

HOUSE BILL NO. 781

INTRODUCED BY HARPER, DONALDSON, FABREGA, MANUEL,  
ROUSH, HUENNEKENS, METCALF, ANDREASON

IN THE HOUSE

February 16, 1981	Introduced and referred to Committee on Local Government.
February 21, 1981	Committee recommend bill do pass as amended. Report adopted.
February 23, 1981	Bill printed and placed on members' desks.
February 24, 1981	Second reading, do pass.
February 25, 1981	On motion rules suspended and bill placed on third reading this day.  Correctly engrossed.  Third reading, passed. Ayes, 98; Noes, 0. Transmitted to Senate.

IN THE SENATE

March 3, 1981	Introduced and referred to Committee on Local Government.
March 26, 1981	Committee recommend bill be concurrent in. Report adopted.
March 30, 1981	Motion pass consideration.
March 31, 1981	Second reading, concurred in.  On motion rules suspended. Bill placed on calendar for third reading this day and allowed to be transmitted on 71st legislative day. Motion adopted.

March 31, 1981

Third reading, concurred in.  
Ayes, 48; Noes, 0.

IN THE HOUSE

April 1, 1981

Returned from Senate. Con-  
curred in. Sent to enrolling.

Reported correctly enrolled.

1                                    HOUSE    BILL NO.    781  
 2    INTRODUCED BY *Hager Donaldson Feltz*  
 3    *Manuel Koush/Kumbica Metcalf Anderson*

4    A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING A LOCAL  
 5    GOVERNING BODY TO CONTRACT WITH A FINANCIAL INSTITUTION FOR  
 6    A REPURCHASE AGREEMENT; PROVIDING FOR BID PROCEDURES;  
 7    AMENDING SECTIONS 7-6-201 AND 7-6-206, MCA; PROVIDING AN  
 8    IMMEDIATE EFFECTIVE DATE."

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

11        NEW SECTION. Section 1. Repurchase agreements --  
 12    bidding. (1) After qualifying as provided in subsection (5),  
 13    a financial institution may contract with a local governing  
 14    body to establish a repurchase agreement.

15        (2) A repurchase agreement is a contract that  
 16    specifies the minimum and maximum of public money that the  
 17    local governing body will invest under the contract in  
 18    securities that the financial institution will sell to the  
 19    local governing body and that the financial institution will  
 20    repurchase on mutually agreeable terms, and the repurchase  
 21    agreement requires the financial institution to maintain  
 22    pledged security, as enumerated in 17-6-103, equal to the  
 23    maximum of public money to be invested under the repurchase  
 24    agreement.

25        (3) A repurchase agreement is not a demand account.

1                                    (4) The local governing body shall maintain in the  
 2    same financial institution contracting for the repurchase  
 3    agreement a demand account into which each business day  
 4    shall be deposited a sum equal to the day's disbursements,  
 5    and that deposit will be the proceeds of the redemption by  
 6    the financial institution of securities previously purchased  
 7    by the local governing body under the provisions of the  
 8    repurchase agreement, so that the balance of the demand  
 9    account at the close of each day's business will be zero.

10                                    (5) The local governing body shall call for bids to  
 11    contract for a repurchase agreement from all financial  
 12    institutions chartered to do business in its jurisdiction  
 13    that are authorized to accept demand deposits and to buy and  
 14    sell securities. The call for bids shall be published at  
 15    least once in a newspaper of general circulation in the  
 16    jurisdiction of the local public entity and shall specify  
 17    the minimum acceptable rate of interest, effective date of  
 18    the repurchase agreement and the period of duration,  
 19    security pledge requirements, range of funds to be invested,  
 20    and the date, time and place for opening of bids. Notice  
 21    must also be mailed to all qualified financial institutions  
 22    in the jurisdiction. After all bids are publicly opened, the  
 23    local governing body shall conduct a hearing and, after  
 24    considering all pertinent facts, select a qualified  
 25    financial institution that offers to pay the highest rate of

-2-    INTRODUCED BILL  
           *HB 781*

1 interest on the public funds to be invested to participate  
2 in the repurchase agreement and announce its decision.

3 Section 2. Section 7-6-201, MCA, is amended to read:  
4 \*7-6-201. Deposit of public funds in financial  
5 institutions. (1) Except as provided in 7-6-202, 7-6-206(3),  
6 7-6-2701, it shall be the duty of all county and city  
7 treasurers and town clerks to deposit all public money in  
8 their possession and under their control in any solvent  
9 banks, building and loan associations, or savings and loan  
10 associations located in the county, city, or town of which  
11 such treasurer is an officer, subject to national  
12 supervision or state examination as the local governing body  
13 may designate, and no other.

14 (2) Said local governing body is hereby authorized to  
15 deposit such public money not necessary for immediate use by  
16 such county, city, or town in a savings or time deposit with  
17 any bank, building and loan association, or savings and loan  
18 association authorized above or in a repurchase agreement as  
19 authorized in [section 1].

20 (3) The treasurer or town clerk shall take from such  
21 bank, building and loan association, or savings and loan  
22 association such security as the local governing body may  
23 prescribe, approve, and deem fully sufficient and necessary  
24 to insure the safety and prompt payment of all such  
25 deposits, together with the interest on any time or savings

1 deposits.

2 (4) All such deposits shall be subject to withdrawal  
3 by the treasurer or town clerk in such amounts as may be  
4 necessary from time to time. No deposit of funds shall be  
5 made or permitted to remain in any bank, building and loan  
6 association, or savings and loan association until the  
7 security for such deposits shall have been first approved by  
8 the local governing body and delivered to the treasurer or  
9 town clerk."

10 Section 3. Section 7-6-206, MCA, is amended to read:  
11 \*7-6-206. Time deposits ~~repurchase agreement~~. (1)  
12 Such public money not necessary for immediate use by such  
13 county, city, or town which is not invested in direct  
14 obligations of the United States government as authorized in  
15 7-6-202 may be placed in time or savings deposits with any  
16 bank or savings and loan association in the county, city, or  
17 town or placed in repurchase agreements as authorized in  
18 [section 1], and money placed in repurchase agreements is  
19 not subject to subsections (2) and (3).

20 (2) When more than one bank or savings and loan  
21 association is available in any county for the time or  
22 savings deposit of such county funds or in any city or town  
23 for the time or savings deposit of such city or town funds,  
24 such funds may be distributed ratably among all of such  
25 banks and savings and loan associations qualifying therefor

1 and substantially in proportion to the total property taxes  
 2 paid during the preceding year in such county or the county  
 3 in which such city or town is located and the corporation  
 4 license taxes paid by each bank or savings and loan  
 5 association willing to receive such time or savings deposits  
 6 under the terms of this part.

7 (3) In lieu of a ratable distribution among banks and  
 8 savings and loan associations within the county, city, or  
 9 town, the local governing body may solicit bids without  
 10 advertising from any bank or savings and loan association in  
 11 a county having at least two such financial institutions.  
 12 Such institutions may request in writing that they be listed  
 13 for solicitation on bids for public money not necessary for  
 14 immediate use by the unit of local government. In counties  
 15 having less than two such institutions, the local governing  
 16 body may solicit bids from and deposit public money in such  
 17 institutions in neighboring counties unless the local  
 18 financial institution agrees to pay the same rate of  
 19 interest bid by the neighboring financial institutions. The  
 20 governing body may solicit bids by notice sent by mail to  
 21 the investment institutions whose names are listed as  
 22 provided herein. The provisions of this subsection shall be  
 23 considered as meeting the requirements of subsection (2)."

24 Section 4. Codification instruction. Section 1 is  
 25 intended to be codified as an integral part of Title 7,

1 chapter 6, part 2, and the provisions of Title 7, chapter 6,  
 2 part 2, apply to section 1.

3 Section 5. Effective date. This act is effective on  
 4 passage and approval.

-End-

Approved by Comm.  
on Local Government

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15   body to establish a repurchase agreement.  
16        (2) A repurchase agreement is a contract that  
17   specifies the minimum and maximum of public money that the  
18   local governing body will invest under the contract in  
19   securities that the financial institution will sell to the  
20   local governing body and that the financial institution will  
21   repurchase on mutually agreeable terms; ~~and the repurchase~~  
22   ~~agreement requires the financial institution to maintain~~  
23   ~~pledged security as enumerated in 7-6-103, equal to the~~  
24   ~~maximum of public money to be invested under the repurchase~~  
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1                   (3) A repurchase agreement is not a demand account.  
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3   same financial institution contracting for the repurchase  
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9   repurchase agreement, so that the balance of the demand  
10   account at the close of each day's business will be zero.  
11                  (5) The local governing body shall call for bids AS  
12   PROVIDED IN 7-6-206 to contract for a repurchase agreement  
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14   its jurisdiction that are authorized to accept demand  
15   deposits and to buy and sell securities. The call for bids  
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5 Section 2. Section 7-6-201, MCA, is amended to read:

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 7 institutions. (1) Except as provided in 7-6-202, 7-6-206(3),  
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 9 treasurers and town clerks to deposit all public money in  
 10 their possession and under their control in any solvent  
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 12 associations located in the county, city, or town of which  
 13 such treasurer is an officer, subject to national  
 14 supervision or state examination as the local governing body  
 15 may designate, and no other.

16 (2) Said local governing body is hereby authorized to  
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 18 such county, city, or town in a savings or time deposit with  
 19 any bank, building and loan association, or savings and loan  
 20 association authorized above or in a repurchase agreement as  
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22 (3) The treasurer or town clerk shall take from such  
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9 (3) In lieu of a ratable distribution among banks and  
 10 savings and loan associations within the county, city, or  
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 14 Such institutions may request in writing that they be listed  
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 10 savings and loan associations within the county, city, or  
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 4 part 2, apply to section 1.

5 Section 5. Effective date. This act is effective on  
 6 passage and approval.

-End-