

HOUSE BILL NO. 328

1/22 Introduced
1/22 Referred to Local Government
2/09 Hearing
2/11 Committee Report-Bill Pass As Amended
2/12 2nd Reading Pass
2/13 3rd Reading Pass

Transmitted to Senate

2/14 Referred to Local Government
3/09 Hearing
3/12 Tabled in Committee

1 HOUSE BILL NO. 328
2 INTRODUCED BY Hammal

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4 A BILL FOR AN ACT ENTITLED: "AN ACT ELIMINATING THE OPTION
5 OF A SINGLE LOCAL FINANCIAL INSTITUTION TO MATCH THE
6 INTEREST RATE OF BIDS FOR DEPOSIT OF LOCAL GOVERNMENT FUNDS
7 SUBMITTED BY NEIGHBORING FINANCIAL INSTITUTIONS; REQUIRING
8 THE LOCAL INSTITUTION TO SUBMIT A BID ON THE INTEREST RATE
9 TO BE PAID ON TIME OR SAVINGS DEPOSITS AND REPURCHASE
10 AGREEMENTS; AMENDING SECTIONS 7-6-206 AND 7-6-213, MCA."

11
12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13 Section 1. Section 7-6-206, MCA, is amended to read:

14 "7-6-206. Time deposits -- repurchase agreement. (1)
15 Such public money not necessary for immediate use by such
16 county, city, or town which is not invested in direct
17 obligations of the United States government as authorized in
18 7-6-202 may be placed in time or savings deposits with any
19 bank or savings and loan association in the county, city, or
20 town or placed in repurchase agreements as authorized in
21 7-6-213, and money placed in repurchase agreements is
22 subject to subsections (2) and (3).

23 (2) When more than one bank or savings and loan
24 association is available in any county for the time or
25 savings deposit of such county funds or in any city or town

1 for the time or savings deposit of such city or town funds,
2 such funds may be distributed ratably among all of such
3 banks and savings and loan associations qualifying therefor
4 and substantially in proportion to the total property taxes
5 paid during the preceding year in such county or the county
6 in which such city or town is located and the corporation
7 license taxes paid by each bank or savings and loan
8 association willing to receive such time or savings deposits
9 under the terms of this part.

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



1 provisions of this subsection shall be considered as meeting
2 the requirements of subsection (2)."

3 Section 2. Section 7-6-213, MCA, is amended to read:

4 "7-6-213. Repurchase agreements -- bidding. (1) After
5 qualifying as provided in subsection (5), a financial
6 institution may contract with a local governing body to
7 establish a repurchase agreement.

8 (2) A repurchase agreement is a contract that
9 specifies the minimum and maximum of public money that the
10 local governing body will invest under the contract in
11 securities that the financial institution will sell to the
12 local governing body and that the financial institution will
13 repurchase on mutually agreeable terms.

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

15 (4) The local governing body shall maintain in the
16 same financial institution contracting for the repurchase
17 agreement a demand account into which each business day
18 shall be deposited a sum equal to the day's disbursements,
19 and that deposit will be the proceeds of the redemption by
20 the financial institution of securities previously purchased
21 by the local governing body under the provisions of the
22 repurchase agreement, so that the balance of the demand
23 account at the close of each day's business will be zero.

24 (5) The local governing body shall call for bids as
25 provided in 7-6-206 to contract for a repurchase agreement

1 from all financial institutions ~~chartered-to-do-business--in~~
2 ~~its--jurisdiction~~ that are authorized to accept demand
3 deposits and to buy and sell securities. The call for bids
4 shall specify the minimum acceptable rate of interest,
5 effective date of the repurchase agreement and the period of
6 duration, security pledge requirements and range of funds to
7 be invested."

-End-

APPROVED BY COMM.
ON LOCAL GOVERNMENT

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