

SENATE BILL NO. 416

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 HOUSE

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

March 22, 1985	Received from House.
March 27, 1985	Second reading, amendments not concurred in.
March 29, 1985	On motion, Conference Committee requested and appointed.
April 12, 1985	Conference Committee dissolved.  On motion, Free Conference Committee requested and appointed.
April 15, 1985	Free Conference Committee reported.  Free Conference Committee report adopted by House.
April 16, 1985	Second reading, Free Conference Committee report adopted.
April 17, 1985	Third reading, Free Conference Committee report adopted. Ayes, 49; Noes, 0.  Sent to enrolling.  Reported correctly enrolled.

1 ~~Sample~~ BILL NO. 416  
 2 INTRODUCED BY Fuller

3  
 4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING LAWS  
 5 REGULATING THE DEPOSIT AND INVESTMENT OF LOCAL GOVERNMENT  
 6 FUNDS; BROADENING THE RANGE OF AUTHORIZED UNITED STATES  
 7 SECURITIES THAT MAY BE PURCHASED; CLARIFYING PROVISIONS  
 8 RELATED TO REPURCHASE AGREEMENTS; RAISING FROM 50 TO 100  
 9 PERCENT THE PROPORTION OF COLLATERALIZATION THAT MAY BE  
 10 REQUIRED; PLACING AN ASSET REQUIREMENT ON INSTITUTIONS  
 11 MAKING INVESTMENTS; AND AMENDING SECTIONS 7-6-202, 7-6-207,  
 12 AND 7-6-213, MCA."

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:  
 16 "7-6-202. Investment of public money in direct  
 17 obligations of the United States. Said local governing body  
 18 is hereby authorized to invest such public money not  
 19 necessary for immediate use by such county, city, or town in  
 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."

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 guaranteed or insured according to law  
 5 and, as to such unguaranteed 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  
 16 securities may be placed in trust. The trustee's receipt may  
 17 be accepted in lieu of the actual securities when such  
 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 and approval of any of the above-mentioned bonds or  
 23 securities, to make a complete minute entry of the  
 24 acceptance and approval upon the record of their  
 25 proceedings, and the bonds and securities shall be

1 reapproved at least quarter-annually thereafter."

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

3 "7-6-213. Repurchase agreements -- bidding. (1) After  
4 qualifying as provided in subsection (5), a financial  
5 institution may contract with a local governing body to  
6 establish a one or more repurchase agreement agreements,  
7 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.

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~~ the state of Montana which have total  
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  
6 interest, effective date of the repurchase agreement and the  
7 period of duration, security pledge requirements and range  
8 of funds to be invested."

-End-

APPROVED BY COMM.  
ON LOCAL GOVERNMENT

1 SENATE BILL NO. 416  
2 INTRODUCED BY THAYER, FULLER  
3

4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING LAWS  
5 REGULATING THE DEPOSIT AND INVESTMENT OF LOCAL GOVERNMENT  
6 FUNDS; BROADENING THE RANGE OF AUTHORIZED UNITED STATES  
7 SECURITIES THAT MAY BE PURCHASED; CLARIFYING PROVISIONS  
8 RELATED TO REPURCHASE AGREEMENTS; RAISING FROM 50 TO 100  
9 PERCENT THE PROPORTION OF COLLATERALIZATION THAT MAY BE  
10 REQUIRED; PLACING AN ASSET REQUIREMENT ON INSTITUTIONS  
11 MAKING INVESTMENTS; AND AMENDING SECTIONS 7-6-202, 7-6-207,  
12 AND 7-6-213, MCA."  
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:  
16 "7-6-202. Investment of public money in direct  
17 obligations of the United States. Said local governing body  
18 is hereby authorized to invest such public money not  
19 necessary for immediate use by such county, city, or town in  
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."

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 guaranteed or insured according to law  
5 and, as to such unguaranteed 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  
16 securities may be placed in trust. The trustee's receipt may  
17 be accepted in lieu of the actual securities when such  
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 and approval of any of the above-mentioned bonds or  
23 securities, to make a complete minute entry of the  
24 acceptance and approval upon the record of their  
25 proceedings, and the bonds and securities shall be



1 reapproved at least quarter-annually thereafter."

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

3 "7-6-213. Repurchase agreements -- bidding. (1) After  
4 qualifying as provided in subsection (5), a financial  
5 institution may contract with a local governing body to  
6 establish a one or more repurchase agreement agreements,  
7 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.

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

15 (4) The local governing body ~~shall~~ MAY 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 the state of Montana which-have-total~~  
3 ~~assets-exceeding-\$5070007000-and~~ which are authorized to  
4 accept demand deposits and OR 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 duration, ~~security--pledge--requirements~~ 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-

## 1 SENATE BILL NO. 416

2 INTRODUCED BY THAYER, FULLER

3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING LAWS  
5 REGULATING THE DEPOSIT AND INVESTMENT OF LOCAL GOVERNMENT  
6 FUNDS; BROADENING THE RANGE OF AUTHORIZED UNITED STATES  
7 SECURITIES THAT MAY BE PURCHASED; CLARIFYING PROVISIONS  
8 RELATED TO REPURCHASE AGREEMENTS; RAISING FROM 50 TO 100  
9 PERCENT THE PROPORTION OF COLLATERALIZATION THAT MAY BE  
10 REQUIRED; PLACING AN ASSET REQUIREMENT ON INSTITUTIONS  
11 MAKING INVESTMENTS; AND AMENDING SECTIONS 7-6-202, 7-6-207,  
12 AND 7-6-213, MCA."

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:

16 "7-6-202. Investment of public money in direct  
17 obligations of the United States. Said local governing body  
18 is hereby authorized to invest such public money not  
19 necessary for immediate use by such county, city, or town in  
20 direct obligations of the United States government, payable  
21 ~~within not to exceed 100 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."

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 guaranteed or insured according to law  
5 and, as to such unguaranteed 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  
16 securities may be placed in trust. The trustee's receipt may  
17 be accepted in lieu of the actual securities when such  
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 and approval of any of the above-mentioned bonds or  
23 securities, to make a complete minute entry of the  
24 acceptance and approval upon the record of their  
25 proceedings, and the bonds and securities shall be

1 reapproved at least quarter-annually thereafter."

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

3 "7-6-213. Repurchase agreements -- bidding. (1) After  
4 qualifying as provided in subsection (5), a financial  
5 institution may contract with a local governing body to  
6 establish a one or more repurchase agreement agreements,  
7 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.

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

15 (4) The local governing body shall MAY 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 the state of Montana which-have-total~~  
3 ~~assets-exceeding-95070007000-and~~ which are authorized to  
4 accept demand deposits and OR 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 duration, ~~security--pledge--requirements~~ 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-



# STANDING COMMITTEE REPORT

HOUSE

March 14, 1985

MR. ....SPEAKER:.....

We, your committee on LOCAL GOVERNMENT

having had under consideration SENATE Bill No. 416

THIRD reading copy ( BLUE color )

BROADENING INVESTMENT OPTIONS FOR LOCAL GOVERNMENTS.

Respectfully report as follows: That SENATE Bill No. 416

BE AMENDED AS FOLLOWS:

1. Page 1, line 20.

Strike: ", "

2. Page 1, line 22.

Following: "investment"

Insert: "and"

3. Page 4, line 2.

Strike: "the state of Montana"

Insert: "its jurisdiction and such institutions in neighboring counties"

AND, AS SO AMENDED,

BE CONCURRED IN

DO MASS

Jim 2/15

*Paula Darko*

PAULA DARKO,

Chairman.

SENATE BILL NO. 416

INTRODUCED BY THAYER, FULLER

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING LAWS REGULATING THE DEPOSIT AND INVESTMENT OF LOCAL GOVERNMENT FUNDS; BROADENING THE RANGE OF AUTHORIZED UNITED STATES SECURITIES THAT MAY BE PURCHASED; CLARIFYING PROVISIONS RELATED TO REPURCHASE AGREEMENTS; RAISING FROM 50 TO 100 PERCENT THE PROPORTION OF COLLATERALIZATION THAT MAY BE REQUIRED; PLACING AN ASSET REQUIREMENT ON INSTITUTIONS MAKING INVESTMENTS; AND AMENDING SECTIONS 7-6-202, 7-6-207, AND 7-6-213, MCA."

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

Section 1. Section 7-6-202, MCA, is amended to read:

"7-6-202. Investment of public money in direct obligations of the United States. Said local governing body is hereby authorized to invest such public money not necessary for immediate use by such county, city, or town in direct obligations of the United States government, payable within not to exceed 180 days from the time of such investment AND securities issued by agencies of the United States and shares in mutual funds that invest exclusively in securities issued by the United States and agencies of the United States."

Section 2. Section 7-6-207, MCA, is amended to read:

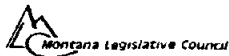
"7-6-207. Deposit security. (1) The local governing body may require security only for that portion of the deposits which is not guaranteed or insured according to law and, as to such unguaranteed or uninsured portion, only to the extent of:

(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 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 shall be



1 reapproved at least quarter-annually thereafter."

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

3 "7-6-213. Repurchase agreements -- bidding. (1) After  
4 qualifying as provided in subsection (5), a financial  
5 institution may contract with a local governing body to  
6 establish a one or more repurchase agreement agreements,  
7 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.

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

15 (4) The local governing body ~~shall~~ MAY 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 the-state-of-Montana~~ ITS JURISDICTION  
3 AND SUCH INSTITUTIONS IN NEIGHBORING COUNTIES ~~which--have~~  
4 ~~total--assets-exceeding-\$50,000,000-and~~ which are authorized  
5 to accept demand deposits and OR to buy and sell securities.  
6 The call for bids shall specify the minimum acceptable rate  
7 of interest, effective date of the repurchase agreement and  
8 the period of duration, ~~security--pledge--requirements~~ and  
9 range of funds to be invested."

10 NEW SECTION. SECTION 4. COORDINATION INSTRUCTION. IF  
11 HOUSE BILL NO. 248 IS PASSED AND APPROVED, SECTION 2 OF THIS  
12 ACT, AMENDING 7-6-207, IS VOID.

-End-

SENATE BILL NO. 416  
INTRODUCED BY THAYER, FULLER

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING LAWS REGULATING THE DEPOSIT AND INVESTMENT OF LOCAL GOVERNMENT FUNDS; BROADENING THE RANGE OF AUTHORIZED UNITED STATES SECURITIES THAT MAY BE PURCHASED; CLARIFYING PROVISIONS RELATED TO REPURCHASE AGREEMENTS; RAISING FROM 50 TO 100 PERCENT THE PROPORTION OF COLLATERALIZATION THAT MAY BE REQUIRED; PLACING AN ASSET REQUIREMENT ON INSTITUTIONS MAKING INVESTMENTS; AND AMENDING SECTIONS 7-6-202, 7-6-207, AND 7-6-213, MCA."

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

Section 1. Section 7-6-202, MCA, is amended to read: "7-6-202. Investment of public money in direct obligations of the United States. Said local governing body is hereby authorized to invest such public money not necessary for immediate use by such county, city, or town in direct obligations of the United States government, payable within not to exceed 180 days from the time of such investment AND securities issued by agencies of the United States, and shares in mutual funds that invest exclusively in securities issued by the United States and agencies of the United States."

Section 2. Section 7-6-207, MCA, is amended to read: "7-6-207. Deposit security. (1) The local governing body may require security only for that portion of the deposits which is not guaranteed 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 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 shall be



1 reapproved at least quarter-annually thereafter."

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

3 "7-6-213. Repurchase agreements -- bidding. (1) After  
4 qualifying as provided in subsection (5), a financial  
5 institution may contract with a local governing body to  
6 establish a one or more repurchase agreement agreements,  
7 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.

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

15 (4) The local governing body shall MAY 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~~ the-state-of-Montana ITS JURISDICTION  
3 ~~AND-SUCH-INSTITUTIONS-IN-NEIGHBORING-COUNTIES~~ THE STATE OF  
4 MONTANA ~~which--have--total-assets-exceeding-\$50,000,000-and~~  
5 which are authorized to accept demand deposits and OR AND to  
6 buy and sell securities. The call for bids shall specify the  
7 minimum acceptable rate of interest, effective date of the  
8 repurchase agreement and the period of duration, ~~security~~  
9 ~~pledge-requirements~~ and range of funds to be invested."

10 NEW SECTION. SECTION 4. COORDINATION INSTRUCTION. IF  
11 HOUSE BILL NO. 248 IS PASSED AND APPROVED, SECTION 2 OF THIS  
12 ACT, AMENDING 7-6-207, IS VOID.

-End-