, 1979	Committee recommend bill be concurred in. Report adopted.
March 5, 1979	Second reading, concurred in.
March 7, 1979	Third reading, concurred in.

IN THE SENATE

March 8, 1979	Returned from second house. Concurred in. Sent to enrolling. Reported correctly enrolled.
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1 *Sen* BILL NO. 371
2 INTRODUCED BY *Thomas*

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4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE THE
5 REQUIREMENTS FOR SECURITY FOR DEPOSITS OF PUBLIC FUNDS;
6 AMENDING SECTIONS 7-6-207, 17-6-103, AND 17-6-105, MCA."

7
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

9 Section 1. Section 7-6-207, MCA, is amended to read:

10 "7-6-207. Deposit security. (1) Said local governing
11 body may require security only for any such portion of
12 deposits as is not guaranteed or insured according to law
13 ~~and, as to such unguaranteed or uninsured portion, only to~~
14 ~~the extent of 50% of such deposits.~~ Such security shall
15 consist of those enumerated in 17-6-103.

16 (2) When negotiable securities are furnished, such
17 securities may be placed in trust. The trustee's receipt may
18 be accepted in lieu of the actual securities when such
19 receipt is in favor of the treasurer or town clerk, his
20 successors, and the state of Montana and the form of receipt
21 and the trustee have been approved by the department of
22 community affairs. All warrants or other negotiable
23 securities must be properly assigned or endorsed in blank.
24 It shall be the duty of the appropriate governing body, upon
25 the acceptance and approval of any of the above-mentioned

1 bonds or securities, to make a complete minute entry of such
2 acceptance and approval upon the record of their
3 proceedings, and such bonds and securities shall be
4 reapproved at least quarter-annually thereafter.

5 (3) (a) It shall be lawful for county, city, or town
6 officials charged by law with the duty of requiring security
7 from depositories of their several public funds to accept
8 from such depository bank as security for such deposits or
9 any part thereof, cashier's checks issued to such depository
10 bank by any federal reserve bank.

11 (b) Subsection (3)(a) shall be deemed to be
12 supplementary to the provisions of subsections (1) and (2),
13 and shall not in any manner limit or affect the right of the
14 several officers enumerated in said subsection to accept
15 security of the character specified therein."

16 Section 2. Section 17-6-103, MCA, is amended to read:

17 "17-6-103. Security for deposits of public funds. The
18 following kinds of securities may be pledged or guarantees
19 may be issued to secure deposits of public funds:

- 20 (1) direct obligations of the United States;
- 21 (2) securities as to which the payment of principal
22 and interest is guaranteed by the United States;
- 23 (3) securities issued or fully guaranteed by the
24 following agencies of the United States, whether or not
25 guaranteed by the United States:

1 (a) commodity credit corporation;
 2 (b) federal intermediate credit banks;
 3 (c) federal land bank;
 4 (d) bank for cooperatives;
 5 (e) federal home loan banks;
 6 (f) federal national mortgage association;
 7 (g) government national mortgage association;
 8 (h) small business administration; and
 9 (i) federal housing administration (not including
 10 insured mortgages);

11 (4) general obligation bonds of the state or of any
 12 county, city, school district, or other political
 13 subdivision of the state;

14 (5) revenue bonds of any county, city, or other
 15 political subdivision of the state, when backed by the full
 16 faith and credit of such subdivision;

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

24 (7) obligations of housing authorities of the state
 25 secured by a pledge of annual contributions or by a loan

1 agreement made by the United States or any agency thereof
 2 providing for contributions or a loan sufficient with other
 3 funds pledged to pay the principal of and interest on the
 4 obligations when due. Subject to rules prescribed by the
 5 department of community affairs, the bonds and other
 6 obligations made eligible for investment in 32-1-424(3) and
 7 7-15-4505 may be used as security for all deposits of public
 8 funds or obligations for which depository bonds or any kind
 9 of bonds or other securities are required or may by law be
 10 deposited as security.

11 (8) general obligation bonds of other states and of
 12 municipalities and counties of other states; and

13 (9) undertaking or guarantees issued by a surety
 14 company authorized to do business in the state; and

15 ~~(10) advance refunded bonds secured by direct~~
 16 ~~obligations of the United States treasury held in~~
 17 ~~irrevocable escrow."~~

18 Section 3. Section 17-6-105, MCA, is amended to read:
 19 "17-6-105. State treasurer as treasurer of state
 20 agencies -- deposits of moneys. (1) The state treasurer is
 21 designated the treasurer of every state agency and
 22 institution.

23 (2) All state agencies and institutions shall deposit
 24 all moneys, credits, evidences of indebtedness, and
 25 securities either:

1 (a) in banks, building and loan associations, or
 2 savings and loan associations located in the city or town in
 3 which the agencies and institutions are situated, if there
 4 is a qualified bank, building and loan association, or
 5 savings and loan association in the city or town as
 6 designated by the state treasurer with the approval of the
 7 board of investments; or

8 (b) with the state treasurer.

9 (3) Such bank, building and loan association, or
 10 savings and loan association shall pledge securities
 11 sufficient to cover 50% of the deposits at all times.

12 (4) The deposits shall be made in the name of the
 13 state treasurer, shall be subject to withdrawal at his
 14 option, and shall draw interest as other state moneys, in
 15 accordance with the provisions of this part.

16 (5) Nothing in this chapter shall impair or otherwise
 17 affect any covenant entered into pursuant to law by any
 18 agency or institution respecting the segregation, deposit,
 19 and investment of any revenues or funds pledged for the
 20 payment and security of bonds or other obligations
 21 authorized to be issued by such agency, and all such funds
 22 shall be deposited and invested in accordance with such
 23 covenants notwithstanding any provision of this chapter.

24 (6) All moneys, credits, evidences of indebtedness,
 25 and securities received by a state agency or institution

1 shall be deposited either with the state treasurer or in a
 2 depository approved by the state treasurer each day when the
 3 accumulated amount of coin and currency requiring deposit
 4 exceeds \$100 or total collections exceed \$500. All moneys,
 5 credits, evidences of indebtedness, and securities collected
 6 shall be deposited at least weekly.

7 (7) Notwithstanding any other provision of state law,
 8 when it is determined to be in the best financial interest
 9 of the state, the department may require any moneys received
 10 or collected by any agency of the state to be immediately
 11 deposited to the credit of the state treasurer."

-End-

Approved by Committee
on Business and Industry

SENATE BILL NO. 371
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A BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE THE
REQUIREMENTS FOR SECURITY FOR DEPOSITS OF PUBLIC FUNDS;
AMENDING SECTIONS 7-6-207, ~~17-6-102~~, 17-6-103, AND 17-6-105,
MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 7-6-207, MCA, is amended to read:
"7-6-207. Deposit security. (1) Said local governing
body may require security only for any such portion of
deposits as is not guaranteed or insured according to law
~~and, as to such unguaranteed or uninsured portions, only to~~
~~the extent of 50% of such deposits.~~ Such security shall
consist of those enumerated in 17-6-103.

(2) When negotiable securities are furnished, such
securities may be placed in trust. The trustee's receipt may
be accepted in lieu of the actual securities when such
receipt is in favor of the treasurer or town clerk, his
successors, and the state of Montana and the form of receipt
and the trustee have been approved by the department of
community affairs. All warrants or other negotiable
securities must be properly assigned or endorsed in blank.
It shall be the duty of the appropriate governing body, upon

the acceptance and approval of any of the above-mentioned
bonds or securities, to make a complete minute entry of such
acceptance and approval upon the record of their
proceedings, and such bonds and securities shall be
reapproved at least quarter-annually thereafter.

(3) (a) It shall be lawful for county, city, or town
officials charged by law with the duty of requiring security
from depositories of their several public funds to accept
from such depository bank as security for such deposits or
any part thereof, cashier's checks issued to such depository
bank by any federal reserve bank.

(b) Subsection (3)(a) shall be deemed to be
supplementary to the provisions of subsections (1) and (2),
and shall not in any manner limit or affect the right of the
several officers enumerated in said subsection to accept
security of the character specified therein."

~~SECTION 2. SECTION 17-6-102, MCA, IS AMENDED TO READ:~~

"17-6-102. Insurance on deposits. (1) No such deposits
in excess of the amount insured by the federal deposit
insurance corporation or federal savings and loan insurance
corporation shall be made unless the bank, building and loan
association, and savings and loan association first delivers
to the state treasurer or deposits in trust with some
solvent bank, as hereinafter provided, as security therefor,
bonds or other obligations of the kinds listed in 17-6-103,

1 having a market value ~~at least~~ equal to at least 50% of the
 2 amount of such deposits in excess of the amount so insured.
 3 The board of investments may require security of a greater
 4 value. When negotiable securities are placed in trust, the
 5 trustee's receipt may be accepted instead of the actual
 6 securities if the receipt is in favor of the state
 7 treasurer, his successors in office, and the state of
 8 Montana and the form of receipt and the trustee have been
 9 approved by the board of investments.

10 (2) Any bank, building and loan association, and
 11 savings and loan association pledging securities as provided
 12 in this section may at any time substitute securities for
 13 any part of the securities pledged. The collateral so
 14 substituted shall conform to 17-6-103 and have a market
 15 value at least sufficient for compliance with subsection (1)
 16 above. If the securities so substituted are held in trust,
 17 the trustee shall, on the same day the substitution is made,
 18 forward by registered or certified mail to the state
 19 treasurer and to the depository bank a receipt specifically
 20 describing and identifying both the securities substituted
 21 and those released and returned to the depository bank."

22 Section 3. Section 17-6-103, MCA, is amended to read:

23 "17-6-103. Security for deposits of public funds. The
 24 following kinds of securities may be pledged or guarantees
 25 may be issued to secure deposits of public funds:

- 1 (1) direct obligations of the United States;
- 2 (2) securities as to which the payment of principal
 3 and interest is guaranteed by the United States;
- 4 (3) securities issued or fully guaranteed by the
 5 following agencies of the United States, whether or not
 6 guaranteed by the United States:
 - 7 (a) commodity credit corporation;
 - 8 (b) federal intermediate credit banks;
 - 9 (c) federal land bank;
 - 10 (d) bank for cooperatives;
 - 11 (e) federal home loan banks;
 - 12 (f) federal national mortgage association;
 - 13 (g) government national mortgage association;
 - 14 (h) small business administration; and
 - 15 (i) federal housing administration (not including
 16 insured mortgages);
- 17 (4) general obligation bonds of the state or of any
 18 county, city, school district, or other political
 19 subdivision of the state;
- 20 (5) revenue bonds of any county, city, or other
 21 political subdivision of the state, when backed by the full
 22 faith and credit of such subdivision;
- 23 (6) interest-bearing warrants of the state or of any
 24 county, city, school district, or other political
 25 subdivision of the state issued in evidence of claims in an

1 amount which, with all other claims on the same fund, do not
2 exceed the amount validly appropriated in the current budget
3 for expenditure from the fund in the year in which they are
4 issued;

5 (7) obligations of housing authorities of the state
6 secured by a pledge of annual contributions or by a loan
7 agreement made by the United States or any agency thereof
8 providing for contributions or a loan sufficient with other
9 funds pledged to pay the principal of and interest on the
10 obligations when due. Subject to rules prescribed by the
11 department of community affairs, the bonds and other
12 obligations made eligible for investment in 32-1-424(3) and
13 7-15-4505 may be used as security for all deposits of public
14 funds or obligations for which depository bonds or any kind
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16 deposited as security.

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18 municipalities and counties of other states; and

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20 company authorized to do business in the state; and

21 (10) advance refunded bonds secured by direct
22 obligations of the United States treasury held in
23 irrevocable escrow."

24 Section 4. Section 17-6-105, MCA, is amended to read:
25 "17-6-105. State treasurer as treasurer of state

1 agencies -- deposits of moneys. (1) The state treasurer is
2 designated the treasurer of every state agency and
3 institution.

4 (2) All state agencies and institutions shall deposit
5 all moneys, credits, evidences of indebtedness, and
6 securities either:

7 (a) in banks, building and loan associations, or
8 savings and loan associations located in the city or town in
9 which the agencies and institutions are situated, if there
10 is a qualified bank, building and loan association or
11 savings and loan association in the city or town as
12 designated by the state treasurer with the approval of the
13 board of investments; or

14 (b) with the state treasurer.

15 (3) Such bank, building and loan association, or
16 savings and loan association shall pledge securities
17 sufficient to cover 50% of the deposits at all times.

18 (4) The deposits shall be made in the name of the
19 state treasurer, shall be subject to withdrawal at his
20 option, and shall draw interest as other state moneys, in
21 accordance with the provisions of this part.

22 (5) Nothing in this chapter shall impair or otherwise
23 affect any covenant entered into pursuant to law by any
24 agency or institution respecting the segregation, deposit,
25 and investment of any revenues or funds pledged for the

1 payment and security of bonds or other obligations
2 authorized to be issued by such agency, and all such funds
3 shall be deposited and invested in accordance with such
4 covenants notwithstanding any provision of this chapter.

5 (6) All moneys, credits, evidences of indebtedness,
6 and securities received by a state agency or institution
7 shall be deposited either with the state treasurer or in a
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9 accumulated amount of coin and currency requiring deposit
10 exceeds \$100 or total collections exceed \$500. All moneys,
11 credits, evidences of indebtedness, and securities collected
12 shall be deposited at least weekly.

13 (7) Notwithstanding any other provision of state law,
14 when it is determined to be in the best financial interest
15 of the state, the department may require any moneys received
16 or collected by any agency of the state to be immediately
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1 amount which, with all other claims on the same fund, do not
2 exceed the amount validly appropriated in the current budget
3 for expenditure from the fund in the year in which they are
4 issued;

5 (7) obligations of housing authorities of the state
6 secured by a pledge of annual contributions or by a loan
7 agreement made by the United States or any agency thereof
8 providing for contributions or a loan sufficient with other
9 funds pledged to pay the principal of and interest on the
10 obligations when due. Subject to rules prescribed by the
11 department of community affairs, the bonds and other
12 obligations made eligible for investment in 32-1-424(3) and
13 7-15-4505 may be used as security for all deposits of public
14 funds or obligations for which depository bonds or any kind
15 of bonds or other securities are required or may by law be
16 deposited as security.

17 (8) general obligation bonds of other states and of
18 municipalities and counties of other states; and

19 (9) undertaking or guarantees issued by a surety
20 company authorized to do business in the state; and

21 ~~(10) advance refunded bonds secured by direct~~
22 ~~obligations of the United States treasury held in~~
23 ~~irrevocable escrow."~~

24 Section 4. Section 17-6-105, MCA, is amended to read:
25 "17-6-105. State treasurer as treasurer of state

1 agencies -- deposits of moneys. (1) The state treasurer is
2 designated the treasurer of every state agency and
3 institution.

4 (2) All state agencies and institutions shall deposit
5 all moneys, credits, evidences of indebtedness, and
6 securities either:

7 (a) in banks, building and loan associations, or
8 savings and loan associations located in the city or town in
9 which the agencies and institutions are situated, if there
10 is a qualified bank, building and loan association, or
11 savings and loan association in the city or town as
12 designated by the state treasurer with the approval of the
13 board of investments; or

14 (b) with the state treasurer.

15 (3) Such bank, building and loan association, or
16 savings and loan association shall pledge securities
17 sufficient to cover 50% of the deposits at all times.

18 (4) The deposits shall be made in the name of the
19 state treasurer, shall be subject to withdrawal at his
20 option, and shall draw interest as other state moneys, in
21 accordance with the provisions of this part.

22 (5) Nothing in this chapter shall impair or otherwise
23 affect any covenant entered into pursuant to law by any
24 agency or institution respecting the segregation, deposit,
25 and investment of any revenues or funds pledged for the

1 payment and security of bonds or other obligations
2 authorized to be issued by such agency, and all such funds
3 shall be deposited and invested in accordance with such
4 covenants notwithstanding any provision of this chapter.

5 (6) All moneys, credits, evidences of indebtedness,
6 and securities received by a state agency or institution
7 shall be deposited either with the state treasurer or in a
8 depository approved by the state treasurer each day when the
9 accumulated amount of coin and currency requiring deposit
10 exceeds \$100 or total collections exceed \$500. All moneys,
11 credits, evidences of indebtedness, and securities collected
12 shall be deposited at least weekly.

13 (7) Notwithstanding any other provision of state law
14 when it is determined to be in the best financial interest
15 of the state, the department may require any moneys received
16 or collected by any agency of the state to be immediately
17 deposited to the credit of the state treasurer."

-End-