

*Printed 2/16*

Commerce  
Holden, Chairperson  
Jensen  
Deluhery

*13 Amend Jan 20 14  
Dr. Parn 1/13 (p. 200)*

**FILED JAN 12 1981**

SENATE FILE 13

BY HOLDEN

Passed Senate, Date 2-9-81 (P. 358) Passed House, Date 4-16-81 (P. 265)

Vote: Ayes 37 Nays 6 Vote: Ayes 96 Nays 1

Approved 5/8/81

*Written to Senate 2/10 w/d 2/13*

# A BILL FOR

1 An Act relating to deposit of public funds.

2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 453.6, Code 1981, is amended to read  
2 as follows:

3 453.6 INTEREST RATE. ~~Henceforth-public~~ Public deposits  
4 shall be deposited with reasonable promptness ~~and-shall-except~~  
5 ~~for-time-certificates-of-deposit-be-evidenced-by-passbook~~  
6 ~~entry-by-the-depository-legally-designated-as-depository-for~~  
7 ~~such-funds.~~ A committee composed of the superintendent of  
8 banking, the commissioner of insurance, and the treasurer  
9 of state shall meet on or about the first of each month and  
10 by majority action shall establish the rate to be earned on  
11 state funds placed in time deposits during the period until  
12 the next meeting of the committee. State funds invested by  
13 ~~the-treasurer-of-state~~ in bank time certificates of deposit  
14 shall draw interest at the rate ~~so~~ determined, effective on  
15 the date of investment.

16 ~~Public-funds-invested-in-bank-time-certificates-of-deposit~~  
17 ~~by-a-public-body-or-officer-other-than-the-treasurer-of-state~~  
18 ~~shall-draw-interest-at-rates-to-be-determined-by-the-public~~  
19 ~~body-or-officer-and-the-bank, which-rates-shall-not-be-greater~~  
20 ~~than-the-rate-set-under-this-section-for-state-funds-nor-more~~  
21 ~~than-one-percent-of-interest-below-that-rate-~~

22 EXPLANATION

23 This bill eliminates the requirement that public deposits  
24 be evidenced by passbook entry. It also eliminates the  
25 provision permitting a public body or officer other than the  
26 treasurer of state to establish within certain limits the  
27 rates of interest to be earned on public funds the body or  
28 officer invests in bank time certificates of deposit. This  
29 bill takes effect July 1 following its enactment.

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SENATE FILE 13

S-3056

1 Amend the Senate amendment S-3043, to Senate File  
2 13, as follows:  
3 1. Page 1, line 5, by striking the word "banks"  
4 and inserting in lieu thereof the words "institutions  
5 which are insured wholly or in part by the federal  
6 deposit insurance corporation, federal savings and  
7 loan insurance corporation, or national credit union  
8 administration".

S-3056 FILED

BY BOB RUSH

FEBRUARY 5, 1981

*7/18 2/9 (p 357)*

SENATE FILE 13

S-3044

1 Amend Senate File 13 as follows:  
2 1. Page 1, by striking lines 16 through 21 and  
3 inserting in lieu thereof the following:  
4 "Public funds invested in bank time certificates  
5 of deposit by a public body or officer other than  
6 the treasurer of state shall draw interest at rates  
7 to be determined by the public body or officer and  
8 the bank, ~~which rates shall not be greater than the~~  
9 ~~rate set under this section for state funds nor more~~  
10 ~~than one percent of interest below that rate which~~  
11 rates shall not be less than the rate set under this  
12 section for state funds."

S-3044 FILED

BY COMMITTEE ON COMMERCE

FEBRUARY 2, 1981

EDGAR H. HOLDEN, CHAIRPERSON

*Adopted 2/9 (p 356)*

SENATE FILE 13

S-3043

1 Amend Senate File 13 as follows:  
2 1. By striking the title and inserting in lieu  
3 thereof the following: "An Act relating to the  
4 maximum rate of interest on investments of public  
5 funds in banks."

S-3043 FILED

BY EDGAR H. HOLDEN

FEBRUARY 2, 1981

BERL E. PRIEBE

*Adopted 2/9 (p 358)*

*Revised to 2/13*

*2/13*

SENATE FILE 13

S-3039

1 Amend Senate File 13 as follows:  
2 1. Page 1, by inserting after line 21 the  
3 following new section:  
4 "Sec. \_\_\_\_ Chapter 453, Code 1981, is amended  
5 by adding the following new section:  
6 NEW SECTION. DEFINITION OF BANKS. For purposes  
7 of section 452.10 and chapters 453 and 454, the terms  
8 "bank" or "banks" shall mean one or more person who  
9 accept deposits which are insured wholly or in part  
10 by a federal insuring authority for financial insti-  
11 tutions."

S-3039 FILED

BY BOB RUSH

FEBRUARY 2, 1981

*2/9 (p 357)*



1 Section 1. Section 453.6, Code 1981, is amended to read  
2 as follows:

3 453.6 INTEREST RATE. ~~Henceforth-public~~ Public deposits  
4 shall be deposited with reasonable promptness and ~~shall-except~~  
5 ~~for-time-certificates-of-deposit-be-evidenced-by-passbook~~  
6 ~~entry-by-the-depository-legally-designated-as-depository-for~~  
7 ~~such-funds~~. A committee composed of the superintendent of  
8 banking, the commissioner of insurance, and the treasurer  
9 of state shall meet on or about the first of each month and  
10 by majority action shall establish the rate to be earned on  
11 state funds placed in time deposits during the period until  
12 the next meeting of the committee. State funds invested by  
13 ~~the-treasurer-of-state~~ in bank time certificates of deposit  
14 shall draw interest at the rate so determined, effective on  
15 the date of investment.

16 Public funds invested in bank time certificates of deposit  
17 by a public body or officer other than the treasurer of state  
18 shall draw interest at rates to be determined by the public  
19 body or officer and the bank, which-rates-shall-not-be-greater  
20 than-the-rate-set-under-this-section-for-state-funds-nor-more  
21 than-one-percent-of-interest-below-that-rate which rates shall  
22 not be less than the rate set under this section for state  
23 funds.

S-3535

1 Amend Senate File 13, as amended, passed, and  
2 reprinted by the Senate, as follows:

3 1. Page 1, by inserting before line 1 the  
4 following:

5 "Section 1. Section 453.5, Code 1981, is amended  
6 to read as follows:

7 453.5 REFUSAL OF DEPOSITS--PROCEDURE. If none  
8 of the duly approved banks will not accept said the  
9 deposits under the conditions herein prescribed or  
10 authorized in this chapter, said the funds may be  
11 deposited, on the same or better terms as were offered  
12 to the depositories, in any approved bank or banks  
13 conveniently located within the state.

14 If a governmental unit makes in writing to all  
15 qualified, approved depositories a bona fide proffer  
16 to deposit public funds either in a savings account,  
17 or in a time certificate of deposit, and such the  
18 proffer is not then accepted, then and only then may  
19 such the governmental unit invest such the funds so  
20 declined, on the same or better terms as were offered  
21 to the depositories, in bonds or other evidences of  
22 indebtedness issued, assumed, or guaranteed by the  
23 United States of America or by any agency or  
24 instrumentality thereof, -but these provisions shall  
25 not affect the investment of funds as provided in  
26 sections 453.9 and 453.10. However, public funds  
27 that will not be deposited or invested for a term  
28 of at least fifteen days may be invested, without  
29 prior offer to an approved depository, in noted,  
30 certificates, bonds, or other direct obligations of  
31 the United States or any of its agencies.

32 ~~Public funds which cannot be deposited for periods~~  
33 ~~of at least ninety days may be invested in notes,~~  
34 ~~certificates, bonds, or other obligations of the~~  
35 ~~United States or any of its agencies, as provided~~  
36 ~~in section 452.10. In addition to the investments~~  
37 ~~herein authorized, the treasurer of state may invest~~  
38 ~~in any of the investments authorized for the Iowa~~  
39 ~~public employees' retirement system in section 97B.7,~~  
40 ~~subsection 2, paragraph "b" except that investment~~  
41 ~~in common stocks shall not be permitted. This section~~  
42 ~~does not affect the investment of funds as provided~~  
43 ~~in sections 453.9 and 453.10."~~

44 2. Page 1, line 7, by inserting after the word  
45 "funds" the words "in a depository legally designated  
46 as depository for the funds".

47 3. Page 1, line 10, by striking the word "the"  
48 and inserting in lieu thereof the words "the a  
49 minimum".

50 4. Page 1, line 14, by inserting after the word

PAGE 2

1 "at" the words "not less than".

2 5. Page 1, line 22, by inserting after the word  
3 "the" the word "minimum".

4 6. Renumber to conform to this amendment.

1 Amend Senate File 13, as amended, passed, and  
2 reprinted by the Senate, as follows:

3 1. Page 1, by inserting before line 1 the  
4 following:

5 "Section 1. Section 453.5, Code 1981, is amended  
6 to read as follows:

7 453.5 REFUSAL OF DEPOSITS--PROCEDURE. If none  
8 of the duly approved banks will not accept said the  
9 deposits under the conditions herein prescribed or  
10 authorized in this chapter, said the funds may be  
11 deposited, on the same or better terms as were offered  
12 to the depositories, in any approved bank or banks  
13 conveniently located within the state.

14 If a governmental unit makes in writing to all  
15 qualified, approved depositories a bona fide proffer  
16 to deposit public funds either in a savings account,  
17 or in a time certificate of deposit and such the  
18 proffer is not then accepted, then and only then may  
19 such the governmental unit invest such the funds so  
20 declined, on the same or better terms as were offered  
21 to the depositories, in bonds or other evidences of  
22 indebtedness issued, assumed, or guaranteed by the  
23 United States of America or by any agency or  
24 instrumentality thereof,--but these provisions shall  
25 not affect the investment of funds as provided in  
26 sections 453.9 and 453.10. However, public funds  
27 that will not be deposited or invested for a term  
28 of at least fifteen days may be invested, without  
29 prior offer to an approved depository, in notes,  
30 certificates, bonds, or other direct obligations of  
31 the United States or any of its agencies.

32 ~~Public funds which cannot be deposited for periods~~  
33 ~~of at least ninety days may be invested in notes,~~  
34 ~~certificates, bonds, or other obligations of the~~  
35 ~~United States or any of its agencies, as provided~~  
36 ~~in section 452.10. In addition to the investments~~  
37 ~~herein authorized, the treasurer of state may invest~~  
38 ~~in any of the investments authorized for the Iowa~~  
39 ~~public employees' retirement system in section 97B.7,~~  
40 ~~subsection 2, paragraph "b" except that investment~~  
41 ~~in common stocks shall not be permitted. This section~~  
42 ~~does not affect the investment of funds as provided~~  
43 ~~in sections 453.9 and 453.10."~~

44 2. Page 1, line 7, by inserting after the word  
45 "funds" the words "in a depository legally designated  
46 as depository for the funds".

47 3. Page 1, line 10, by striking the word "the"  
48 and inserting in lieu thereof the words "the a  
49 minimum".

50 4. Page 1, line 14, by inserting after the word  
Page Two

1 "at" the words "not less than".

2 5. Page 1, line 22, by inserting after the word  
3 "the" the word "minimum".

4 6. Renumber to conform to this amendment.

SENATE FILE 13

AN ACT

RELATING TO THE MAXIMUM RATE OF INTEREST ON INVESTMENTS OF  
PUBLIC FUNDS IN BANKS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 453.5, Code 1981, is amended to read  
as follows:

453.5 REFUSAL OF DEPOSITS--PROCEDURE. If ~~none of~~ the  
duly approved banks will not accept ~~said the~~ deposits under  
the conditions ~~herein~~ prescribed or authorized in this chapter,  
~~said the~~ funds may be deposited, on the same or better terms  
as were offered to the depositories, in any approved bank  
or banks conveniently located within the state.

If a governmental unit makes in writing to all qualified,  
approved depositories a bona fide proffer to deposit public  
funds either in a savings account, or in a time certificate  
of deposit, and ~~such the~~ proffer is not then accepted, then  
and only then may ~~such the~~ governmental unit invest ~~such the~~  
funds so declined, on the same or better terms as were offered  
to the depositories, in bonds or other evidences of  
indebtedness issued, assumed, or guaranteed by the United  
States of America or by any agency or instrumentality thereof,  
~~but these provisions shall not affect the investment of funds~~  
~~as provided in sections 453.9 and 453.10~~. However, public  
funds that will not be deposited or invested for a term of  
at least fifteen days may be invested, without prior offer

to an approved depository, in notes, certificates, bonds,  
or other direct obligations of the United States or any of  
its agencies.

~~Public funds which cannot be deposited for periods of at~~  
~~least ninety days may be invested in notes, certificates,~~  
~~bonds, or other obligations of the United States or any of~~  
~~its agencies, as provided in section 452.10. In addition~~  
to the investments herein authorized, the treasurer of state  
may invest in any of the investments authorized for the Iowa  
public employees' retirement system in section 97B.7,  
subsection 2, paragraph "b" except that investment in common  
stocks shall not be permitted. This section does not affect  
the investment of funds as provided in sections 453.9 and  
453.10.

Sec. 2. Section 453.6, Code 1981, is amended to read as  
follows:

453.6 INTEREST RATE. ~~Henceforth public~~ Public deposits  
shall be deposited with reasonable promptness ~~and shall except~~  
~~for time certificates of deposit be evidenced by passbook~~  
~~entry by the depository legally designated as depository for~~  
~~such funds in a depository legally designated as depository~~  
~~for the funds~~. A committee composed of the superintendent  
of banking, the commissioner of insurance, and the treasurer  
of state shall meet on or about the first of each month and  
by majority action shall establish ~~the a~~ minimum rate to be  
earned on state funds placed in time deposits during the  
period until the next meeting of the committee. State funds  
invested ~~by the treasurer of state~~ in bank time certificates  
of deposit shall draw interest at not less than the rate so  
determined, effective on the date of investment.

Public funds invested in bank time certificates of deposit  
by a public body or officer other than the treasurer of state  
shall draw interest at rates to be determined by the public  
body or officer and the bank, ~~which rates shall not be greater~~

~~than the rate set under this section for state funds nor more than one percent of interest below that rate~~ which rates shall not be less than the minimum rate set under this section for state funds.

---

TERRY E. BRANSTAD  
President of the Senate

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DELWYN STROMER  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 13, Sixty-ninth General Assembly.

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LINDA HOWARTH MACKAY  
Secretary of the Senate

Approved 5/8/81, 1981

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ROBERT D. RAY  
Governor