# SENATE BILL NO. 416

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## INTRODUCED BY THAYER, FULLER

# IN THE SENATE

February 15, 1985	Introduced and referred to Committee on Local Government.
February 23, 1985	Committee recommend bill do pass as amended. Report adopted.
February 25, 1985	Bill printed and placed on members' desks.
February 26, 1985	Second reading, do pass.
	Considered correctly engrossed.
February 27, 1985	Third reading, passed. Ayes, 49; Noes, 1.
	Transmitted to House.
IN THE H	OUSE
March 7, 1985	Introduced and referred to Committee on Local Government.
March 15, 1985	Committee recommend bill be concurred in as amended. Report adopted.
March 20, 1985	Second reading, concurred in.
March 22, 1985	Third reading, concurred in.
	Returned to Senate with amendments.

### IN THE SENATE

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March 23	2, 1985	Received from House.
March 2	7, 1985	Second reading, amendments not concurred in.
March 29	9, 1985	On motion, Conference Committee requested and appointed.
April 1	2, 1985	Conference Committee dissolved.
		On motion, Free Conference Committee requested and appointed.
April 1	5, 1985	Free Conference Committee reported.
		Free Conference Committee report adopted by House.
April 1	6, 1985	Second reading, Free Conference Committee report adopted.
April 1	7, 1985	Third reading, Free Conference Committee report adopted. Ayes, 49; Noes, 0.
		Sent to enrolling.
		Reported correctly enrolled.

LC 1552/01

BILL NO. ALL 1 INTRODUCED BY 2 3 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING LAWS Δ REGULATING THE DEPOSIT AND INVESTMENT OF LOCAL GOVERNMENT 5 FUNDS; BROADENING THE RANGE OF AUTHORIZED UNITED STATES 6 SECURITIES THAT MAY BE PURCHASED; CLARIFYING PROVISIONS 7 RELATED TO REPURCHASE AGREEMENTS: RAISING FROM 50 TO 100 8 9 PERCENT THE PROPORTION OF COLLATERALIZATION THAT MAY BE REQUIRED: PLACING AN ASSET REQUIREMENT ON INSTITUTIONS 10 MAKING INVESTMENTS: AND AMENDING SECTIONS 7-6-202, 7-6-207, 11 AND 7-6-213, MCA." 12 13 14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: 15 Section 1. Section 7-6-202, MCA, is amended to read: "7-6-202. Investment of public money in direct 16 17 obligations of the United States. Said local governing body is hereby authorized to invest such public money not 18 necessary for immediate use by such county, city, or town in 19 20 direct obligations of the United States government, payable 21 within-not--to--exceed--180--days--from--the--time--of--such 22 investment securities issued by agencies of the United 23 States, and shares in mutual funds that invest exclusively 24 in securities issued by the United States and agencies of 25 the United States."

Montana Legislative Counci

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1 Section 2. Section 7-6-207, MCA, is amended to read: 2 "7-6-207. Deposit security. (1) The local governing 3 body may require security only for that portion of the 4 deposits which is not quaranteed or insured according to law 5 and, as to such unquaranteed or uninsured portion, only to 6 the extent of: 7 (a) 50% of such deposits if the institution in which 8 the deposit is made has a net worth to total assets ratio of 9 6% or more; or 10 (b) 100% if the institution in which the deposit is 11 made has a net worth to total assets ratio of less than 6%. 12 The security shall consist of those enumerated in 17-6-103 13 or cashier's checks issued to the depository institution by 14 any federal reserve bank. 15 (2) When negotiable securities are furnished, such securities may be placed in trust. The trustee's receipt may 16 be accepted in lieu of the actual securities when such 17 18 receipt is in favor of the treasurer or town clerk and his 19 successors. All warrants or other negotiable securities 20 must be properly assigned or endorsed in blank. It is the 21 duty of the appropriate governing body, upon the acceptance 22 approval of any of the above-mentioned bonds or and 23 securities, to make a complete minute entry of the 24 acceptance and approval upon the record of their

LC 1552/01

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securities

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shall be

INTRODUCED BILL

1 reapproved at least guarter-annually thereafter."

Section 3. Section 7-6-213, MCA, is amended to read:
"7-6-213. Repurchase agreements -- bidding. (1) After
qualifying as provided in subsection (5), a financial
institution may contract with a local governing body to
establish a <u>one or more</u> repurchase agreement <u>agreements</u>,
including daily repurchase agreements.

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.

(3) A repurchase agreement is not a demand account. 14 (4) The local governing body shall maintain in the 15 same financial institution contracting for the repurchase 16 17 agreement a demand account into which each business day shall be deposited a sum equal to the day's disbursements, 18 and that deposit will be the proceeds of the redemption by 19 the financial institution of securities previously purchased 20 by the local governing body under the provisions of the 21 repurchase agreement, so that the balance of the demand 22 account at the close of each day's business will be zero. 23

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 its-jurisdiction-that the state of Montana which have total 2 3 assets exceeding \$50,000,000 and which are authorized to 4 accept demand deposits and to buy and sell securities. The 5 call for bids shall specify the minimum acceptable rate of interest, effective date of the repurchase agreement and the 6 period of duration, security pledge requirements and range 7 of funds to be invested." R

-End-

#### 49th Legislature

SB 0416/02

APPROVED BY COMM. ON LOCAL GOVERNMENT

1	SENATE BILL NO. 416	1
2	INTRODUCED BY THAYER, FULLER	2
3		3
4	A BILL FOR AN ACT ENTITLED: "AN ACT REVISING LAWS	4
5	REGULATING THE DEPOSIT AND INVESTMENT OF LOCAL GOVERNMENT	5
6	FUNDS; BROADENING THE RANGE OF AUTHORIZED UNITED STATES	6
7	SECURITIES THAT MAY BE PURCHASED; CLARIFYING PROVISIONS	7
8	RELATED TO REPURCHASE AGREEMENTS; RAISING FROM 50 TO 100	8
9	PERCENT THE PROPORTION OF COLLATERALIZATION THAT MAY BE	9
10	REQUIRED; PLACING AN ASSET REQUIREMENT ON INSTITUTIONS	10
11	MAKING INVESTMENTS; AND AMENDING SECTIONS 7-6-202, 7-6-207,	11
12	AND 7-6-213, MCA."	12
13		13
14	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:	14
15	Section 1. Section 7-6-202, MCA, is amended to read:	15
16	"7-6-202. Investment of public money in direct	16
17	obligations of the United States. Said local governing body	17
18	is hereby authorized to invest such public money not	18
19	necessary for immediate use by such county, city, or town in	19
20	direct obligations of the United States government, payable	20
21	within-nottoexceed188daysfromthetimeofsuch	21
22	investment securities issued by agencies of the United	22
23	States,-and-shares-in-mutual-funds-thatinvestexclusively	23
24	insecuritiesissuedby-the-United-States-and-agencies-of	24
25	the-United-States."	25

Section 2. Section 7-6-207, MCA, is amended to read: 1 "7-6-207. Deposit security. (1) The local governing 2 body may require security only for that portion of the 3 deposits which is not guaranteed or insured according to law 4 and, as to such unguaranteed or uninsured portion, only to 5 the extent of: (a) 50% of such deposits if the institution in which 7 the deposit is made has a net worth to total assets ratio of 6% or more; or (b) 100% if the institution in which the deposit is made has a net worth to total assets ratio of less than 6%. The security shall consist of those enumerated in 17-6-103 or cashier's checks issued to the depository institution by any federal reserve bank. (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 and his successors. All warrants or other negotiable securities must be properly assigned or endorsed in blank. It is 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 the acceptance and approval upon the record of their proceedings, and the bonds and securities 25 shall be

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SB 416 SECOND READING

reapproved at least quarter-annually thereafter." 1 2 Section 3. Section 7-6-213, MCA, is amended to read: "7-6-213. Repurchase agreements -- bidding. (1) After 3 qualifying as provided in subsection (5), a financial 4 institution may contract with a local governing body to 5 establish a one or more repurchase agreement agreements, 6 7 including daily repurchase agreements. (2) A repurchase agreement is a contract that 8

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

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

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

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SB 416

1	from all financial institutions chartered to do business in
2	itsjurisdiction-that the state of Montana which-have-total
3	assets-exceeding-\$50,000,000-and which are authorized to
4	accept demand deposits and <u>OR</u> to buy and sell securities.
5	The call for bids shall specify the minimum acceptable rate
6	of interest, effective date of the repurchase agreement and
7	the period of durationsecuritypledgerequirements and
8	range of funds to be invested."
9	NEW SECTION. SECTION 4. COORDINATION INSTRUCTION. IF
10	HOUSE BILL NO. 248 IS PASSED AND APPROVED, SECTION 2 OF THIS
11	ACT, AMENDING 7-6-207, IS VOID.

-End-

SB 416 -4-

SENATE BILL NO. 416 1 INTRODUCED BY THAYER, FULLER 2 3 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING LAWS 4 REGULATING THE DEPOSIT AND INVESTMENT OF LOCAL GOVERNMENT 5 FUNDS: BROADENING THE RANGE OF AUTHORIZED UNITED STATES 6 SECURITIES THAT MAY BE PURCHASED; CLARIFYING PROVISIONS 7 RELATED TO REPURCHASE AGREEMENTS; RAISING FROM 50 TO 100 A PERCENT THE PROPORTION OF COLLATERALIZATION THAT MAY BE 9 REQUIRED; PLACING AN ASSET REQUIREMENT ON INSTITUTIONS 10 MAKING INVESTMENTS; AND AMENDING SECTIONS 7-6-202, 7-6-207, 3 1 12 AND 7-6-213, MCA.\*

13

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SB 416

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THIRD READING

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

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SB 416

from all financial institutions chartered to do business in 1 its -- jurisdiction -- that the state of Montana which -- have -- total 2 assets-exceeding-\$5070007000-and which are authorized to 3 accept demand deposits and OR to buy and sell securities. 4 The call for bids shall specify the minimum acceptable rate 5 6 of interest, effective date of the repurchase agreement and the period of duration,--security--pledge--requirements and 7 8 range of funds to be invested." NEW SECTION. SECTION 4. COORDINATION INSTRUCTION. IF 9

10 HOUSE BILL NO. 248 IS PASSED AND APPROVED, SECTION 2 OF THIS

11 ACT, AMENDING 7-6-207, IS VOID.

-End-

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SB 416

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# **STANDING COMMITTEE REPORT**

HOUSE	Marcl	h1.4,
MRSPEAKER:		
We, your committee on	LOCAL GOVERNMENT	
having had under consideration	SENATE	Bill No416
THIRDreading co	ppy ( <u>BLUE</u> ) color	
	INVESTMENT OPTIONS FOR LOCAL (	GOVERNMENTS.
)	. · ·	
Respectfully report as follows: That BE AMENDED AS FOLLOWS		Bill No. 416
l. Page l, line 20. Strike: ","		
2. Page 1, line 22. Following: "investme: Insert: "and"	nt"	
3. Page 4, line 2. Strike: " <u>the state o</u> Insert: "its jurisdi neighboring counties"	ction and such institutions i	n
AND, AS SO AMENDED, <u>BE CONCURRED IN</u> DOCKASS Jun 2 / 14	-	

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Falla Alarko,

Chairman.

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#### SB 0416/03

1 1 SENATE BILL NO. 416 2 2 INTRODUCED BY THAYER, FULLER 3 body may require security only for that portion of the 3 4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING LAWS 4 5 5 REGULATING THE DEPOSIT AND INVESTMENT OF LOCAL GOVERNMENT 6 6 FUNDS: BROADENING THE RANGE OF AUTHORIZED UNITED STATES 7 7 SECURITIES THAT MAY BE PURCHASED; CLARIFYING PROVISIONS RELATED TO REPURCHASE AGREEMENTS; RAISING FROM 50 TO 100 8 8 PERCENT THE PROPORTION OF COLLATERALIZATION THAT MAY BE 9 9 10 10 REQUIRED; PLACING AN ASSET REQUIREMENT ON INSTITUTIONS 11 MAKING INVESTMENTS; AND AMENDING SECTIONS 7-6-202, 7-6-207, 11 12 AND 7-6-213, MCA." 12 13 13 14 14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: 15 15 Section 1. Section 7-6-202, MCA, is amended to read: 16 16 "7-6-202. Investment of public money in direct 17 obligations of the United States. Said local governing body 17 18 is hereby authorized to invest such public money not 18 19 19 necessary for immediate use by such county, city, or town in 20 direct obligations of the United States government, payable 20 21 within-not--to--exceed--100--days--from--the--time--of--such 21 22 22 investment AND securities issued by agencies of the United 23 23 States7-and-shares-in-mutual-funds-that--invest--exclusively 24 24 in--securities--issued--by-the-United-States-and-agencies-of 25 25 the-United-States."

deposits which is not quaranteed or insured according to law and, as to such unguaranteed or uninsured portion, only to the extent of: (a) 50% of such deposits if the institution in which the deposit is made has a net worth to total assets ratio of 6% or more; or (b) 100% if the institution in which the deposit is made has a net worth to total assets ratio of less than 6%. The security shall consist of those enumerated in 17-6-103 or cashier's checks issued to the depository institution by any federal reserve bank. (2) When negotiable securities are furnished, such

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Montana Legislative Council

SB 416 REFERENCE BILL

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1	from all financial institutions chartered to do business in
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3	AND SUCH INSTITUTIONS IN NEIGHBORING COUNTIES whichhave
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SB 416

-4-

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Montana Legislative Council

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-2- SB 416 REFERENCE BILL: Includes Free Conference Committee Report Dated **9712-35** 

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