

CHAPTER 194
PUBLIC DEPOSITS
H. F. 544

AN ACT to repeal sections seven thousand four hundred twenty-d seven (7420-d7), seven thousand four hundred twenty-a ten (7420-a10), seven thousand four hundred twenty-a eleven, (7420-a11), and seven thousand four hundred twenty-a twelve (7420-a12), code, 1935, and enact substitutes therefor; to repeal sections seven thousand four hundred twenty-a six (7420-a6), seven thousand four hundred twenty-a seven (7420-a7) and seven thousand four hundred twenty-a fifteen, (7420-a15), code, 1935; and to amend sections seven thousand four hundred twenty-d six (7420-d6), seven thousand four hundred twenty-a three (7420-a3), seven thousand four hundred twenty-a eight (7420-a8), seven thousand four hundred twenty-a thirteen (7420-a13), seven thousand four hundred twenty-a fourteen (7420-a14) and seven thousand four hundred twenty-b one (7420-b1), code, 1935, all relating to the interest paid on public deposits, and the diversion thereof to the state sinking fund, and to provide an assessment system authorizing the state treasurer, with the approval of the executive council, to make certain assessments against depositories of public funds for the benefit of the state sinking fund, and to repeal all acts or parts of acts in conflict herewith.

Be It Enacted by the General Assembly of the State of Iowa:

1 SECTION 1. Section seven thousand four hundred twenty-d six
2 (7420-d6), code, 1935, is hereby amended by striking all of lines one
3 to nineteen inclusive and all of lines twenty-four to twenty-six in-
4 clusive.

1 SEC. 2. Section seven thousand four hundred twenty-d seven (7420-
2 d7), code, 1935, is hereby repealed and the following section enacted
3 in lieu thereof.

4 "7420-d7. No bank or trust company shall, directly or indirectly,
5 by any device whatsoever, pay any interest to any public officer on any
6 deposit of public funds, and no public officer shall take or receive any
7 interest whatsoever on public funds."

1 SEC. 3. Section seven thousand four hundred twenty-a three (7420-
2 a3), code, 1935, is hereby amended by striking from line four thereof
3 the words "or diversions of interest as well as" and inserting in lieu
4 thereof the following: "as hereinafter provided, or from".

1 SEC. 4. Sections seven thousand four hundred twenty-a six (7420-
2 a6), seven thousand four hundred twenty-a seven (7420-a7), and seven
3 thousand four hundred twenty-a fifteen (7420-a15), code, 1935, are
4 hereby repealed.

1 SEC. 5. Section seven thousand four hundred twenty-a eight (7420-
2 a8), code, 1935, is hereby amended by striking the comma after the
3 word "depositories" in line five thereof and inserting in lieu thereof
4 a period, and by striking that portion of said section appearing after
5 said period.

1 SEC. 6. Sections seven thousand four hundred twenty-a ten (7420-
2 a10), seven thousand four hundred twenty-a eleven (7420-a11) and
3 seven thousand four hundred twenty-a twelve (7420-a12), code, 1935,
4 are hereby repealed, and the following enacted in lieu thereof:

5 "7420-a10. Every depository shall pay for the benefit of said state
6 sinking fund, created by section seven thousand four hundred twenty-a
7 one (7420-a1) hereof, the assessments hereinafter set out. The treas-

8 urer of state, with the approval of the executive council, may and is
9 hereby authorized to fix the assessment rate applicable to and for the
10 purpose of providing insurance for public funds on deposit in deposi-
11 tories. On or before the first day of July and the first day of January
12 in each year the state treasurer, with the approval of the executive
13 council, shall determine and fix a fair and reasonable assessment rate
14 to be used in determining the assessments payable by depositories dur-
15 ing the succeeding six months' period. The assessment rate for the
16 period from August 24, 1937, to January 1, 1938, shall be fixed and
17 determined in the manner and form as above provided.

18 "7420-a11. In fixing such rate the state treasurer shall give due
19 regard to the amount of public funds currently on deposit and the
20 liabilities of the state sinking fund contingent and accrued. For any
21 six months' period the assessment rate shall not be more than two
22 percent and not less than one-half of one percent per annum on ninety
23 percent of the collected daily balances, provided that said assessment
24 rate shall not exceed one percent per annum on ninety percent of the
25 daily collected balances for the months of April and October of each
26 year. If, at the beginning of any six months' period, no assessment
27 rate on public funds has been fixed, and the amount in the state sink-
28 ing fund over and above accrued and contingent liabilities does not
29 exceed \$250,000, the assessment rate shall be one-half of one percent
30 per annum during such period. No assessment rate shall be fixed, and
31 no assessments paid, for any six months' period after the amount in
32 the state sinking fund over and above accrued and contingent liabili-
33 ties has reached \$500,000 until the amount in said sinking fund has
34 been reduced to less than \$250,000, in which event assessment rates
35 shall again be fixed and assessments paid commencing at the next six
36 months' period; provided that, if in the opinion of the treasurer the
37 amount in said sinking fund will not be adequate to meet the demands
38 upon the sinking fund the treasurer may, with the approval of the
39 executive council, fix an assessment rate and require the payment of
40 assessments for the balance of any six months' period after the amount
41 in the sinking fund becomes less than \$250,000.

42 "7420-a12. On or before the tenth day of each month each deposi-
43 tory shall compute, upon the basis of the assessment rate so fixed, and
44 shall pay to the county treasurer of the county in which the depository
45 is located, the amount of assessment so fixed and determined for the
46 benefit of the state sinking fund for the preceding calendar month.
47 Such amount shall be transmitted by the county treasurer to the
48 state treasurer on or before the twentieth day of each month, and
49 credited by the state treasurer to the state sinking fund for public
50 deposits."

1 SEC. 7. Section seven thousand four hundred twenty-a thirteen
2 (7420-a13), code, 1935, is hereby amended by striking from line four
3 and from line seven thereof the word "interest" and inserting in lieu
4 thereof in each line the word "assessments".

1 SEC. 8. Section seven thousand four hundred twenty-a fourteen
2 (7420-a14), code, 1935, is hereby amended by striking from line five
3 thereof the word "interest" and inserting in lieu thereof the word
4 "assessments" and by striking the last two lines thereof and inserting

5 in lieu thereof the following: "demand has been made therefor by
6 the county treasurer or state treasurer."

1 SEC. 9. Section seven thousand four hundred twenty-b one (7420-
2 b1), code, 1935, is hereby amended by striking from line thirty-eight
3 thereof the word "interest" and inserting in lieu thereof the word
4 "assessments".

1 SEC. 10. Any bank or trust company which does not desire to serve
2 as a depository under this act for public funds of any public body
3 may decline to do so by giving written notice to such public body prior
4 to June 15, 1937. Failure to give such written notice shall constitute
5 an acceptance of the obligations imposed by this act with regard to
6 all public funds on deposit July 1, 1937. The acceptance by any bank
7 or trust company of any public funds for deposit on or after July 1,
8 1937, shall constitute an acceptance of the obligations imposed by this
9 act with regard to all such funds so accepted.

1 SEC. 11. This act shall not affect pending litigation or any rights
2 which have accrued or vested under any act repealed hereby.

1 SEC. 12. All acts or parts of acts in conflict with the provisions
2 hereof are hereby repealed.

1 SEC. 13. If any section, subsection, clause, sentence, or phrase of
2 this act or the application thereof to any person or set of circumstances
3 is for any reason held to be unconstitutional or invalid, such decision
4 shall not affect the validity of the remaining portions of this act, or
5 its application to any other person or circumstances. The legislature
6 hereby declares that the provisions of this act are severable, and that
7 it would have passed this act and each section, subsection, clause,
8 sentence, or phrase hereof, irrespective of whether any one or more
9 of the sections, subsections, clauses, sentences, or phrases be declared
10 unconstitutional, and irrespective of whether it be declared unconsti-
11 tutional or invalid as applied to any person or set of circumstances.

1 SEC. 14. This act shall be effective on August 24, 1937, provided
2 that if prior to the taking effect of this act congress shall have enacted
3 any measure to either repeal or to extend the effective date of those
4 parts of the federal "Banking Act of 1935" that prohibit on and after
5 August 23, 1937 the payment of interest on demand public funds,
6 then this act thereupon and forthwith shall become null and void and
7 inoperative.

House File 544. Approved May 1, 1937.