

## CHAPTER 173

## BANKING—PUBLIC FUNDS

H. F. 129

AN ACT to create a state sinking fund for public deposits and to provide a method for the payment of public funds deposited as provided by law, in banks which have since become insolvent; to provide a manner of collecting the sinking fund and of making disbursements therefrom; to provide for the subrogation of the treasurer of state to the rights of the holders of deposits of public funds in the hands of receivers; to increase the powers of the executive council, town and city councils, boards of school directors and of township trustees, relating to deposits of public funds; to relieve public officers from liability on account of the loss of public funds deposited in legal depositories; to amend, revise, and codify sections one hundred thirty-nine (139), forty-three hundred nineteen (4319) and fifty-five hundred forty-seven (5547) of the code, 1924, relating to depository bonds, and to repeal sections seventy-four hundred five (7405), fifty-six hundred fifty-two (5652), and fifty-five hundred fifty (5550) of the code, 1924, relating to depository bonds.

*Be it enacted by the General Assembly of the State of Iowa:*

1     **SECTION 1. Sinking fund.** There is hereby created in the office of  
2 the treasurer of state a separate fund to be known as the state sinking  
3 fund for public deposits and the purpose of said fund shall be to secure  
4 the payment of their deposits to state, county, township, municipal,  
5 and school corporations having public funds deposited in any bank in  
6 this state, when such deposits have been made by authority of and in  
7 conformity with the direction of the local governing council or board  
8 which is by law charged with the duty of selecting depository banks  
9 for said funds. Said funds shall be collected by the treasurer of state  
10 as needed and shall be held by him and deposited as other public funds,  
11 and at no time shall any call be sent out for the collection of such  
12 funds or diversion of interest be commenced when there is a balance  
13 on hand in such fund of more than five hundred thousand dollars  
14 (\$500,000.00). All above a necessary working balance shall be kept  
15 invested in United States government bonds under the direction of  
16 the executive council.

1     **SEC. 2. Interest diverted.** All interest hereafter collected by the  
2 state of Iowa from depositories of state funds as provided in section  
3 one hundred forty (140) of the code, 1924, all interest hereafter col-  
4 lected from depositories of the county funds by county treasurers  
5 as provided in section seventy-four hundred four (7404) of the code,  
6 1924, all interest hereafter collected by city treasurers as provided in  
7 section fifty-six hundred fifty-one (5651) of the code, 1924, all interest  
8 hereafter collected by school treasurers as provided in section forty-  
9 three hundred nineteen (4319) of the code, 1924, all interest collected  
10 by township clerks under section fifty-five hundred forty-eight (5548)  
11 of the code, 1924, and any other interest hereafter collected from  
12 depositories of public funds, as provided by statute, is hereby diverted  
13 from the general fund or township road fund, as the case may be, and  
14 shall be paid into the state treasury and kept in the fund created by  
15 this act, or so much thereof as shall be ordered so paid by the treas-  
16 urer of state. No part of said interest above two and one-half per

17 cent (2½%) per annum shall be so diverted or collected for said sink-  
18 ing fund.

1     **SEC. 3. Duty of treasurers.** It shall be the duty of all school treas-  
2 urers, city and town treasurers and township clerks of the county to  
3 keep on file with the county treasurer a list of such depositories and  
4 when so ordered by the county treasurer, such depositor shall cause  
5 the interest upon such funds to be paid to the county treasurer for the  
6 benefit of the state sinking fund.

1     **SEC. 4. When applicable.** Whenever a depository bank is placed in  
2 the hands of a receiver for liquidation and the amount of the several  
3 deposits of public funds deposited therein by authority of and in con-  
4 formity with the direction of the legal governing council or board  
5 which is by law charged with the duty of selecting depository banks  
6 for said funds and fixing the amount thereof, has been ascertained  
7 and fixed by an order of court, the superintendent of banking shall  
8 then certify such list of public deposits so approved by the court to  
9 the treasurer of state and the auditor of state. The treasurer of state  
10 shall thereupon simultaneously divert all interest coming into his  
11 hands from state deposits and deposit the same in said sinking fund  
12 and shall issue an order to the county treasurers of the several counties  
13 directing them to collect from the depository banks the interest upon  
14 all public deposits of their counties, including all interest on school  
15 funds, city and town funds, township and county funds, from the date  
16 of said order; and it shall then become the duty of all depository banks  
17 to pay such interest to the county treasurers and the county treasurers  
18 of the several counties shall so collect such funds in accordance with  
19 such order and shall remit the same to the treasurer of state. The  
20 diversion of such funds shall continue until such claims are paid and it  
21 shall then be the duty of the treasurer of state to discontinue such  
22 diversions of interest on state funds and collection of interest on other  
23 funds as herein provided, and to so notify the county treasurers of  
24 the various counties fixing in such notice the date of such termination.

1.     **SEC. 5. Method of payment.** It shall be the duty of the super-  
2 intendent of banking to direct the order in which such deposits shall  
3 be paid, and as soon as the money is available in such sinking fund  
4 the superintendent of banking shall certify to the auditor of state the  
5 amount due the several depositors of public funds as shown by such  
6 certified list and showing the order in which they shall be paid, and  
7 upon such certification the auditor of state shall issue his warrant upon  
8 such sinking fund in the hands of the treasurer of state payable to  
9 such depositor of public funds in the order certified by the superin-  
10 tendent of banking, and the same shall be paid to such depositor of  
11 public funds, and the treasurer of state shall thereupon be subrogated  
12 to all of the title, interest and rights of the depositor in such deposit  
13 of public funds and shall share in the distribution of the assets of such  
14 bank ratably with the other depositors, and the sum received from  
15 such distribution shall be paid by the receiver to the treasurer of state  
16 and deposited in said sinking fund. Where public funds are secured  
17 by bond and the same are paid or advanced by the treasurer of state  
18 as herein provided, said treasurer shall be subrogated to all of the  
19 rights of the holder of such bond and is hereby authorized to enforce  
20 and collect the same and shall deposit the same in said sinking fund.

1    **SEC. 6. Coordinating amendment.** Section one hundred thirty-  
 2 nine (139) of the code, 1924, is hereby amended by striking from line  
 3 five (5) the word "Des Moines,"; also by striking therefrom all of lines  
 4 seven (7), eight (8), nine (9), ten (10), and all of that part of line  
 5 eleven (11) ending with the word "order" and by inserting in lieu  
 6 thereof after the word "and" in line six (6) the words "in a sum not  
 7 to exceed a limit to be fixed by said council."

1    **SEC. 7. Coordinating amendment.** Section forty-three hundred  
 2 nineteen (4319) of the code, 1924, is hereby amended by adding after  
 3 the word "state" in line five (5) the words "as directed by the board  
 4 of directors of such school corporation", and by adding after the word  
 5 "two" in line five (5) of said section the words "and one-half". Also  
 6 amend said section by striking therefrom all of said section after the  
 7 word "corporation" in line nine (9) and by adding a period after said  
 8 word.

1    **SEC. 8. Coordinating amendment.** Section fifty-five hundred  
 2 forty-seven (5547) of the code, 1924, is hereby amended by striking  
 3 from line two (2) thereof the word "preserve" and by inserting in  
 4 lieu thereof the words "deposit under the direction of the township  
 5 trustees as to place and amount".

1    **SEC. 9. Treasurer—when not liable.** No treasurer shall be liable  
 2 for loss of public funds by reason of insolvency of the depository bank,  
 3 when deposited hereafter as provided by law.

1    **SEC. 10. Repeal.** Sections fifty-five hundred fifty (5550), fifty-six  
 2 hundred fifty-two (5652) and seventy-four hundred five (7405) of the  
 3 code, 1924, are hereby repealed.

1    **SEC. 11. Repeal.** All acts or parts of acts in conflict with the pro-  
 2 visions hereof are hereby repealed.

1    **SEC. 12. Act deemed separable.** This act is deemed to be separable  
 2 and if any section thereof is held to be void, it shall not avoid the  
 3 other sections of this act.

1    **SEC. 13. Publication clause.** This act being deemed of immediate  
 2 importance shall take effect and be in full force from and after its  
 3 publication in the Plain Talk, a newspaper published in the city of Des  
 4 Moines, Iowa, and the Palo Alto Reporter, a newspaper published at  
 5 Emmetsburg, Iowa.

Approved March 27, A. D. 1925.

I hereby certify that the foregoing act was published in the Palo Alto Reporter April  
 2, 1925, and Des Moines Plain Talk April 2, 1925.

W. C. RAMSAY, *Secretary of State.*

See chapter 174.